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If you have sold or transferred all your units in MIT (“**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.

**CIRCULAR TO UNITHOLDERS IN RELATION TO  
THE PROPOSED ACQUISITION OF 18 TAI SENG,  
SINGAPORE WHICH IS AN INTERESTED PERSON  
TRANSACTION**

**IMPORTANT DATES AND TIMES FOR UNITHOLDERS**

<b>Last date and time for lodgement of Proxy Forms</b>	<b>19 January 2019 (Saturday) at 2.30 p.m.</b>
<b>Date and time of Extraordinary General Meeting (“EGM”)</b>	<b>22 January 2019 (Tuesday) at 2.30 p.m.</b>
<b>Place of EGM</b>	<b>10 Pasir Panjang Road, Mapletree Business City, Town Hall – Auditorium, Singapore 117438</b>

Independent Financial Adviser to the Independent Directors and Audit and Risk Committee  
of Mapletree Industrial Trust Management Ltd. in its capacity as manager of Mapletree Industrial Trust  
and to DBS Trustee Limited in its capacity as trustee of Mapletree Industrial Trust

**DELOITTE & TOUCHE CORPORATE FINANCE PTE LTD**

(Incorporated in the Republic of Singapore)  
(Company Registration Number: 200200144N)

## PROPOSED ACQUISITION OF 18 TAI SENG, SINGAPORE, A UNIQUE NINE-STOREY MIXED-USE INDUSTRIAL DEVELOPMENT

<b>Address</b>	18 Tai Seng Street, Singapore 539775
<b>Agreed property value</b>	S\$268.3 million
<b>Total acquisition outlay</b>	S\$271.0 million
<b>Vendor</b>	Mapletree Tai Seng Pte. Ltd.
<b>Land area</b>	126,799 square feet ("sq ft")
<b>Land tenure</b>	30 years commencing from 26 March 2014
<b>Plot ratio</b>	3.5 (Business 2 Industrial: 2.5 & White: 1.0)
<b>GFA</b>	443,810 sq ft
<b>NLA</b>	384,212 sq ft - Industrial: 283,703 sq ft - Office: 53,441 sq ft - Retail: 47,068 sq ft
<b>Average passing rental rates<sup>1</sup></b>	S\$4.58 per square foot per month ("psf/mth") - Industrial: S\$4.04 psf/mth - Office: S\$5.15 psf/mth - Retail: S\$7.64 psf/mth
<b>WALE<sup>1</sup></b>	3.6 years (by gross rental income)
<b>Occupancy rate<sup>2</sup></b>	87.4%



<sup>1</sup> As at 30 September 2018.

<sup>2</sup> As at 30 September 2018. As at the Latest Practicable Date, the committed occupancy rate of the Property was 94.3%, with all the committed leases to commence progressively up to 1 March 2019.





# RATIONALE FOR AND BENEFITS OF THE PROPOSED ACQUISITION

1

## UNIQUE INTEGRATED HIGH-SPECIFICATION INDUSTRIAL DEVELOPMENT WITH OFFICE AND RETAIL SPACES



- ▶ Newest mixed-use industrial development (completed on 1 November 2016) in Paya Lebar iPark
- ▶ Large column-free floor plates of over 50,000 sq ft with core-to-window depth of 20 metres that offers businesses flexibility in designing efficient work spaces
- ▶ Full-height windows offer natural lighting with double-glazed windows for insulation against noise and sunlight
- ▶ Obtained BCA Green Mark Gold certification

2

## CENTRALLY LOCATED IN THE PAYA LEBAR IPARK WITH AN UNDERGROUND PEDESTRIAN LINK TO TAI SENG MRT STATION

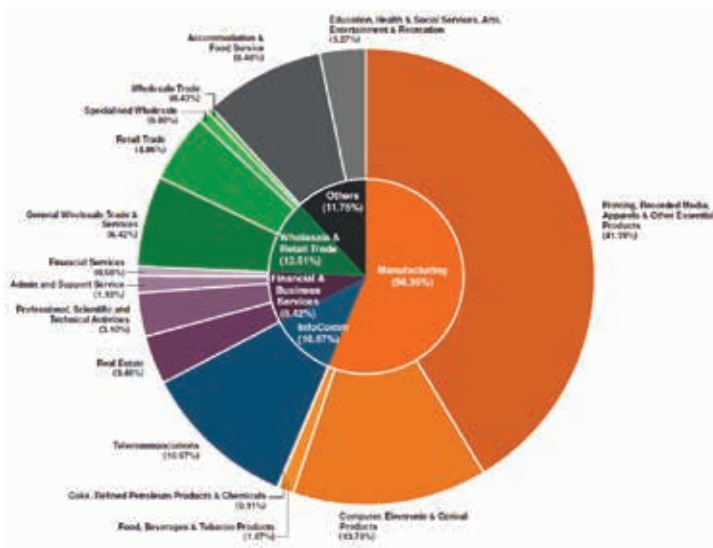


- ▶ **Centrally located in the vibrant Paya Lebar iPark**
  - An industrial hub for lifestyle-related and light manufacturing industries
  - Proximity to mature housing estates like Hougang, Bedok and Toa Payoh
  - Retail and food and beverage outlets to enjoy healthy catchment from surrounding industrial buildings
- ▶ **Direct underground pedestrian link to Tai Seng MRT station**
  - Sole property with a direct underground pedestrian link to Tai Seng MRT station (CC11)
  - Connected to key interchanges via the Circle Line
  - Flanked by major expressways (Kallang-Paya Lebar Expressway, Pan-Island Expressway and Central Expressway)

### 3 STABLE AND QUALITY CASH FLOWS

Top 10 Tenants	% of Gross Rental Income (As at 30 Sep 2018)
Sivantos Pte. Ltd.	36.6%
Silicon Laboratories International Pte. Ltd.	8.7%
Schaeffler (Singapore) Pte. Ltd. <sup>1</sup>	6.5%
AES Global Holdings Pte. Ltd. <sup>2</sup>	5.7%
Williams-Sonoma Singapore Pte. Ltd.	5.2%
NTUC Fairprice Co-Operative Ltd	2.6%
Junior Champs Educampus Pte. Ltd.	2.6%
Michael Page International Pte Ltd	2.6%
Hersing F&B Pte. Ltd.	1.8%
Fei Siong Food Management Pte. Ltd.	1.7%
<b>Top 10 Tenants<sup>3</sup></b>	<b>74.0%</b>

### Diversification across Trade Sectors



► **Strong tenant base with established tenants**

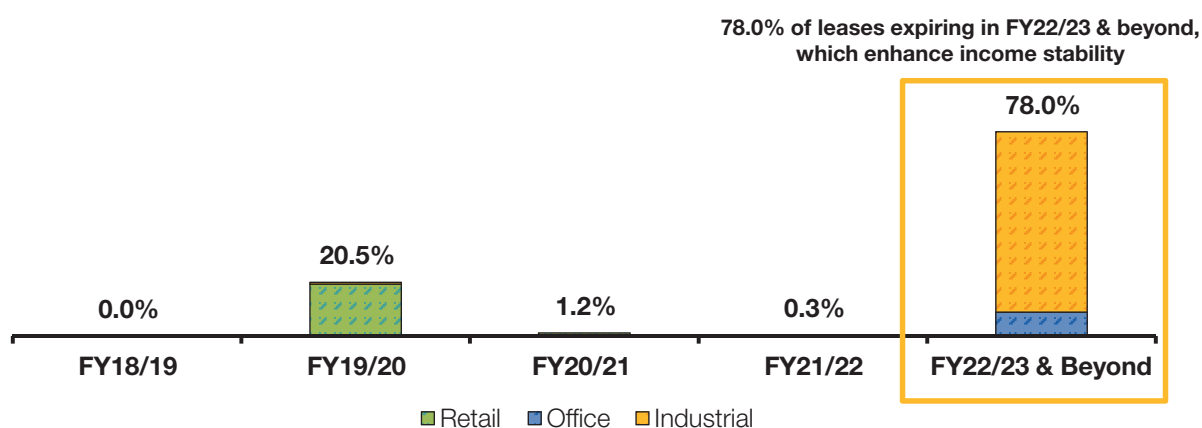
- Leased to 44 high quality tenants
- Enlarges tenant base to include multinational companies in high value-added services
- High committed occupancy of 94.3%<sup>4</sup> as at the Latest Practicable Date

► **Well-structured leases with embedded organic growth**

- No significant industrial and office lease expirations in the next 3 years (commencing from 1 April 2019)
- Built-in annual rental escalations are included in 95.7% of the leases

### LEASE EXPIRY PROFILE OF THE PROPERTY (BY GROSS RENTAL INCOME)

As at 30 September 2018



**WALE of the Property = 3.6 years**

<sup>1</sup> On 9 July 2018, Schaeffler (Singapore) Pte. Ltd. entered into a lease agreement to lease certain units of the Property from 1 March 2019 for a period of five years. The figure above is based on the committed lease of Schaeffler (Singapore) Pte. Ltd..

<sup>2</sup> On 23 October 2018, AES Global Holding Pte. Ltd. entered into another lease agreement to lease certain units of the Property from 1 January 2019 for a period of three years and nine months. The figure above is based on the committed lease of AES Global Holding Pte. Ltd..

<sup>3</sup> The table above excludes a telecommunications tenant which would have been the second largest tenant by gross rental income of the Property (but not contributing more than 15% of the gross rental income of the Property) due to confidentiality.

<sup>4</sup> The actual occupancy of the Property was 87.4% as at 30 September 2018. All committed leases will commence progressively up to 1 March 2019.

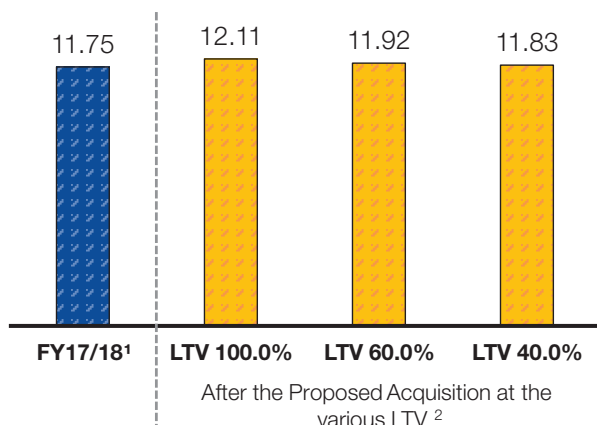
## 4 DPU AND NAV ACCRETIVE TO UNITHOLDERS

Assuming LTV 100.0%, 60.0% and 40.0% for illustrative purposes:

- ▶ Expected to result in *pro forma* DPU accretion of 3.1%, 1.5% and 0.7% respectively
- ▶ Expected to result in *pro forma* net asset value per Unit of S\$1.47, S\$1.48 and S\$1.49 respectively

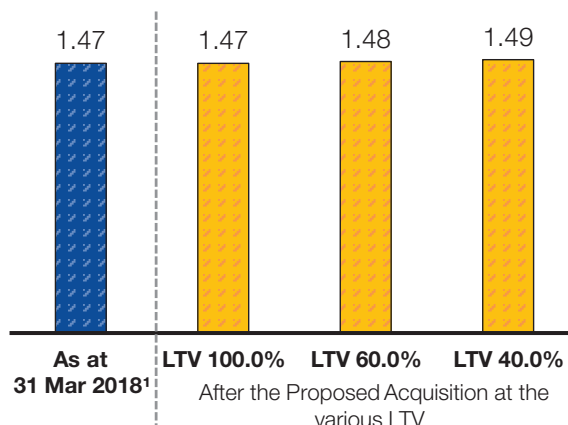
### Distribution per Unit

Singapore cents



### Net Asset Value per Unit

S\$



<sup>1</sup> For the financial year ended 31 March 2018.

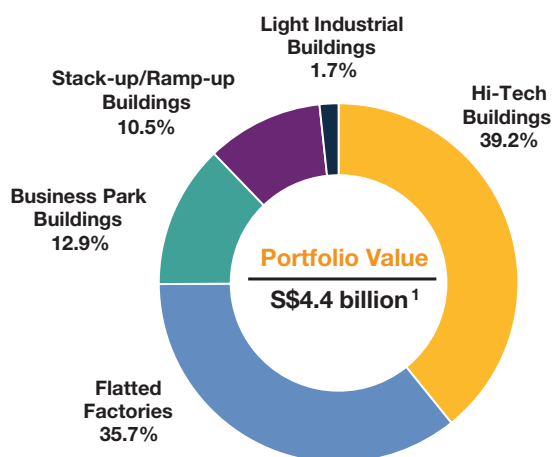
<sup>2</sup> Assuming that (i) the Property had a portfolio occupancy rate of 94.3% for the entire financial year ended 31 March 2018 and all leases, whether existing or committed as at the Latest Practicable Date, were in place since 1 April 2017 and (ii) all tenants have paid their rents in full. MIT's expenses comprising borrowing costs associated with the drawdown of the loan to finance the Proposed Acquisition, the Manager's management fees, Trustee's fees and other trust expenses incurred in connection with the operation of the properties of MIT have been deducted.

## 5 STRENGTHENS THE MIT PORTFOLIO

*In Line with Strategy to Grow Hi-Tech Buildings Segment*

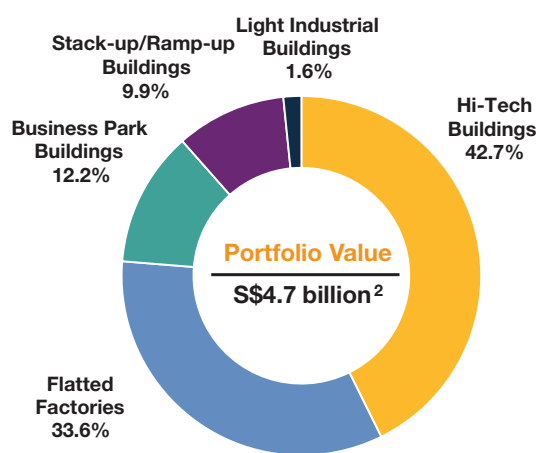
### Pre-Acquisition<sup>1</sup>

- ▶ Hi-Tech Buildings segment accounted for 39.2% of the MIT portfolio
- ▶ 90.3% Singapore, 9.7% United States



### Post-Acquisition<sup>2</sup>

- ▶ Hi-Tech Buildings segment expected to increase to 42.7%<sup>2</sup> of MIT portfolio
- ▶ 90.9% Singapore, 9.1% United States



<sup>1</sup> Based on MIT's book value of investment properties and investment properties under development as well as MIT's 40% interest in the joint venture with MIPL in a portfolio of 14 data centres in the United States of America as at 30 September 2018.

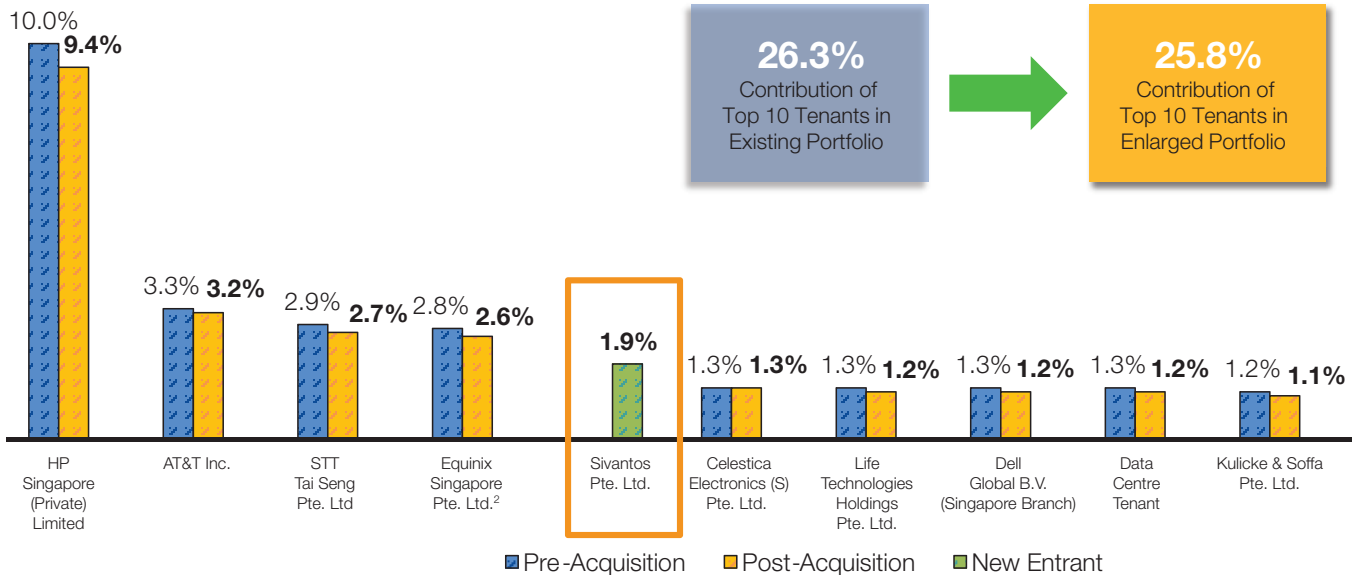
<sup>2</sup> Assuming the Property was acquired on 30 September 2018.

# 5 STRENGTHENS THE MIT PORTFOLIO

Enhances Portfolio Diversification

## TOP 10 TENANTS BY GROSS RENTAL INCOME<sup>1</sup>

As at 30 September 2018



- ▶ Reduces maximum risk exposure to any single tenant from 10.0% to 9.4%
- ▶ Improves lease expiry profile as leases due for expiry in FY22/23 and beyond will increase to 33.5%<sup>3</sup> (from 31.1%<sup>4</sup>) as at 30 September 2018

<sup>1</sup> Based on MIT's 40% interest in the joint venture with MIPL in a portfolio of 14 data centres in the United States of America through Mapletree Redwood Data Centre Trust.

<sup>2</sup> The percentage of gross rental income of Equinix Singapore Pte. Ltd. included the contribution from Equinix Inc. at 180 Peachtree, Atlanta.

<sup>3</sup> Expiring leases by gross rental income as at 30 September 2018 and assuming the Property was acquired on 30 September 2018.

<sup>4</sup> Expiring leases by gross rental income as at 30 September 2018.

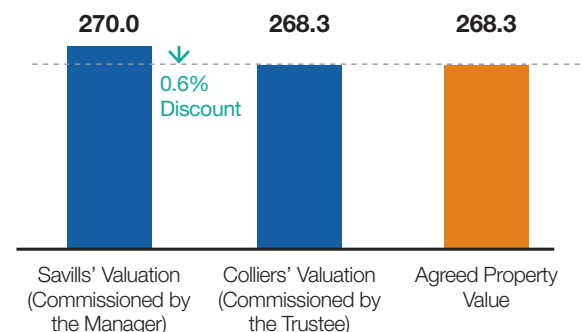
## METHOD OF FINANCING AND VALUATION

Excluding the Acquisition Fee which is payable in Units, the Manager intends to finance the remaining Total Acquisition Outlay with debt financing, proceeds from an equity fund raising and/or internal cash resources.

The final decision regarding whether the remaining Total Acquisition Outlay will be funded entirely by debt financing or any combination of debt financing, an equity fund raising and/or internal cash resources will be made by the Manager at an appropriate time, taking into account the then prevailing market conditions.

### AGREED PROPERTY VALUE RELATIVE TO INDEPENDENT VALUATIONS<sup>1</sup>

(S\$ million)



<sup>1</sup> Both Colliers and Savills relied on the income capitalisation method and discounted cash flow analysis to conduct the valuation and used the comparison method as a check.

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## CORPORATE INFORMATION

<b>Directors of Mapletree Industrial Trust Management Ltd.</b>	:	Mr Wong Meng Meng (Non-Executive Chairman & Director) Mr Soo Nam Chow (Independent Non-Executive Director) Mr John Koh Tiong Lu (Lead Independent Non-Executive Director) Mr Wee Joo Yeow (Independent Non-Executive Director) Mr Guy Daniel Harvey-Samuel (Independent Non-Executive Director) Ms Mary Yeo Chor Gek (Independent Non-Executive Director) Mr Andrew Chong Yang Hsueh (Independent Non-Executive Director) Dr Andrew Lee Tong Kin (Independent Non-Executive Director) Mr Pok Soy Yoong (Independent Non-Executive Director) Mr William Toh Thiam Siew (Independent Non-Executive Director) Mr Seah Choo Meng (Non-Executive Director) Mr Hiew Yoon Khong (Non-Executive Director) Mr Wong Mun Hoong (Non-Executive Director) Mr Tham Kuo Wei (Executive Director & Chief Executive Officer)
<b>Joint Company Secretaries</b>	:	Mr Wan Kwong Weng Ms See Hui Hui
<b>Registered Office of the Manager</b>	:	10 Pasir Panjang Road #13-01 Mapletree Business City Singapore 117438
<b>Trustee of Mapletree Industrial Trust</b>	:	DBS Trustee Limited 12 Marina Boulevard Marina Bay Financial Centre Singapore 018982
<b>Legal Adviser for the Proposed Acquisition and to the Manager</b>	:	Allen & Gledhill LLP One Marina Boulevard #28-00 Singapore 018989
<b>Legal Adviser for the Trustee</b>	:	Dentons Rodyk & Davidson LLP 80 Raffles Place #33-00 UOB Plaza 1 Singapore 048624
<b>Unit Registrar and Unit Transfer Office</b>	:	Boardroom Corporate & Advisory Services Pte. Ltd. 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623



**Independent Financial Adviser to the Independent Directors and Audit and Risk Committee of the Manager and to the Trustee (the “IFA”)** : Deloitte & Touche Corporate Finance Pte Ltd  
6 Shenton Way  
OUE Downtown 2, #33-00  
Singapore 068809

**Independent Valuers** : Colliers International Consultancy & Valuation (Singapore) Pte Ltd  
12 Marina View  
#19-02, Asia Square 2  
Singapore 018961  
(appointed by the Trustee)

Savills Valuation and Professional Services (S) Pte Ltd  
30 Cecil Street  
#20-03, Prudential Tower  
Singapore 049712  
(appointed by the Manager)

**Independent Market Research Consultant (the “Independent Market Research Consultant”)** : Edmund Tie & Company (SEA) Pte Ltd  
5 Shenton Way  
#13-05 UIC Building  
Singapore 068808

## OVERVIEW

*The following overview 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 27 to 31 of this Circular.*

*Any discrepancies in the tables included herein between the listed amounts and totals thereof are due to rounding. Accordingly, figures shown as totals in this Circular may not be an arithmetic aggregation of the figures that precede them.*

### OVERVIEW

MIT is a real estate investment trust listed on the Main Board of the SGX-ST. Its principal investment strategy is to invest in a diversified portfolio of income-producing real estate used primarily for industrial purposes, whether wholly or partially, in Singapore and income-producing real estate used primarily as data centres worldwide beyond Singapore, as well as real estate-related assets.

As at 30 September 2018, MIT's property portfolio comprises 86 industrial properties in Singapore and 14 data centres in the United States of America (40% interest through the joint venture with Mapletree Investments Pte Ltd ("**MIPL**") (the "**Existing Portfolio**"). As at 30 September 2018, MIT's total assets under management was approximately S\$4.4 billion.

On 13 December 2018, DBS Trustee Limited, in its capacity as trustee of MIT (the "**Trustee**") entered into a conditional unit purchase agreement (the "**Unit Purchase Agreement**") with Mapletree Tai Seng Pte. Ltd. ("**MTSPL**") to acquire 18 Tai Seng (the "**Property**") through the proposed acquisition of all the units of Marina Trust (the "**Sale Units**", and the proposed acquisition of the Property through the acquisition of the Sale Units, the "**Proposed Acquisition**"). Marina Trust holds the Property which is located at 18 Tai Seng Street, Singapore 539775.

For the purposes of this Circular, the "**Enlarged Portfolio**" comprises (i) the Existing Portfolio and (ii) the Property.

The property information contained in this Circular on the Existing Portfolio and Enlarged Portfolio is as at 30 September 2018.

### THE PROPOSED ACQUISITION OF THE PROPERTY

#### Description of the Property

Located at 18 Tai Seng Street, Singapore 539775, the Property is a nine-storey high-specification mixed-use industrial development, comprising Business 2 industrial, office and retail spaces with a total gross floor area ("**GFA**") of approximately 443,810 square feet ("**sq ft**"). The Property is connected directly by an underground pedestrian link to Tai Seng Mass Rapid Transit ("**MRT**") station (CC11) along the Circle Line and is easily accessible via public transportation and major expressways (the Kallang-Paya Lebar Expressway, the Pan-Island Expressway and the Central Expressway).

Under the Unit Purchase Agreement, MTSPL is the sole beneficiary of Marina Trust, and the vendor of the Proposed Acquisition. MIPL, the sponsor of MIT, indirectly owns the Sale Units through Mapletree Developments Pte. Ltd., which in turn owns 100% of MTSPL. Upon completion of the Proposed Acquisition ("**Completion**", and the date of Completion, the "**Completion Date**"), (i) DBS Trustee Limited and Mapletree Industrial Trust Management Ltd. will replace Mapletree Trustee Pte. Ltd. (the "**Marina Trust Trustee-Manager**") as the trustee and the manager of Marina Trust respectively and (ii) Marina Trust will be renamed "MIT Tai Seng Trust".

(See paragraphs 2.1 and 2.2 of the Letter to Unitholders and **Appendix A** of this Circular for further details.)

## Unit Purchase Agreement

Pursuant to the Unit Purchase Agreement dated 13 December 2018, the Trustee, on behalf of MIT, will acquire the Property through the proposed acquisition of the Sale Units.

(See paragraph 2.3 of the Letter to Unitholders for further details.)

## Consideration and Valuation

The total amount to be received by MTSPIL in connection with the Proposed Acquisition will be approximately S\$262.2 million, based on:

- (i) the aggregate consideration payable to MTSPIL in connection with the Proposed Acquisition, which is estimated to be S\$75.0 million (the “**Aggregate Consideration**”) – this is derived from the net asset value of Marina Trust (the “**Net Asset Value**”) based on the *pro forma* completion statement of Marina Trust as at 30 September 2018 taking into account the agreed value of the Property (the “**Agreed Property Value**”) of S\$268.3 million, less the Intercompany Loan (as defined below), the Declared Distribution (as defined below) and estimated net liabilities of S\$6.1 million;
- (ii) the repayment of the intercompany loan of S\$156.8 million<sup>1</sup> owed by the Marina Trust Trustee-Manager to Mapletree Treasury Services Limited, a wholly-owned subsidiary of MIPL (the “**Intercompany Loan**”) – upon Completion, the Trustee will extend a loan of S\$156.8 million to Marina Trust (the “**Trustee’s Loan**”) to repay and discharge the Intercompany Loan; and
- (iii) the payment of the distribution payable to MTSPIL out of the retained earnings of Marina Trust for the period up to the day immediately preceding the Completion Date (the “**Declared Distribution**”), which is estimated to be S\$30.4 million and will be declared on the day immediately preceding the Completion Date and paid to MTSPIL on the Completion Date – upon Completion, the Trustee will subscribe for an additional 35,000,000 units in Marina Trust at a subscription price of S\$1.00 per unit (the “**Marina Trust Subscription Units**”) and the proceeds received by Marina Trust will be generally applied to the Declared Distribution and any excess will be retained by Marina Trust as working capital.

The final Aggregate Consideration payable by the Trustee on Completion will be subject to completion adjustments to the Net Asset Value up to the day immediately preceding the Completion Date, and the final amount of the Intercompany Loan will be fully repaid on Completion.

The Trustee has commissioned an independent property valuer, Colliers International Consultancy & Valuation (Singapore) Pte Ltd (“**Colliers**”), and Mapletree Industrial Trust Management Ltd., as manager of MIT (the “**Manager**”) has commissioned another independent property valuer, Savills Valuation and Professional Services (S) Pte Ltd (“**Savills**”, and together with Colliers, the “**Independent Valuers**”), to value the Property. Both Colliers and Savills relied on the income capitalisation method and discounted cash flow analysis and used the comparison method as a check. The open market values of the Property as at 30 November 2018 are S\$268.3 million and S\$270.0 million as stated by Colliers and Savills in their respective valuation reports. The Agreed Property Value of S\$268.3 million is in line with Colliers’ valuation and represents a discount of 0.6% to Savills’ valuation of S\$270.0 million.

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<sup>1</sup> Based on the amount expected to be outstanding on the Completion Date.

## **Total Acquisition Outlay**

The total acquisition cost is estimated to be approximately S\$271.0 million, comprising:

- (i) the Aggregate Consideration which is estimated to be S\$75.0 million;
- (ii) the new Trustee's Loan of S\$156.8 million;
- (iii) the subscription of the Marina Trust Subscription Units at a subscription price of S\$1.00 per unit for an aggregate amount of S\$35.0 million;
- (iv) the acquisition fee payable in Units to the Manager for the Proposed Acquisition (the "**Acquisition Fee**") of approximately S\$2.7 million<sup>1</sup>; and
- (v) the estimated professional and other fees and expenses of approximately S\$1.5 million incurred or to be incurred by MIT in connection with the Proposed Acquisition,

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

## **Payment of Acquisition Fee in Units**

Pursuant to the trust deed dated 29 January 2008 constituting MIT (as amended) (the "**Trust Deed**"), the Manager will be entitled to receive an acquisition fee at the rate of 1.0% of the Agreed Property Value of S\$268.3 million. As the Proposed Acquisition is an interested party transaction under the Property Funds Appendix, the Acquisition Fee will be in the form of Acquisition Fee Units which shall not be sold within one year of 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 issue price of Units issued to finance or part-finance the Proposed Acquisition in respect of which the Acquisition Fee is payable or, where Units are not issued to finance or part-finance the Proposed Acquisition, the prevailing Market Price (as defined in the Trust Deed) at the time of issue of such Units.

## **Method of Financing**

Excluding the Acquisition Fee which is payable in Units, the Manager intends to finance the remaining Total Acquisition Outlay with debt financing, proceeds from an equity fund raising and/or internal cash resources.

The final decision regarding whether the remaining Total Acquisition Outlay will be funded entirely by debt financing or any combination of debt financing, an equity fund raising and/or internal cash resources will be made by the Manager at an appropriate time, taking into account the then prevailing market conditions.

## **Interested Person Transaction and Interested Party Transaction**

As at the latest practicable date prior to the printing of this Circular, being 28 December 2018 (the "**Latest Practicable Date**"), MIPL holds, through its wholly-owned subsidiaries, an aggregate interest in 629,776,972 Units, which is equivalent to 33.16% of the total number of Units in issue.

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<sup>1</sup> 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 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.



MIPL is therefore regarded as a “controlling unitholder” of MIT 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 MTSP is an indirect wholly-owned subsidiary of MIPL, for the purposes of Chapter 9 of the Listing Manual and Paragraph 5 of the Property Funds Appendix, MTSP (being an indirect wholly-owned subsidiary of a “controlling unitholder” of MIT and an indirect wholly-owned subsidiary of a “controlling shareholder” of the Manager) is an “interested person” (for the purposes of the Listing Manual) and an “interested party” (for the purposes of the Property Funds Appendix) of MIT.

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.

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

### **RATIONALE FOR AND BENEFITS OF THE PROPOSED ACQUISITION**

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

- (i) **Unique Integrated High-Specification Industrial Development with Office and Retail Spaces**
  - (a) Newest mixed-use industrial development in Paya Lebar iPark
  - (b) High-specification Business 2 industrial and office spaces
  - (c) Established food and beverage outlets and essential retail amenities
  - (d) Environmentally sustainable features
- (ii) **Centrally Located in the Paya Lebar iPark with an Underground Pedestrian Link to Tai Seng MRT Station**
  - (a) Centrally located in the vibrant Paya Lebar iPark
  - (b) Direct underground pedestrian link to Tai Seng MRT station
- (iii) **Stable and Quality Cash Flows**
  - (a) High quality tenants with a high committed occupancy rate
  - (b) Well-structured leases with embedded organic growth
- (iv) **DPU and NAV Accretive to Unitholders**
- (v) **Strengthens the MIT Portfolio**
  - (a) In line with strategy to grow the Hi-Tech Buildings segment
  - (b) Enhances portfolio diversification

(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	: 19 January 2019 (Saturday) at 2.30 p.m.
Date and time of the EGM	: 22 January 2019 (Tuesday) at 2.30 p.m.

# maple<sup>ē</sup>ree

## industrial

(Constituted in the Republic of Singapore  
pursuant to a trust deed dated 29 January 2008 (as amended))

### Directors of the Manager

Mr Wong Meng Meng (Non-Executive Chairman & Director)  
Mr Soo Nam Chow (Independent Non-Executive Director)  
Mr John Koh Tiong Lu (Lead Independent Non-Executive Director)  
Mr Wee Joo Yeow (Independent Non-Executive Director)  
Mr Guy Daniel Harvey-Samuel (Independent Non-Executive Director)  
Ms Mary Yeo Chor Gek (Independent Non-Executive Director)  
Mr Andrew Chong Yang Hsueh (Independent Non-Executive Director)  
Dr Andrew Lee Tong Kin (Independent Non-Executive Director)  
Mr Pok Soy Yoong (Independent Non-Executive Director)  
Mr William Toh Thiam Siew (Independent Non-Executive Director)  
Mr Seah Choo Meng (Non-Executive Director)  
Mr Hiew Yoon Khong (Non-Executive Director)  
Mr Wong Mun Hoong (Non-Executive Director)  
Mr Tham Kuo Wei (Executive Director & Chief Executive Officer)

### Registered Office

10 Pasir Panjang Road  
#13-01 Mapletree Business City  
Singapore 117438

4 January 2019

To: Unitholders of Mapletree Industrial Trust

Dear Sir/Madam

### 1. SUMMARY OF APPROVAL SOUGHT

The Manager is convening the EGM of MIT to seek the approval from Unitholders by way of Ordinary Resolution<sup>1</sup> for the Proposed Acquisition which is an interested person transaction.

### 2. THE PROPOSED ACQUISITION

#### 2.1 Description of the Property

Located at 18 Tai Seng Street, Singapore 539775, the Property is a nine-storey high-specification mixed-use industrial development, comprising Business 2 industrial, office and retail spaces with a total GFA of approximately 443,810 sq ft. The Property is connected directly by an underground pedestrian link to Tai Seng MRT station (CC11) along the Circle Line and is easily accessible via public transportation and major expressways (the Kallang-Paya Lebar Expressway, the Pan-Island Expressway and the Central Expressway).

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<sup>1</sup> "Ordinary Resolution" means a resolution proposed and passed as such by a majority being greater than 50.0% 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.

The Property is held by Marina Trust, with MTSPL, the vendor under the Proposed Acquisition, holding all the units of Marina Trust. MTSPL is an indirect wholly-owned subsidiary of MIPL, the sponsor of MIT.

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

## 2.2 Structure of the Proposed Acquisition and the Independent Valuations

Under the Unit Purchase Agreement, MTSPL is the sole beneficiary of Marina Trust, and the vendor of the Proposed Acquisition. MIPL, the sponsor of MIT, indirectly owns the Sale Units through Mapletree Developments Pte. Ltd., which in turn owns 100% of MTSPL. Upon Completion, (i) DBS Trustee Limited and Mapletree Industrial Trust Management Ltd. will replace the Marina Trust Trustee-Manager as the trustee and the manager of Marina Trust respectively and (ii) Marina Trust will be renamed "MIT Tai Seng Trust".

The total amount to be received by MTSPL in connection with the Proposed Acquisition will be approximately S\$262.2 million, based on:

- (i) the Aggregate Consideration which is estimated to be S\$75.0 million – this is derived from the Net Asset Value based on the *pro forma* completion statement of Marina Trust as at 30 September 2018 taking into account the Agreed Property Value of S\$268.3 million, less the Intercompany Loan, the Declared Distribution and estimated net liabilities of S\$6.1 million;
- (ii) the repayment of the Intercompany Loan of S\$156.8 million<sup>1</sup> owed by the Marina Trust Trustee-Manager to Mapletree Treasury Services Limited, a wholly-owned subsidiary of MIPL – upon Completion, the Trustee will extend the Trustee's Loan to repay and discharge the Intercompany Loan; and
- (iii) the payment of the Declared Distribution which is estimated to be S\$30.4 million and will be declared on the day immediately preceding the Completion Date and paid to MTSPL on the Completion Date – upon Completion, the Trustee will subscribe for the Marina Trust Subscription Units and the proceeds received by Marina Trust will be generally applied to the Declared Distribution and any excess will be retained by Marina Trust as working capital.

The final Aggregate Consideration payable by the Trustee on Completion will be subject to completion adjustments to the Net Asset Value up to the day immediately preceding the Completion Date, and the final amount of the Intercompany Loan will be fully repaid on Completion.

The Trustee has commissioned an independent property valuer, Colliers, and the Manager has commissioned another independent property valuer, Savills, to value the Property. Both Colliers and Savills relied on the income capitalisation method and discounted cash flow analysis and used the comparison method as a check. The open market values of the Property as at 30 November 2018 are S\$268.3 million and S\$270.0 million as stated by Colliers and Savills in their respective valuation reports. The Agreed Property Value of S\$268.3 million is in line with Colliers' valuation and represents a discount of 0.6% to Savills' valuation of S\$270.0 million.

## 2.3 Certain Terms and Conditions of the Unit Purchase Agreement

The principal terms of the Unit Purchase Agreement include, among others, the following conditions precedent:

- (i) the approval of Unitholders for the Proposed Acquisition;

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<sup>1</sup> Based on the amount expected to be outstanding on the Completion Date.



- (ii) the JTC Registrable Lease (as defined in the Unit Purchase Agreement) having been duly registered at the Singapore Land Authority or a written confirmation having been obtained from JTC Corporation (“**JTC**”) that the Marina Trust Trustee-Manager is entitled to the JTC Lease Term (as defined in the Unit Purchase Agreement);
- (iii) the licenses, authorisations, orders, grants, confirmations, permissions, registrations and other approvals necessary or desirable for or in respect of the Proposed Acquisition, having been obtained from appropriate governments, governmental, supranational or trade agencies, courts or other regulatory bodies on terms satisfactory to the Trustee and such licenses, authorisations, orders, grants, confirmations, permissions, registrations and other approvals remaining in full force and effect;
- (iv) there being no material damage to the Property and no material breach of the Warranties (as defined in the Unit Purchase Agreement) which, in the reasonable opinion of the Trustee, as the purchaser, acting on the recommendation of the Manager, will have a material adverse effect on the financial condition, prospects, earnings, business, undertaking or assets of MIT or on the Property, in each case, taken as a whole;
- (v) there being no compulsory acquisition of the Property or any part of it, and no notice of such intended compulsory acquisition or resumption has been given by the government or other competent authority; and
- (vi) the receipt of an in-principle approval from the Inland Revenue Authority of Singapore that Marina Trust will be regarded as an approved sub-trust of MIT pursuant to section 43(2A)(a)(iv) and (b) of the Income Tax Act, Chapter 134 of Singapore on Completion, there not having occurred any withdrawal of such in-principle approval and, if applicable, the conditions to such in-principle approval having been fulfilled.

## 2.4 Property Management

Upon Completion, property management services in respect of the Property will be performed by Mapletree Facilities Services Pte. Ltd., which is the property manager of MIT (the “**Property Manager**”), pursuant to the Master Property Management Agreement (as defined below). Property management services in relation to the Property include, among others, leasing services, tenant management, operating and maintaining the property, provision of personnel for site management of the property and supervision and control of collection of rentals.

Under the terms of the Master Property Management Agreement<sup>1</sup>, which was entered into on 27 September 2010 (and which was subsequently extended on 17 September 2015 for an additional period of five years) by the Trustee, the Manager and the Property Manager (the “**Master Property Management Agreement**”), any properties acquired thereafter by MIT will be managed in accordance with the terms of the Master Property Management Agreement. Upon Completion, the Property will fall under the Master Property Management Agreement.

The fees payable pursuant to the Master Property Management Agreement for each fiscal year will be as follows:

- (i) 2.0% per annum of the gross revenue of the Property for property management services;
- (ii) 1.0% per annum of the gross revenue of the Property for lease management services;

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<sup>1</sup> Pursuant to MIT’s initial public offering prospectus dated 12 October 2010, although the Master Property Management Agreement would constitute a related party transaction, the Master Property Management Agreement is considered an “**Exempted Agreement**” and is deemed to have been specifically approved by the Unitholders upon subscription of the Units and is therefore not subject to Rules 905 and 906 of the Listing Manual to the extent that there is no subsequent change to the rates and/or bases of the fees charged thereunder which will adversely affect MIT.

- (iii) marketing services fees depending on the length and type of tenancy secured for the Property; and
- (iv) project management fees of 1.5% to 3.0% of the construction cost for each development or redevelopment, the refurbishment, retrofitting and renovation works of a property.

Under the Master Property Management Agreement, the Property Manager will also be fully reimbursed for all costs and expenses incurred in the operation, maintenance, management and marketing of the Property within each annual budget approved by the Trustee on the recommendation of the Manager.

## **2.5 Total Acquisition Outlay**

The Total Acquisition Outlay is estimated to be approximately S\$271.0 million, comprising:

- (i) the Aggregate Consideration which is estimated to be S\$75.0 million;
- (ii) the new Trustee's Loan of S\$156.8 million;
- (iii) the subscription of the Marina Trust Subscription Units at a subscription price of S\$1.00 per unit for an aggregate amount of S\$35.0 million;
- (iv) the Acquisition Fee of approximately S\$2.7 million<sup>1</sup>; and
- (v) the estimated professional and other fees and expenses of approximately S\$1.5 million incurred or to be incurred by MIT in connection with the Proposed Acquisition.

## **2.6 Payment of Acquisition Fee in Units**

Pursuant to the Trust Deed, the Manager will be entitled to receive an acquisition fee at the rate of 1.0% of the Agreed Property Value of S\$268.3 million. As the Proposed Acquisition is an interested party transaction under the Property Funds Appendix, the Acquisition Fee will be in the form of Acquisition Fee Units which shall not be sold within one year of 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 issue price of Units issued to finance or part-finance the Proposed Acquisition in respect of which the Acquisition Fee is payable or, where Units are not issued to finance or part-finance the Proposed Acquisition, the prevailing Market Price (as defined in the Trust Deed) at the time of issue of such Units.

## **2.7 Method of Financing**

Excluding the Acquisition Fee which is payable in Units, the Manager intends to finance the remaining Total Acquisition Outlay with debt financing, proceeds from an equity fund raising and/or internal cash resources.

The final decision regarding whether the remaining Total Acquisition Outlay will be funded entirely by debt financing or any combination of debt financing, an equity fund raising and/or internal cash resources will be made by the Manager at an appropriate time, taking into account the then prevailing market conditions.

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<sup>1</sup> As the Proposed Acquisition will constitute an "interested party transaction" under the Property Funds Appendix, the Acquisition Fee will be in the form of 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.

The table below sets out a few funding combinations purely for illustrative purposes.

	Total Acquisition Outlay		
<b>Transaction Gearing (“LTV”)<sup>(1)</sup></b>	40.0%	60.0%	100.0%
<b>Debt (S\$ million)</b>	107.3	161.0	268.3
<b>Equity (S\$ million)<sup>(2)</sup></b>	163.7	110.0	2.7
<b>Total Acquisition Outlay (S\$ million)</b>	271.0	271.0	271.0

**Notes:**

(1) The respective LTV scenarios refer to the amount of debt as a percentage of the Total Acquisition Outlay excluding the Acquisition Fee which is payable in Units.

(2) Includes the Acquisition Fee which is payable in Units.

The table below sets out the changes to the Aggregate Leverage<sup>1</sup> of MIT and its subsidiaries (collectively, the “MIT Group”) through three funding scenarios purely for illustrative purposes.

	MIT Group’s Aggregate Leverage		
<b>LTV<sup>(1)</sup></b>	40.0%	60.0%	100.0%
<b>Before the Proposed Acquisition</b>	35.1% <sup>(2)</sup>		
<b>After the Proposed Acquisition</b>	35.4% <sup>(3)</sup>	36.5% <sup>(3)</sup>	38.7% <sup>(3)</sup>

**Notes:**

(1) The respective LTV scenarios refer to the amount of debt as a percentage of the Total Acquisition Outlay excluding the Acquisition Fee which is payable in Units.

(2) The MIT Group’s Aggregate Leverage as at 30 September 2018.

(3) Based on the MIT Group’s Aggregate Leverage as at 30 September 2018, adding the incremental borrowings as a result of the Proposed Acquisition at the respective LTVs, and adding the incremental gross assets of the MIT Group, including all its authorised investments held or deemed to be held upon the trust under the Trust Deed as a result of the Proposed Acquisition.

### 3. RATIONALE FOR AND BENEFITS OF THE PROPOSED ACQUISITION

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

#### 3.1 Unique Integrated High-Specification Industrial Development with Office and Retail Spaces

The Property is a nine-storey high-specification mixed-use industrial development with Business 2 industrial, office and retail spaces, which has a total GFA of approximately 443,810 sq ft. It is zoned “Business 2 – White” with a plot ratio of 3.5, of which 1.0 is for “White” use. The mixed-use industrial development has a total net lettable area (“NLA”) of 384,212 sq ft, comprising high-specification Business 2 industrial space (with NLA of 283,703 sq ft) and office space (with NLA of 53,441 sq ft) as well as retail space (with NLA of 47,068 sq ft).

The modern design and high specifications of the Property, which is the newest building in Paya Lebar iPark, together with the variety of retail and food and beverage amenities within

1 “Aggregate Leverage” means 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 the MIT Group, including all its authorised investments held or deemed to be held upon the trust under the Trust Deed.

the Property and its direct connectivity to Tai Seng MRT station are key attractions for businesses looking to locate at the city fringe.

### **3.1.1 Newest mixed-use industrial development in Paya Lebar iPark**

The site was the last land plot in the Paya Lebar iPark launched by JTC via its Industrial Government Land Sales Programme in 2013. The Property was completed on 1 November 2016.

### **3.1.2 High-specification Business 2 industrial and office spaces**

The industrial and office spaces have large column-free floor plates of over 50,000 sq ft with core-to-window depth of 20 metres that offers businesses the flexibility in designing efficient work spaces. Full-height windows are available for selected units, which offer natural lighting to business space, while double-glazed windows provide insulation against noise and sunlight. The Business 2 industrial space spans five storeys while the office space takes up a single floor.

### **3.1.3 Established food and beverage outlets and essential retail amenities**

The retail space extends over two floors on the ground floor and basement of the Property, which offers a variety of dining options from cafes to established restaurant brands such as Bakerzin, Harry's, Jalan Kayu Prata Café, Japanese Soba Noodles Tsuta, Liao Fan Hawker Chan and Tim Ho Wan. Other essential retail amenities include a supermarket, clinic, childcare centre, laundry and optometry services. The variety of food and beverage and essential amenities serve not only the growing working population in the Paya Lebar iPark but also resident population catchments in Hougang, Bedok and Toa Payoh.

### **3.1.4 Environmentally sustainable features**

The Property was conferred the BCA Green Mark Gold certification for its energy-efficient design and systems. An energy-efficient chiller system and motion sensors at staircase landings and toilets were installed to reduce energy consumption at the Property. In addition, elevators were installed with regenerative drives to ensure energy is efficiently utilised.

## **3.2 Centrally Located in the Paya Lebar iPark with an Underground Pedestrian Link to Tai Seng MRT Station**

Located at the city fringe, the Property enjoys prominent frontage along the busy Upper Paya Lebar Road with an underground pedestrian link to Tai Seng MRT station.

### **3.2.1 Centrally located in the vibrant Paya Lebar iPark**

The Property is located at the centre of the Paya Lebar iPark, a modern industrial park nestled in the mature Paya Lebar industrial estate. A pilot project by JTC, Paya Lebar iPark was designed to foster close interaction and collaboration between the businesses and talents by creating the urban design concept of pedestrian-space-activity. Paya Lebar iPark is near mature housing estates like Hougang, Bedok and Toa Payoh. The Property is flanked by major expressways (the Kallang-Paya Lebar Expressway, the Pan-Island Expressway and the Central Expressway), which offer accessibility for workers, clients and shoppers.



### 3.2.2 Direct underground pedestrian link to Tai Seng MRT station

The Property is the only building in Paya Lebar iPark with a direct underground pedestrian link to Tai Seng MRT station. Tai Seng MRT station is connected to key interchanges via the Circle Line, which provides access to the Central Business District and downtown shopping areas. As a key underground pedestrian link across Upper Paya Lebar Road, the underground pedestrian link encourages a steady footfall through the retail and food and beverage outlets in the Property.

### 3.3 Stable and Quality Cash Flows

#### 3.3.1 High quality tenants with a high committed occupancy rate

The Property has a robust tenant base of 44 tenants including multinational companies in high value-added services such as medical technology, information and communications technology and automotive technology. As at the Latest Practicable Date, the committed occupancy rate was 94.3% with all the committed leases to commence progressively up to 1 March 2019<sup>1</sup>.

#### Top 10 Tenants of the Property by Gross Rental Income

(As at 30 September 2018)

No.	Top 10 Tenants	Trade Sector	% of Gross Rental Income
1	Sivantos Pte. Ltd.	Manufacture of Printing, Recorded Media, Apparels and Other Essential Products	36.6%
2	Silicon Laboratories International Pte. Ltd.	Manufacture of Computer, Electronic and Optical Products	8.7%
3	Schaeffler (Singapore) Pte. Ltd. <sup>(1)</sup> (“Schaeffler”)	Wholesale of Machinery, Equipment and Supplies	6.5%
4	AES Global Holdings Pte. Ltd. <sup>(2)</sup> (“AES”)	Manufacture of Computer, Electronic and Optical Products	5.7%
5	Williams-Sonoma Singapore Pte. Ltd.	General Wholesale Trade and Services	5.2%
6	NTUC Fairprice Co-Operative Ltd	Retail Trade	2.6%
7	Junior Champs Educampus Pte. Ltd.	Education, Health and Social Services, Arts, Entertainment and Recreation	2.6%
8	Michael Page International Pte Ltd	Professional, Scientific and Technical Activities	2.6%
9	Hersing F&B Pte. Ltd.	Real Estate	1.8%
10	Fei Siong Food Management Pte. Ltd.	Accommodation and Food Service	1.7%
<b>Top 10 Tenants<sup>(3)</sup></b>			<b>74.0%</b>

1 The actual occupancy rate of the Property was 87.4% as at 30 September 2018.

**Notes:**

- (1) On 9 July 2018, Schaeffler entered into a lease agreement to lease certain units of the Property from 1 March 2019 for a period of five years. The figure above is based on the committed lease of Schaeffler (the “**Committed Lease of Schaeffler**”).
- (2) On 23 October 2018, AES entered into another lease agreement to lease certain units of the Property from 1 January 2019 for a period of three years and nine months. The figure above is based on the committed lease of AES (the “**Committed Lease of AES**”).
- (3) The table above excludes a telecommunications tenant which would have been the second largest tenant by gross rental income of the Property (but not contributing more than 15% of the gross rental income of the Property) due to confidentiality.

### **3.3.2 Well-structured leases with embedded organic growth**

The existing leases of the Property are well-structured with 95.7% of leases (by gross rental income) having built-in annual rental escalations. 78.0% of leases will expire in the financial year ending 31 March 2023 (“**FY2022/2023**”) and beyond, which enhances income stability of the MIT portfolio. The Property’s weighted average lease to expiry (“**WALE**”) was approximately 3.6 years (as at 30 September 2018) with no significant industrial and office leases expiring in the next three years (commencing from 1 April 2019).

### **3.4 DPU and NAV Accretive to Unitholders**

The Proposed Acquisition is expected to be distribution per Unit (“**DPU**”) and net asset value (“**NAV**”) (as the case may be) accretive to Unitholders based on the *pro forma* financial effects of the Proposed Acquisition for the financial year ended 31 March 2018. Please refer to paragraph 4.1 for the financial effects of the Proposed Acquisition.

### **3.5 Strengthens the MIT Portfolio**

#### **3.5.1 In line with strategy to grow the Hi-Tech Buildings segment**

The Proposed Acquisition is in line with the Manager’s strategy to focus on the Hi-Tech Buildings segment, and will further enhance the portfolio resilience and diversification of the MIT portfolio through an increase in exposure to the Hi-Tech Buildings segment. Upon Completion, MIT’s total assets under management will increase from approximately S\$4.4 billion (as at 30 September 2018) to approximately S\$4.7 billion<sup>1</sup>. The Hi-Tech Buildings segment will account for 42.7% of the MIT portfolio, as compared with 39.2% as at 30 September 2018.

#### **3.5.2 Enhances portfolio diversification**

With the enlarged tenant base, MIT will benefit from the increased tenant and income diversification. Upon Completion, the gross rental income contribution by the top ten tenants will decrease from 26.3% to 25.8%<sup>1</sup>. The Proposed Acquisition will reduce the maximum risk exposure to any single tenant from 10.0% to 9.4%<sup>1</sup> (by gross rental income as at 30 September 2018).

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<sup>1</sup> Based on the Enlarged Portfolio, including the properties held by MIT in respect of MIT’s 40% interest in the joint venture with MIPL in a portfolio of 14 data centres in the United States of America through Mapletree Redwood Data Centre Trust.

## 4. DETAILS AND FINANCIAL INFORMATION OF THE PROPOSED ACQUISITION

### 4.1 *Pro Forma* Financial Effects of the Proposed Acquisition

**FOR ILLUSTRATIVE PURPOSES ONLY:** The *pro forma* financial effects of the Proposed Acquisition on the DPU and NAV per Unit presented below are strictly for illustrative purposes and have been prepared based on the audited financial statements of MIT for the financial year ended 31 March 2018 (the “**2017/18 Audited Financial Statements**”) and assuming:

- (i) approximately 1.5 million Acquisition Fee Units are issued<sup>1</sup>;
- (ii) in the case of 40.0% and 60.0% LTV, approximately 91.3 million and approximately 60.8 million new Units<sup>2</sup> are issued to raise gross proceeds of S\$164.3 million and S\$109.5 million respectively to part-finance the Proposed Acquisition;
- (iii) in the event that the Proposed Acquisition is funded entirely by debt financing, no new Units are issued (other than the issuance of Acquisition Fee Units); and
- (iv) bank borrowings are used to finance the balance funding requirement, including paying the estimated professional and other fees and expenses incurred or to be incurred by MIT in connection with the Proposed Acquisition.

### 4.2 2017/18 Audited Financial Statements

#### 4.2.1 *Pro Forma* DPU

**FOR ILLUSTRATIVE PURPOSES ONLY:** The *pro forma* financial effects of the Proposed Acquisition on MIT’s DPU for the financial year ended 31 March 2018, as if the Proposed Acquisition was completed on 1 April 2017, and MIT held and operated the Property through to 31 March 2018 are as follows:

	Effects of the Proposed Acquisition			
	Before the Proposed Acquisition	After the Proposed Acquisition at the following LTV <sup>(1)</sup>		
		40.0%	60.0%	100.0%
Total return before tax (S\$’000)	300,563	312,933	311,114	307,358
Distributable income (S\$’000)	215,848	228,278	226,400	222,643
Issued Units (’000)	1,885,218 <sup>(2)</sup>	1,977,971 <sup>(3)</sup>	1,947,550 <sup>(3)</sup>	1,886,708 <sup>(3)</sup>
DPU (cents)	11.75 <sup>(4)</sup>	11.83	11.92	12.11
DPU accretion (%)	–	0.7	1.5	3.1

**Notes:**

- (1) Assuming that (i) the Property had a portfolio occupancy rate of 94.3% for the entire financial year ended 31 March 2018 and all leases, whether existing or committed as at the Latest Practicable Date, were in place since 1 April 2017 and (ii) all tenants have paid their rents in full. MIT’s expenses comprising borrowing costs associated with the drawdown of the loan to finance the Proposed Acquisition, the Manager’s management fees, Trustee’s fees and other trust expenses incurred in connection with the operation of the properties of MIT have been deducted.

1 Based on an illustrative Unit price of S\$1.80.

2 Based on an illustrative Unit price of S\$1.80.

- (2) Number of Units issued as at 31 March 2018.
- (3) Includes the respective number of new Units issued to raise gross proceeds to part-finance the Proposed Acquisition and approximately 1.5 million Acquisition Fee Units issued at an illustrative price of S\$1.80 per new Unit (purely for illustrative purposes only).
- (4) For the financial year ended 31 March 2018.

#### 4.2.2 Pro Forma NAV

**FOR ILLUSTRATIVE PURPOSES ONLY:** The *pro forma* financial effects of the Proposed Acquisition on the NAV per Unit as at 31 March 2018, as if the Proposed Acquisition was completed on 31 March 2018, are as follows:

	Effects of the Proposed Acquisition			
	Before the Proposed Acquisition	After the Proposed Acquisition at the following LTV		
		40.0%	60.0%	100.0%
NAV (S\$'000)	2,780,072	2,943,742	2,890,080	2,782,755
Issued Units ('000)	1,885,218 <sup>(1)</sup>	1,977,971 <sup>(2)</sup>	1,947,550 <sup>(2)</sup>	1,886,708 <sup>(2)</sup>
NAV per Unit (S\$)	1.47	1.49	1.48	1.47

**Notes:**

- (1) Number of Units issued as at 31 March 2018.
- (2) Includes the respective number of new Units issued to raise gross proceeds to part-finance the Proposed Acquisition and approximately 1.5 million Acquisition Fee Units issued at an illustrative price of S\$1.80 per new Unit (purely for illustrative purposes only).

### 4.3 Requirement of Unitholders' Approval

#### 4.3.1 Major Transaction

Chapter 10 of the Listing Manual governs the acquisition or divestment of assets, including options to acquire or dispose of assets, by MIT. 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 MIT 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 NAV of the assets to be disposed of, compared with MIT's NAV;
- (ii) the net profits attributable to the assets acquired, compared with MIT's net profits;
- (iii) the aggregate value of the consideration given, compared with MIT's market capitalisation; and
- (iv) the number of Units issued by MIT as consideration for an acquisition, compared with the number of Units previously in issue.



#### 4.3.2 Relative Figures computed on the Bases set out in Rule 1006

The relative figures for the Proposed Acquisition using the applicable bases of comparison described in sub-paragraph 4.3.1 above are set out in the table below.

Comparison of	Proposed Acquisition	MIT	Relative Figure (%)
Net property income (S\$'000)	18,233 <sup>(1)</sup>	277,603 <sup>(2)</sup>	6.6
Consideration against market capitalisation (S\$'000)	266,800 <sup>(3)</sup>	3,617,210 <sup>(4)</sup>	7.4

**Notes:**

- (1) Assuming that the Property had a portfolio occupancy rate of 94.3% for the entire financial year ended 31 March 2018 and all leases, whether existing or committed as at the Latest Practicable Date, were in place since 1 April 2017.
- (2) For the financial year ended 31 March 2018.
- (3) This figure represents the estimated Aggregate Consideration, the Trustee's Loan and the subscription of the Marina Trust Subscription Units. For the avoidance of doubt, the total amount to be received by MTSPL in connection with the Proposed Acquisition will be approximately S\$262.2 million, being the sum of the Aggregate Consideration which is estimated to be S\$75.0 million, the Trustee's Loan of S\$156.8 million and the Declared Distribution which is estimated to be S\$30.4 million.
- (4) This figure is based on the weighted average traded price of S\$1.9048 per Unit on the SGX-ST as at 12 December 2018, being the market day immediately prior to the entry into of the Unit Purchase Agreement.

The Manager is of the view that the Proposed Acquisition is in the ordinary course of MIT's business as the Property being acquired is within the investment policy of MIT and does not change the risk profile of MIT. As such, the Proposed Acquisition should therefore not be subject to Chapter 10 of the Listing Manual. 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.

#### 4.3.3 Interested Person Transaction and Interested Party Transaction

Under Chapter 9 of the Listing Manual, where MIT 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 MIT's latest audited net tangible assets ("**NTA**"), Unitholders' approval is required in respect of the transaction. Based on the 2017/18 Audited Financial Statements, the audited NTA of MIT was S\$2,780.1 million as at 31 March 2018. Accordingly, if the value of a transaction which is proposed to be entered into in the current financial year by MIT 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\$139.0 million, such a transaction would be subject to Unitholders' approval. Based on the 2017/18 Audited Financial Statements, the Agreed Property Value of S\$268.3 million is 9.7% of the audited NTA of MIT as at 31 March 2018. Accordingly, the value of the Proposed Acquisition exceeds the said threshold and hence the Proposed Acquisition is subject to the approval of Unitholders 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 MIT 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 MIT's latest audited NAV. Based on the 2017/18 Audited Financial Statements, the audited NAV of MIT was S\$2,780.1 million as at 31 March 2018. Accordingly, if the value of a transaction which is proposed to be entered into by MIT 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\$139.0 million, such a transaction would be subject to Unitholders' approval. Based on the 2017/18 Audited Financial Statements, the Agreed Property Value of S\$268.3 million is 9.7% of the audited NAV of MIT as at 31 March 2018. Accordingly, the value of the Proposed Acquisition exceeds the said threshold.

As at the Latest Practicable Date, MIPL holds, through its wholly-owned subsidiaries, an aggregate interest in 629,776,972 Units, which is equivalent to 33.16% of the total number of Units in issue.

MIPL is therefore regarded as a "controlling unitholder" of MIT 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 MTSP is an indirect wholly-owned subsidiary of MIPL, for the purposes of Chapter 9 of the Listing Manual and Paragraph 5 of the Property Funds Appendix, MTSP (being an indirect wholly-owned subsidiary of a "controlling unitholder" of MIT and an indirect wholly-owned subsidiary of a "controlling shareholder" of the Manager) is an "interested person" (for the purposes of the Listing Manual) and an "interested party" (for the purposes of the Property Funds Appendix) of MIT.

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.

In approving the Proposed Acquisition, Unitholders will be deemed to have approved all documents required to be executed or assigned by the parties in order to give effect to the Proposed Acquisition.

#### 4.4 Advice of the Independent Financial Adviser

The Manager has appointed the IFA to advise the independent directors of the Manager (the "**Directors**", and the independent Directors, the "**Independent Directors**")<sup>1</sup>, 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 containing its advice in full (the "**IFA Letter**"), 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 based on normal commercial terms and will not be prejudicial to the interests of MIT and its minority Unitholders.

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<sup>1</sup> Save for Mr Andrew Chong Yang Hsueh, Dr Andrew Lee Tong Kin and Mr Pok Soy Yoong (the "**New Independent Non-Executive Directors**"), who were only appointed as Independent Non-Executive Directors of the Manager on 26 December 2018 after the signing of the Unit Purchase Agreement in respect of the Proposed Acquisition.

The IFA is of the opinion that the Independent Directors<sup>1</sup> and the Audit and Risk Committee may recommend that the Unitholders vote in favour of the resolution in connection with the Proposed Acquisition to be proposed at the EGM.

#### 4.5 Interests of Directors and Substantial Unitholders

As at the Latest Practicable Date, certain Directors collectively hold an aggregate direct and indirect interest in 6,732,421 Units. Further details of the interests in Units of the Directors and Substantial Unitholders<sup>2</sup> are set out below.

Mr Wong Meng Meng is the Non-Executive Chairman and Director. Mr Soo Nam Chow is the Independent Non-Executive Director and Chairman of the Audit and Risk Committee. Mr John Koh Tiong Lu is the Lead Independent Non-Executive Director and Member of the Audit and Risk Committee. Mr Wee Joo Yeow is the Independent Non-Executive Director and Chairman of the nominating and remuneration committee of the Manager (the “**Nominating and Remuneration Committee**”). Mr Guy Daniel Harvey-Samuel is the Independent Non-Executive Director and Member of the Audit and Risk Committee. Ms Mary Yeo Chor Gek is the Independent Non-Executive Director and Member of the Nominating and Remuneration Committee. Mr Andrew Chong Yang Hsueh is the Independent Non-Executive Director. Dr Andrew Lee Tong Kin is the Independent Non-Executive Director. Mr Pok Soy Yoong is the Independent Non-Executive Director. Mr William Toh Thiam Siew is the Independent Non-Executive Director. Mr Seah Choo Meng is the Non-Executive Director and Member of the Audit and Risk Committee. Mr Hiew Yoon Khong is the Non-Executive Director and Member of the Nominating and Remuneration Committee. Mr Wong Mun Hoong is the Non-Executive Director. Mr Tham Kuo Wei is the Executive Director and Chief Executive Officer.

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	%( <sup>1</sup> )
	No. of Units	%	No. of Units	%		
Mr Wong Meng Meng	268,000	0.014	–	–	268,000	0.014
Mr Soo Nam Chow	–	–	432,000	0.022	432,000	0.022
Mr John Koh Tiong Lu	–	–	600,720	0.031	600,720	0.031
Mr Wee Joo Yeow	540,000	0.028	–	–	540,000	0.028
Mr Guy Daniel Harvey-Samuel	–	–	–	–	–	–
Ms Mary Yeo Chor Gek	–	–	–	–	–	–

1 Save for the New Independent Non-Executive Directors, who were only appointed as Independent Non-Executive Directors of the Manager on 26 December 2018 after the signing of the Unit Purchase Agreement in respect of the Proposed Acquisition.

2 “**Substantial Unitholders**” refers to persons with an interest in Units constituting not less than 5.0% of the total number of Units in issue.

Name of Directors	Direct Interest		Deemed Interest		Total No. of Units held	%(1)
	No. of Units	%	No. of Units	%		
Mr Andrew Chong Yang Hsueh	–	–	–	–	–	–
Dr Andrew Lee Tong Kin	–	–	–	–	–	–
Mr Pok Soy Yoong	–	–	272,530	0.014	272,530	0.014
Mr William Toh Thiam Siew	273,938	0.014	–	–	273,938	0.014
Mr Seah Choo Meng	272,205	0.014	25,192	0.001	297,397	0.015
Mr Hiew Yoon Khong	740,789	0.039	2,753,826	0.145	3,494,615	0.184
Mr Wong Mun Hoong	–	–	–	–	–	–
Mr Tham Kuo Wei	553,221	0.029	–	–	553,221	0.029

**Note:**

(1) The percentage is based on 1,898,997,326 Units in issue as at the Latest Practicable Date.

Based on the Register of Substantial Unitholders' Unitholdings maintained by the Manager, the Substantial Unitholders of MIT 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	%
	No. of Units	%	No. of Units	%		
Temasek Holdings (Private) Limited <sup>(1)</sup>	–	–	651,391,509	34.30	651,391,509	34.30
Fullerton Management Pte Ltd <sup>(1)</sup>	–	–	629,776,972	33.16	629,776,972	33.16
Mapletree Investments Pte Ltd <sup>(1)</sup>	–	–	629,776,972	33.16	629,776,972	33.16
Mapletree Dextra Pte. Ltd.	618,237,448	32.55	–	–	618,237,448	32.55
Schroders plc <sup>(2)</sup>	–	–	114,764,243	6.04	114,764,243	6.04

**Notes:**

(1) Each of Temasek Holdings (Private) Limited (“**Temasek**”) and Fullerton Management Pte Ltd (“**Fullerton**”) is deemed to be interested in the 618,237,448 Units held by Mapletree Dextra Pte. Ltd. (“**MDPL**”) and 11,539,524 Units held by the Manager in which MIPL has a deemed interest. In addition, Temasek is deemed to be interested in 21,614,537 Units in which an associated company of Temasek has a direct and/or deemed interest. MDPL and the Manager are wholly-owned subsidiaries of MIPL which in turn is a wholly-owned subsidiary of Fullerton. Fullerton is a wholly-owned subsidiary of Temasek. Each of MIPL and the associated company referred to above is an independently-managed Temasek portfolio company. Temasek and Fullerton are not involved in their business or operating decisions, including those regarding their unitholdings.

(2) Schroders plc is deemed to be interested in the 114,764,243 Units held on behalf of clients as investment managers.

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.

#### **4.6 Directors' Service Contracts**

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

#### **5. 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 the Proposed Acquisition as set out in paragraph 3 above, the Independent Directors<sup>1</sup> and the Audit and Risk Committee are of the opinion that the Proposed Acquisition is based on normal commercial terms and would not be prejudicial to the interests of MIT and its minority Unitholders.

Accordingly, the Independent Directors<sup>1</sup> and the Audit and Risk Committee recommend that the Unitholders vote in favour of the resolution in connection with the Proposed Acquisition to be proposed at the EGM.

#### **6. EXTRAORDINARY GENERAL MEETING**

The EGM will be held on 22 January 2019 (Tuesday) at 2.30 p.m. at 10 Pasir Panjang Road, Mapletree Business City, Town Hall – Auditorium, Singapore 117438, for the purpose of considering and, if thought fit, passing with or without modification, the resolution set out in the Notice of Extraordinary General Meeting, which is set out on pages E-1 to E-2 of this Circular. The purpose of this Circular is to provide Unitholders with relevant information about the resolution. Approval by way of an Ordinary Resolution is required in respect of the Proposed Acquisition.

A Depositor shall not be regarded as a Unitholder entitled to attend the EGM and to speak and vote thereat 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.

#### **7. ABSTENTIONS FROM VOTING**

As at the Latest Practicable Date, MIPL, through its interests in MDPL and the Manager, has a deemed interest in 629,776,972 Units, which is equivalent to 33.16% of the total number of Units in issue.

As at the Latest Practicable Date, Temasek, through its interests in Fullerton Management Pte Ltd, MIPL, and an associated company of Temasek, has a deemed interest in 651,391,509 Units, which is equivalent to 34.30% of the total number of Units in issue.

Given that the Property will be acquired from an indirect wholly-owned subsidiary of MIPL, MIPL and its associates will abstain from voting on the Proposed Acquisition (Ordinary Resolution).

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<sup>1</sup> Save for the New Independent Non-Executive Directors, who were only appointed as Independent Non-Executive Directors of the Manager on 26 December 2018 after the signing of the Unit Purchase Agreement in respect of the Proposed Acquisition.



For the purposes of good corporate governance, as Mr Wong Meng Meng, the Non-Executive Chairman and Director, Mr Seah Choo Meng, the Non-Executive Director and Member of the Audit and Risk Committee, Mr Hiew Yoon Khong, the Non-Executive Director and Member of the Nominating and Remuneration Committee, Mr Wong Mun Hoong, the Non-Executive Director and Mr Tham Kuo Wei, the Executive Director and the Chief Executive Officer, are non-independent Directors, they will each abstain from voting on the resolution in relation to the Proposed Acquisition in respect of Units (if any) held by them and will not accept appointments as proxies in relation to the resolution on the Proposed Acquisition unless specific instructions as to voting are given.

## **8. ACTION TO BE TAKEN BY UNITHOLDERS**

Unitholders will find enclosed in this Circular the Notice of Extraordinary General Meeting 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 behalf, he 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 MIT's Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 not later than 19 January 2019 (Saturday) at 2.30 p.m., 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 from attending and voting in person at the EGM if he so wishes.

Persons who have an interest in the approval of the resolution must decline to accept appointments as proxies unless the Unitholder concerned has specific instructions in his Proxy Form as to the manner in which his votes are to be cast in respect of such resolution. If a Unitholder (being an independent Unitholder<sup>1</sup>) wishes to appoint Mr Wong Meng Meng, Mr Seah Choo Meng, Mr Hiew Yoon Khong, Mr Wong Mun Hoong and/or Mr Tham Kuo Wei 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(s) is/are to be cast in respect of the resolution.

## **9. DIRECTORS' RESPONSIBILITY STATEMENT<sup>2</sup>**

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, MIT 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.

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1 "Independent Unitholders" means Unitholders other than MIPL, parties acting in concert with it and parties which are not independent of MIPL.

2 Save for the New Independent Non-Executive Directors, who were only appointed as Independent Non-Executive Directors of the Manager on 26 December 2018 after the signing of the Unit Purchase Agreement in respect of the Proposed Acquisition.

## 10. CONSENTS

Each of the IFA (being Deloitte & Touche Corporate Finance Pte Ltd), the Independent Valuers (being Colliers International Consultancy & Valuation (Singapore) Pte Ltd and Savills Valuation and Professional Services (S) Pte Ltd) and the Independent Market Research Consultant (being Edmund Tie & Company (SEA) Pte Ltd) has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name and, respectively, the IFA Letter, the valuation certificates, the independent market research report and all references thereto, in the form and context in which they are included in this Circular.

## 11. DOCUMENTS ON DISPLAY

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) the Unit Purchase Agreement;
- (ii) the IFA Letter;
- (iii) the independent valuation report on the Property issued by Colliers;
- (iv) the independent valuation report on the Property issued by Savills;
- (v) the independent market research report by the Independent Market Research Consultant;
- (vi) the 2017/18 Audited Financial Statements; and
- (vii) the written consents of each of the IFA, the Independent Valuers and the Independent Market Research Consultant.

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

Yours faithfully

**Mapletree Industrial Trust Management Ltd.**  
(Company Registration No. 201015667D)  
As Manager of Mapletree Industrial Trust

**Wong Meng Meng**  
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 MIT is not necessarily indicative of the future performance of MIT.

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.

## GLOSSARY

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

<b>“%”</b>	:	Per centum or percentage
<b>“2017/18 Audited Financial Statements”</b>	:	The audited financial statements of MIT for the financial year ended 31 March 2018
<b>“Acquisition Fee”</b>	:	The acquisition fee for the Proposed Acquisition which the Manager will be entitled to receive from MIT upon Completion
<b>“Acquisition Fee Units”</b>	:	The Units payable to the Manager as the Acquisition Fee
<b>“AES”</b>	:	AES Global Holdings Pte. Ltd.
<b>“Aggregate Consideration”</b>	:	The aggregate consideration payable to MTSP in connection with the Proposed Acquisition, which is estimated to be S\$75.0 million
<b>“Aggregate Leverage”</b>	:	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 MIT and its subsidiaries, including all its authorised investments held or deemed to be held upon the trust under the Trust Deed
<b>“Agreed Property Value”</b>	:	The agreed value of the Property of S\$268.3 million
<b>“Audit and Risk Committee”</b>	:	The audit and risk committee of the Manager
<b>“CDP”</b>	:	The Central Depository (Pte) Limited
<b>“Circular”</b>	:	This circular to Unitholders dated 4 January 2019
<b>“Colliers”</b>	:	Colliers International Consultancy & Valuation (Singapore) Pte Ltd
<b>“Committed Lease of AES”</b>	:	The committed lease of AES
<b>“Committed Lease of Schaeffler”</b>	:	The committed lease of Schaeffler
<b>“Completion”</b>	:	The completion of the Proposed Acquisition
<b>“Completion Date”</b>	:	The date of Completion

<b>“Declared Distribution”</b>	:	The distribution payable to MT SPL out of the retained earnings of Marina Trust for the period up to the day immediately preceding the Completion Date
<b>“Directors”</b>	:	The directors of the Manager
<b>“DPU”</b>	:	Distribution per Unit
<b>“EGM”</b>	:	The extraordinary general meeting of Unitholders to be held on 22 January 2019 (Tuesday) at 2.30 p.m. at 10 Pasir Panjang Road, Mapletree Business City, Town Hall – Auditorium, Singapore 117438, to approve the matters set out in the Notice of Extraordinary General Meeting on pages E-1 and E-2 of this Circular
<b>“Enlarged Portfolio”</b>	:	The enlarged portfolio of properties held by MIT, comprising (i) the Existing Portfolio and (ii) the Property
<b>“Existing Portfolio”</b>	:	The portfolio of properties held by MIT as at 30 September 2018, comprising 86 industrial properties in Singapore and 14 data centres in the United States of America (40% interest through the joint venture with MIPL)
<b>“Fullerton”</b>	:	Fullerton Management Pte Ltd
<b>“GFA”</b>	:	Gross floor area
<b>“IFA”</b>	:	Deloitte & Touche Corporate Finance Pte Ltd
<b>“IFA Letter”</b>	:	The letter from the IFA to the Independent Directors, the Audit and Risk Committee and the Trustee containing its advice in full as set out in <b>Appendix D</b> of this Circular
<b>“Independent Directors”</b>	:	The independent directors of the Manager
<b>“Independent Market Research Consultant”</b>	:	Edmund Tie & Company (SEA) Pte Ltd
<b>“Independent Valuers”</b>	:	Colliers International Consultancy & Valuation (Singapore) Pte Ltd and Savills Valuation and Professional Services (S) Pte Ltd
<b>“Intercompany Loan”</b>	:	The intercompany loan of S\$156.8 million <sup>1</sup> owed by the Marina Trust Trustee-Manager to Mapletree Treasury Services Limited, a wholly-owned subsidiary of MIPL
<b>“JTC”</b>	:	JTC Corporation
<b>“Latest Practicable Date”</b>	:	28 December 2018, being the latest practicable date prior to the printing of this Circular

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<sup>1</sup> Based on the amount expected to be outstanding on the Completion Date.

<b>“Listing Manual”</b>	:	The listing manual of the SGX-ST
<b>“LTV”</b>	:	Transaction gearing
<b>“Manager”</b>	:	Mapletree Industrial Trust Management Ltd., in its capacity as manager of MIT
<b>“Marina Trust Subscription Units”</b>	:	The additional 35,000,000 units in Marina Trust which, upon Completion, the Trustee will subscribe for at a subscription price of S\$1.00 per unit
<b>“Marina Trust Trustee-Manager”</b>	:	Mapletree Trustee Pte. Ltd.
<b>“Master Property Management Agreement”</b>	:	The master property management agreement <sup>1</sup> , which was entered into on 27 September 2010 (and which was subsequently extended on 17 September 2015 for an additional period of five years) by the Trustee, the Manager and the Property Manager
<b>“MDPL”</b>	:	Mapletree Dextra Pte. Ltd.
<b>“MIPL”</b>	:	Mapletree Investments Pte Ltd
<b>“MIT”</b>	:	Mapletree Industrial Trust
<b>“MIT Group”</b>	:	MIT and its subsidiaries
<b>“MRT”</b>	:	Mass Rapid Transit
<b>“MTSPL”</b>	:	Mapletree Tai Seng Pte. Ltd.
<b>“NAV”</b>	:	Net asset value of MIT
<b>“Net Asset Value”</b>	:	The net asset value of Marina Trust
<b>“NLA”</b>	:	Net lettable area
<b>“Nominating and Remuneration Committee”</b>	:	The nominating and remuneration committee of the Manager
<b>“New Independent Non-Executive Directors”</b>	:	Mr Andrew Chong Yang Hsueh, Dr Andrew Lee Tong Kin and Mr Pok Soy Yoong who were appointed as Independent Non-Executive Directors of the Manager on 26 December 2018

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1 Pursuant to MIT’s initial public offering prospectus dated 12 October 2010, although the Master Property Management Agreement would constitute a related party transaction, the Master Property Management Agreement is considered an **“Exempted Agreement”** and is deemed to have been specifically approved by the Unitholders upon subscription of the Units and is therefore not subject to Rules 905 and 906 of the Listing Manual to the extent that there is no subsequent change to the rates and/or bases of the fees charged thereunder which will adversely affect MIT.



<b>“NTA”</b>	:	Net tangible assets of MIT
<b>“Ordinary Resolution”</b>	:	A resolution proposed and passed as such by a majority being greater than 50.0% 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
<b>“Property”</b>	:	18 Tai Seng, located at 18 Tai Seng Street, Singapore 539775
<b>“Property Funds Appendix”</b>	:	Appendix 6 of the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore
<b>“Property Manager”</b>	:	Mapletree Facilities Services Pte. Ltd.
<b>“Proposed Acquisition”</b>	:	The proposed acquisition of 18 Tai Seng, Singapore through the acquisition of all the units of Marina Trust
<b>“S\$” and “cents”</b>	:	Singapore dollars and cents
<b>“Sale Units”</b>	:	All the units of Marina Trust
<b>“Savills”</b>	:	Savills Valuation and Professional Services (S) Pte Ltd
<b>“Schaeffler”</b>	:	Schaeffler (Singapore) Pte. Ltd.
<b>“SGX-ST”</b>	:	Singapore Exchange Securities Trading Limited
<b>“sq ft”</b>	:	Square feet
<b>“Substantial Unitholders”</b>	:	Persons with an interest in Units constituting not less than 5.0% of the total number of Units in issue
<b>“Temasek”</b>	:	Temasek Holdings (Private) Limited
<b>“Total Acquisition Outlay”</b>	:	The total outlay of the Proposed Acquisition
<b>“Trust Deed”</b>	:	The trust deed dated 29 January 2008 constituting MIT (as amended)
<b>“Trustee”</b>	:	DBS Trustee Limited, in its capacity as trustee of MIT
<b>“Trustee’s Loan”</b>	:	The loan of S\$156.8 million to be extended by the Trustee to Marina Trust upon Completion
<b>“Unit”</b>	:	A unit representing an undivided interest in MIT
<b>“Unit Purchase Agreement”</b>	:	The conditional unit purchase agreement dated 13 December 2018 for the acquisition of all the units of Marina Trust, entered into between the Trustee and MT SPL

**“Unitholder”** : The registered holder for the time being of a Unit, including person(s) so registered as joint holders, except where the registered holder is CDP, the term “Unitholder” shall, in relation to Units registered in the name of CDP, mean, where the context requires, the Depositor whose Securities Account with CDP is credited with Units

The terms “Depositor” and “Depository Register” shall have the meanings ascribed to them respectively in Section 81SF of the Companies Act, Chapter 50 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. Where applicable, figures and percentages are rounded to one decimal place.

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## DETAILS OF THE PROPERTY, THE EXISTING PORTFOLIO AND THE ENLARGED PORTFOLIO

### 1. THE PROPERTY

#### 1.1 Description of the Property

Located at 18 Tai Seng Street, Singapore 539775, the Property is a nine-storey high-specification mixed-use industrial development, comprising Business 2 industrial, office and retail spaces with a total GFA of approximately 443,810 sq ft. The Property is connected directly by an underground pedestrian link to Tai Seng MRT station (CC11) along the Circle Line and is easily accessible via public transportation and major expressways (the Kallang-Paya Lebar Expressway, the Pan-Island Expressway and the Central Expressway).

Under the Unit Purchase Agreement, MTSPL is the sole beneficiary of Marina Trust, and the vendor of the Proposed Acquisition. MIPL, the sponsor of MIT, indirectly owns the Sale Units through Mapletree Developments Pte. Ltd., which in turn owns 100% of MTSPL. Upon Completion, (i) DBS Trustee Limited and Mapletree Industrial Trust Management Ltd. will replace the Marina Trust Trustee-Manager as the trustee and the manager of Marina Trust respectively and (ii) Marina Trust will be renamed "MIT Tai Seng Trust".

The table below sets out a summary of selected information on the Property as at 30 September 2018 (unless otherwise indicated).

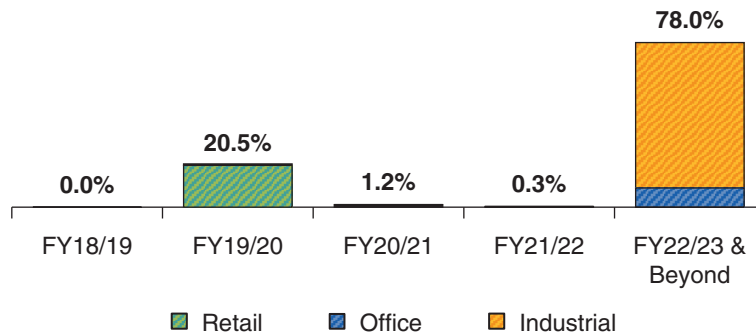
<b>Address</b>	18 Tai Seng Street, Singapore 539775
<b>Land Area</b>	126,799 sq ft
<b>GFA</b>	443,810 sq ft
<b>NLA</b>	384,212 sq ft Industrial: 283,703 sq ft Office: 53,441 sq ft Retail: 47,068 sq ft
<b>Land Tenure</b>	30 years commencing from 26 March 2014
<b>Plot Ratio</b>	3.5 Business 2 Industrial: 2.5 White: 1.0
<b>Number of Storeys</b>	9
<b>Occupancy Rate (as at 30 September 2018)</b>	87.4% <sup>(1)</sup>
<b>Average Passing Rental Rates (as at 30 September 2018)</b>	S\$4.58 per square foot per month ("psf/mth") Industrial: S\$4.04 psf/mth Office: S\$5.15 psf/mth Retail: S\$7.64 psf/mth
<b>Number of Tenants</b>	44
<b>Car Park Lots</b>	190 lots
<b>Building Completion Date</b>	1 November 2016
<b>Valuation by Colliers (S\$ million) as at 30 September 2018</b>	268.3
<b>Valuation by Savills (S\$ million) as at 30 September 2018</b>	270.0

**Note:**

(1) As at the Latest Practicable Date, the committed occupancy rate of the Property was 94.3%, with all the committed leases to commence progressively up to 1 March 2019.

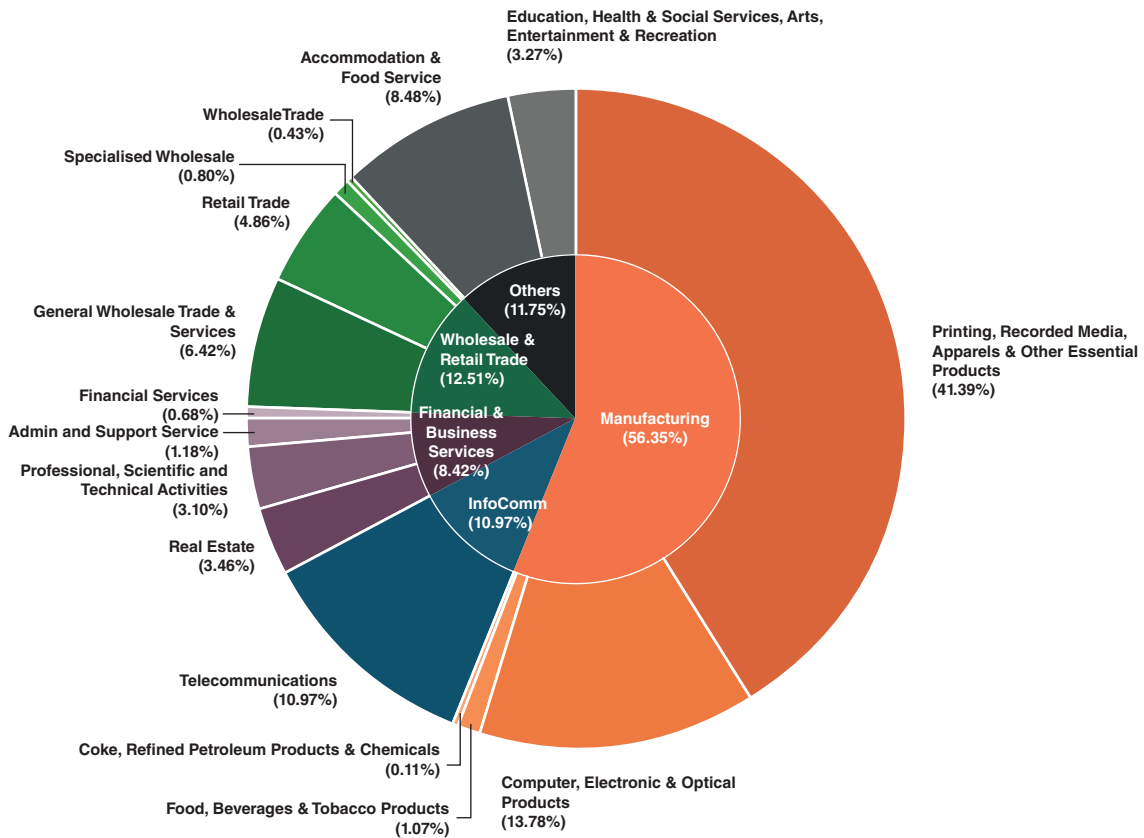
**1.2 Lease Profile for the Property**

The chart below illustrates the committed lease profile of the Property by gross rental income as at 30 September 2018. The WALE for the Property was approximately 3.6 years (by gross rental income) as at 30 September 2018.



**1.3 Trade Sector Analysis for the Property**

The chart below provides a breakdown by gross rental income of the different trade sectors represented in the Property as at 30 September 2018.



## 1.4 Top Ten Tenants of the Property

The table below shows the top ten tenants of the Property by gross rental income as at 30 September 2018.

No.	Top 10 Tenants	Trade Sector	% of Gross Rental Income
1	Sivantos Pte. Ltd.	Manufacture of Printing, Recorded Media, Apparels and Other Essential Products	36.6%
2	Silicon Laboratories International Pte. Ltd.	Manufacture of Computer, Electronic and Optical Products	8.7%
3	Schaeffler (Singapore) Pte. Ltd. <sup>(1)</sup>	Wholesale of Machinery, Equipment and Supplies	6.5%
4	AES Global Holdings Pte. Ltd. <sup>(2)</sup>	Manufacture of Computer, Electronic and Optical Products	5.7%
5	Williams-Sonoma Singapore Pte. Ltd.	General Wholesale Trade and Services	5.2%
6	NTUC Fairprice Co-Operative Ltd	Retail Trade	2.6%
7	Junior Champs Educampus Pte. Ltd.	Education, Health and Social Services, Arts, Entertainment and Recreation	2.6%
8	Michael Page International Pte Ltd	Professional Services, Scientific and Technical Activities	2.6%
9	Hersing F&B Pte. Ltd.	Real Estate	1.8%
10	Fei Siong Food Management Pte. Ltd.	Accommodation and Food Service	1.7%
<b>Top 10 Tenants<sup>(3)</sup></b>			<b>74.0%</b>

### Notes:

(1) Based on the Committed Lease of Schaeffler.

(2) Based on the Committed Lease of AES.

(3) The table above excludes a telecommunications tenant which would have been the second largest tenant by gross rental income of the Property (but not contributing more than 15% of the gross rental income of the Property) due to confidentiality.

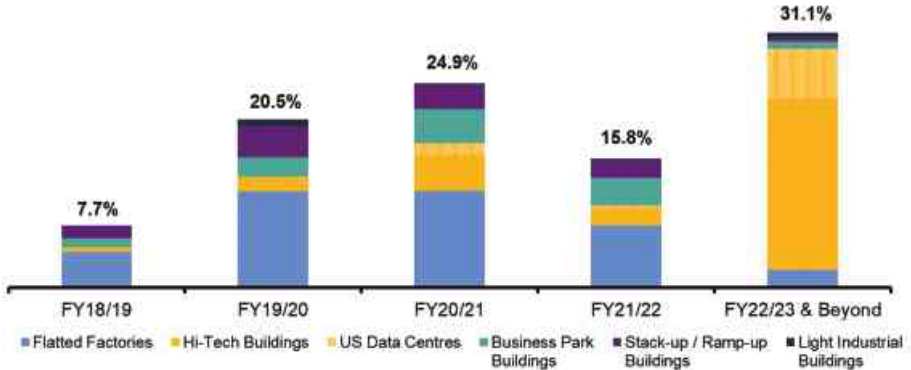
## 2. EXISTING PORTFOLIO

As at 30 September 2018, MIT's portfolio comprises 86 industrial properties in Singapore and 14 data centres in the United States of America (40% interest through the joint venture with MIPL). The properties in Singapore included Hi-Tech Buildings, Flatted Factories, Business Park Buildings, Stack-up/Ramp-up Buildings and Light Industrial Buildings. As at 30 September 2018, MIT's total assets under management was approximately S\$4.4 billion.



**2.1 Lease Profile for the Existing Portfolio**

The chart below illustrates the committed lease profile of the Existing Portfolio by gross rental income as at 30 September 2018. The WALE for the Existing Portfolio was approximately 3.7 years (by gross rental income) as at 30 September 2018<sup>1</sup>.

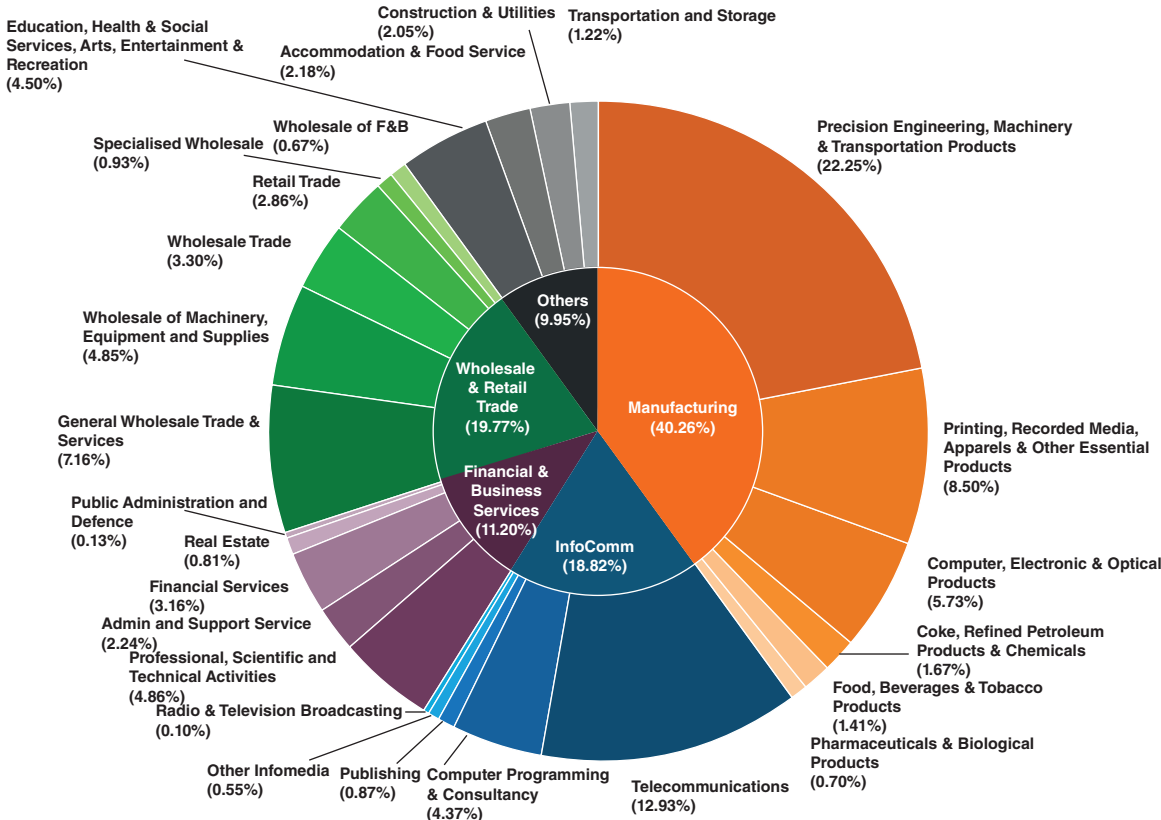


**Note:**

(1) Based on MIT's 40% interest in the joint venture with MIPL in a portfolio of 14 data centres in the United States of America through Mapletree Redwood Data Centre Trust.

**2.2 Trade Sector Analysis for the Existing Portfolio**

The chart below provides a breakdown by committed gross rental income of the different trade sectors represented in the Existing Portfolio as at 30 September 2018<sup>1</sup>.



**Note:**

(1) Based on MIT's 40% interest in the joint venture with MIPL in a portfolio of 14 data centres in the United States of America through Mapletree Redwood Data Centre Trust.

## 2.3 Top 10 Tenants of the Existing Portfolio

The table below sets out the top 10 tenants (by gross rental income) of the Existing Portfolio as at 30 September 2018.

No.	Top 10 Tenants	Trade Sector	% of Gross Rental Income
1	HP Singapore (Private) Limited	Manufacture of Precision Engineering, Electrical, Machinery and Transportation Products	10.0%
2	AT&T Inc.	Telecommunications	3.3%
3	STT Tai Seng Pte. Ltd	Telecommunications	2.9%
4	Equinix Singapore Pte. Ltd. <sup>(1)</sup>	Telecommunications	2.8%
5	Celestica Electronics (S) Pte. Ltd.	Manufacture of Computer, Electronic and Optical Products	1.3%
6	Life Technologies Holdings Pte. Ltd.	Education, Health and Social Services, Arts, Entertainment and Recreation	1.3%
7	Dell Global B.V. (Singapore Branch)	Wholesale of Machinery, Equipment and Supplies	1.3%
8	Data Centre Tenant	Telecommunications	1.3%
9	Kulicke & Soffa Pte. Ltd.	Manufacture of Precision Engineering, Electrical, Machinery and Transportation Products	1.2%
10	Sony Electronics (Singapore) Pte. Ltd.	Wholesale Trade	0.9%
<b>Top 10 Tenants<sup>(2)</sup></b>			<b>26.3%</b>

### Notes:

- (1) The percentage of gross rental income of Equinix Singapore Pte. Ltd. included the contribution from Equinix Inc. at 180 Peachtree, Atlanta.
- (2) Based on MIT's 40% interest in the joint venture with MIPL in a portfolio of 14 data centres in the United States of America through Mapletree Redwood Data Centre Trust.

### 3. ENLARGED PORTFOLIO

The table below sets out selected information on the Enlarged Portfolio as at 30 September 2018 (unless otherwise indicated).

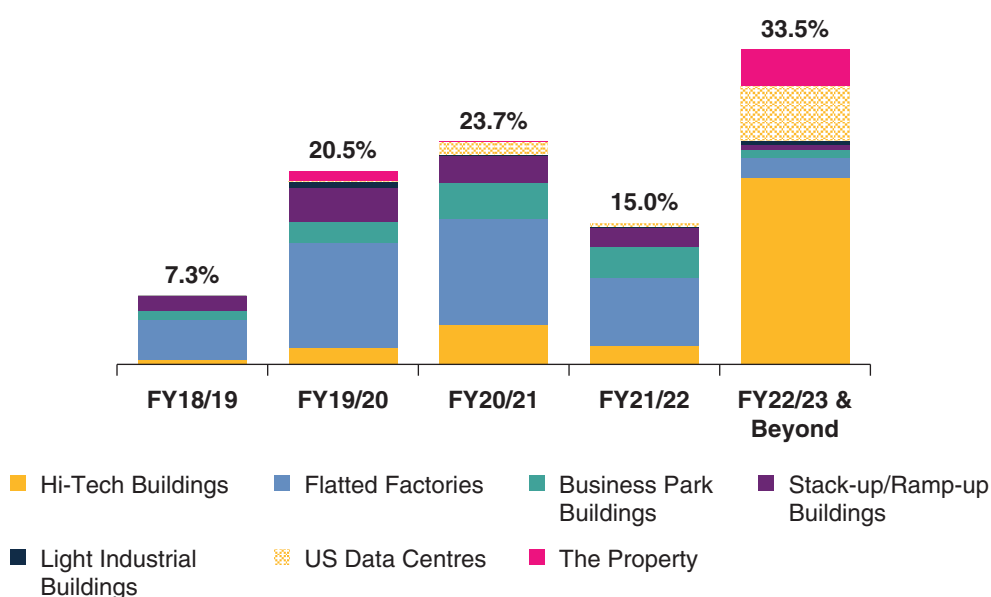
	Existing Portfolio	The Property	Enlarged Portfolio
NLA (million sq ft)	18.4 <sup>(1)</sup>	0.4	18.8
Number of Tenants	2,144	44	2,188
Assets Under Management as at 30 September 2018 (S\$ million)	4,437.7 <sup>(2)</sup>	272.5 <sup>(3)</sup>	4,710.2
Occupancy Rate (%)	86.7 <sup>(4)</sup>	87.4	86.7 <sup>(5)</sup>

**Notes:**

- (1) Excludes the parking decks (150 Carnegie Way and 171 Carnegie Way) at 180 Peachtree, Atlanta.
- (2) Based on MIT's book value of investment properties and investment properties under development as well as MIT's 40% interest in the joint venture with MIPL in a portfolio of 14 data centres in the United States of America as at 30 September 2018.
- (3) Based on the Agreed Property Value and any capitalised costs.
- (4) Based on MIT's 40% interest in the joint venture with MIPL in a portfolio of 14 data centres in the United States of America through Mapletree Redwood Data Centre Trust.
- (5) Based on the Enlarged Portfolio, including the properties held by MIT in respect of MIT's 40% interest in the joint venture with MIPL in a portfolio of 14 data centres in the United States of America through Mapletree Redwood Data Centre Trust.

#### 3.1 Lease Profile for the Enlarged Portfolio

The chart below illustrates the committed lease profile of the Enlarged Portfolio by gross rental income as at 30 September 2018. The WALE for the Enlarged Portfolio was approximately 3.7 years (by gross rental income) as at 30 September 2018<sup>1</sup>.

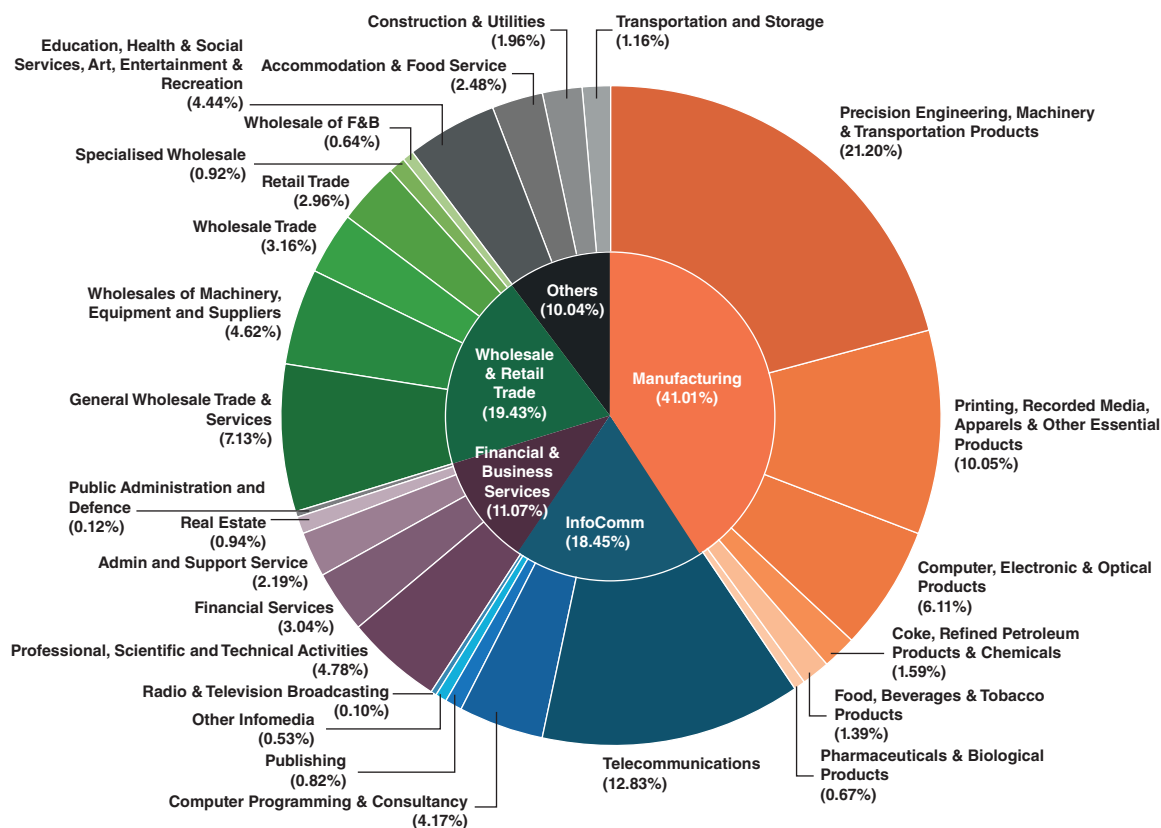


**Note:**

- (1) Based on the Enlarged Portfolio, including the properties held by MIT in respect of MIT's 40% interest in the joint venture with MIPL in a portfolio of 14 data centres in the United States of America through Mapletree Redwood Data Centre Trust.

### 3.2 Trade Sector Analysis for the Enlarged Portfolio

The chart below provides a breakdown by gross rental income of the different trade sectors represented in the Enlarged Portfolio<sup>1</sup>.



**Note:**

(1) Based on the Enlarged Portfolio, including the properties held by MIT in respect of MIT's 40% interest in the joint venture with MIPL in a portfolio of 14 data centres in the United States of America through Mapletree Redwood Data Centre Trust.

### 3.3 Top 10 Tenants of the Enlarged Portfolio

The table below sets out the top 10 tenants (by gross rental income) of the Enlarged Portfolio as at 30 September 2018.

No.	Top 10 Tenants	Trade Sector	% of Gross Rental Income
1	HP Singapore (Private) Limited	Manufacture of Precision Engineering, Electrical, Machinery and Transportation Products	9.4%
2	AT&T Inc.	Telecommunications	3.2%
3	STT Tai Seng Pte. Ltd	Telecommunications	2.7%
4	Equinix Singapore Pte. Ltd. <sup>(1)</sup>	Telecommunications	2.6%
5	Sivantos Pte. Ltd.	Wholesale of Machinery, Equipment and Supplies	1.9%

No.	Top 10 Tenants	Trade Sector	% of Gross Rental Income
6	Celestica Electronics (S) Pte. Ltd.	Manufacture of Computer, Electronic and Optical Products	1.3%
7	Life Technologies Holdings Pte. Ltd.	Education, Health and Social Services, Arts, Entertainment and Recreation	1.2%
8	Dell Global B.V. (Singapore Branch)	Wholesale of Machinery, Equipment and Supplies	1.2%
9	Data Centre Tenant	Telecommunications	1.2%
10	Kulicke & Soffa Pte. Ltd.	Manufacture of Precision Engineering, Electrical, Machinery and Transportation Products	1.1%
<b>Top 10 Tenants<sup>(2)</sup></b>			<b>25.8%</b>

**Notes:**

- (1) The percentage of gross rental income of Equinix Singapore Pte. Ltd. included the contribution from Equinix Inc. at 180 Peachtree, Atlanta.
- (2) Based on the Enlarged Portfolio, including the properties held by MIT in respect of MIT's 40% interest in the joint venture with MIPL in a portfolio of 14 data centres in the United States of America through Mapletree Redwood Data Centre Trust.

## VALUATION CERTIFICATES



Colliers International Consultancy & Valuation  
(Singapore) Pte Ltd  
12 Marina View  
#19-02, Asia Square 2  
Singapore 018961  
RCB No. 198105965E

MAIN +65 6223 2323  
FAX +65 6438 6826



Our Ref: 2018/C2/0229/CORP

6 December 2018

DBS Trustee Limited  
(In Its Capacity as Trustee of Mapletree Industrial Trust)  
12 Marina Boulevard  
Marina Bay Financial Centre  
Singapore 018982

Dear Sirs,

**VALUATION OF 18 TAI SENG STREET, 18 TAI SENG, SINGAPORE 539775**

We refer to your instructions to carry out a valuation in respect of the abovementioned property (the "Property") for proposed acquisition purpose. Our instructions are to provide our opinion of the market value of the unexpired leasehold interest of 25.3 years in the Property as at 30 November 2018, subject to the existing tenancies.

We confirm that we have inspected the Property and have prepared a full valuation report ("Report") and a valuation certificate in accordance with the requirements of the instructions. We understand that this letter and the valuation certificate will be included in a circular to be issued by Mapletree Industrial Trust Management Pte Ltd (as the manager of Mapletree Industrial Trust) in connection with the acquisition.

Our valuation is on the basis of market value which 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 where the parties had each acted knowledgeably, prudently and without compulsion" ("Market Value").

This definition of value is consistent with the definition of Market Value as advocated by the Singapore Institute of Surveyors and Valuers' Valuation Standards and Guidelines.

Market Value is also the best price reasonably obtainable on the valuation date by the seller and the most advantageous price reasonably obtainable on the valuation date by the buyer. This estimate specially excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of value available only to a specific owner or purchaser.

Market Value is understood to be the value of an asset or liability estimated without regard to costs of sale of purchaser (or transaction), and without offset for any associated taxes or potential taxes.





Our valuation has been made on the assumption that the Property is sold in the open market without the benefit of a deferred term contract or any similar arrangement which could serve to affect the value of the Property.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the Property, nor for any expenses or taxation which may be incurred in effecting a sale. It is assumed that the Property is free from any major or material encumbrances, restrictions and outgoings of an onerous nature which could affect its value.

We have undertaken no structural or condition surveys. We advise that we have not inspected unexposed or inaccessible portions of the building and cannot therefore state that these are not free from rot, infestation or hazardous material.

We have also assumed that the building complies with all relevant statutory requirements in respect of health, building and fire safety regulations.

We have relied on the information provided by Mapletree Industrial Trust Management Ltd on matters relating to the Property such as site area, gross floor area, lettable area, tenancy details, lease conditions, income and expense projections etc. All information provided is treated as correct and Colliers International Consultancy and Valuation (Singapore) Pte Ltd accepts no responsibility for subsequent changes in information and reserves the right to change our opinion of value if any information provided were to materially change.

For the purpose of the circular, we have prepared this letter and the enclosed valuation certificate which summarises our Report and outlines key factors we have considered in arriving at our opinion of value. This letter and the valuation certificate do not contain all the necessary data and information included in our Report. For further information, reference should be made to the Report.

The valuation and market information are not guarantees or predictions and must be read in consideration of the following:

- The estimated value is based upon the factual information provided by the client/asset manager. Property data/information provided is assumed to be correct. Whilst Colliers International has endeavoured to ensure the accuracy of the information, it has not independently verified all information provided by the client/asset manager. Colliers International also accepts no responsibility for subsequent changes in information as to areas, income, expenses or market conditions.
- The methodologies adopted in valuing the Property are based upon estimates of future results and are not predictions. Each methodology is based on a set of assumptions as to income and expenses of the Property and future economic conditions in the local market.

We have prepared this Letter and the enclosed Valuation Certificate for inclusion in the circular and specifically disclaim liability to any person in the event of any omission from or false or misleading statement included in the circular, other than in respect of the information provided within the Report. This letter and the report have been prepared for the use of the instructing parties for the stated purpose only and cannot be relied upon by third parties. No responsibility is accepted to any other party for the whole or any part of its contents.

The reported analysis, opinion and conclusion are limited only by the reported assumptions and limiting conditions and is our personal, unbiased professional analyses, opinions and conclusions. The valuers' compensation is not contingent upon the reporting of a predetermined value or direction in value that favours the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.



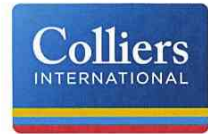
We confirm that we do not have a pecuniary interest that would conflict with a proper valuation of the Property and the valuers undertaking the valuation are authorised to practise as valuers and have the necessary expertise and experience in valuation of such type of property.

Yours faithfully,  
For and on behalf of

**Colliers International Consultancy & Valuation (Singapore) Pte Ltd**

A handwritten signature in blue ink, appearing to read "Goh Seow Leng".

Goh Seow Leng  
Appraiser's Licence No: AD041- 2003809B  
Executive Director,  
Valuation & Advisory Services



## VALUATION CERTIFICATE

<b>Address of Property</b>	: 18 Tai Seng Street, 18 TAI SENG, Singapore 539775
<b>Our Reference</b>	: 2018/C2/0229/CORP
<b>Valuation Prepared for</b>	: DBS Trustee Limited (in its capacity as trustee of Mapletree Industrial Trust)
<b>Purpose of Valuation</b>	: For proposed acquisition purpose
<b>Interest Valued</b>	: Unexpired leasehold interest in the Property
<b>Legal Description</b>	: The site is designated as Lot 7266P Mukim 23, and Lots 70001C (air space) and 80014L (subterranean space) Mukim 24
<b>Tenure</b>	: The Property is held on a 30-year lease commencing 26 March 2014 (with an unexpired lease term of approximately 25.3 years as at the date of valuation)
<b>Registered Lessee</b>	: Mapletree Trustee Pte. Ltd.
<b>Brief Description</b>	: The Property is located along the main Upper Paya Lebar Road and bounded by Tai Seng Street on the east, within Paya Lebar iPark. Accessibility is via Airport Road and Upper Paya Lebar Road, some 10 km from the City Centre.

The development, known as 18 TAI SENG, features a 9-storey industrial building with 2 basement levels. Basement 2 is directly connected to the Tai Seng MRT Station. The development offers "Business 2" ("B2") industrial space with office space on the 9<sup>th</sup> storey and retail space on the 1<sup>st</sup> storey and Basement 1. The 2<sup>nd</sup> storey "B2" space is currently used as a child-care centre.

### Site Area

	Site Area (sm)
Land	11,780.0
Air Space	735.8
Subterranean Space	217.0

*Note: Areas are approximate and subject to survey.*

### Gross Floor Area ("GFA")

: Approximately 41,231.4 sm comprising 29,451.0 sm for industrial ("B2") use and 11,780.4 sm for commercial use (as per the Written Permission and subject to survey)
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### Net Lettable Area ("NLA")

Use	Lettable Area (sm)	Lettable Area (sf)
Industrial ("B2" Use)	26,357	283,703
Office	4,965	53,441
Retail	4,373	47,068
<b>Total</b>	<b>35,695</b>	<b>384,212</b>

*Note: Areas are approximate and as extracted from the Tenancy Schedule and updates provided.*

<b>Year of Completion</b>	: The Temporary Occupation Permit was issued on 1 November 2016.						
<b>Condition</b>	: Generally good						
<b>Tenancy Brief</b>	: Based on the Tenancy Schedule provided to us, the development enjoys an occupancy rate of about 95%. Major tenants include NTUC Fairprice, Let's Eat, Tim Ho Wan & Took Lae Dee and Star Living for the retail component whilst major tenants in the "B2" and office components include Sivantos Pte. Ltd. and Tata Communications.						
<b>Annual Value</b>	: The Property is assessed at an aggregate annual value of \$15,803,500/- for 2018. Property tax is payable at 10% per annum of the Annual Value.						
<b>Land Rent</b>	: Upfront land premium has been paid for the site. There is a nominal land rent of S\$12 annually.						
<b>Master Plan Zoning (2014 Edition)</b>	: "Business 2 - White" with maximum plot ratio of 3.5 (B2 – 2.5)						
<b>Basis of Valuation</b>	: 'As-Is' basis and subject to the existing tenancies						
<b>Methods of Valuation</b>	: Income Capitalisation Method, Discounted Cash Flow Analysis and Comparison Method						
<b>Key Assumptions</b>	: <table border="1" style="margin-left: 20px;"> <tr> <td>Capitalisation Rate (blended)</td> <td>5.70%</td> </tr> <tr> <td>Discount Rate</td> <td>7.75%</td> </tr> <tr> <td>Terminal Rate (blended)</td> <td>6.00%</td> </tr> </table>	Capitalisation Rate (blended)	5.70%	Discount Rate	7.75%	Terminal Rate (blended)	6.00%
Capitalisation Rate (blended)	5.70%						
Discount Rate	7.75%						
Terminal Rate (blended)	6.00%						
<b>Date of Valuation</b>	: 30 November 2018						
<b>Market Value</b>	: <p><b>S\$268,300,000/-</b>        (Singapore Two Hundred Sixty-Eight Million and Three Hundred Thousand Only)</p> <p>S\$6,507 psm on GFA        S\$7,516 psm on NLA</p>						
<b>Assumptions, Disclaimers, Limitations &amp; Qualifications</b>	: <p>We have provided our value opinion of the Property on the basis of Market Value as stated above and subject to the followings:</p> <ul style="list-style-type: none"> <li>- The Property was assessed in its existing state and subject to the existing tenancies.</li> <li>- The Property is currently used for Business 2, retail and office purposes. We considered that the existing uses of the Property is its highest and best use under current market situation; and</li> <li>- The valuation is on the basis of 100% interest of the Property.</li> </ul> <p>There are various assumptions and limitations in the course of our valuation. Major assumptions and limitations are summarized as follows:</p> <ol style="list-style-type: none"> <li>(1) The Property has a proper legal title;</li> <li>(2) all the leases are legally valid and enforceable;</li> </ol>						





- (3) all land premiums and costs of settlement and public utilities services have been fully settled;
- (4) the design and construction of the Property are in compliance with the local planning regulations and have been approved by the relevant government authorities;
- (5) we have been provided with extracts of lease documents but have not inspected the original documents. We are not in the position to verify the title to the Property, which should be more properly the sphere of the Manager and their legal advisers. In the course of our valuation, we have assumed that the Property can be freely disposed of to local or overseas purchasers; and
- (6) subject to having made reasonable enquiries, exercising our judgement on the reasonable use of such information and finding no reason to doubt the accuracy or reliability of the information, we have relied on the information provided by the Manager and their professional advisers. All information provided to us is treated as complete and accurate and we accept no responsibility for subsequent changes in information and reserve the right to change our opinion of value if any other information provided were to materially change.

For the other assumptions, disclaimers, limitations and qualification, please refer to the full valuation report.

For and on behalf of  
Colliers International Consultancy & Valuation (Singapore) Pte Ltd



---

Goh Seow Leng  
Appraiser's Licence No.: AD041- 2003809B  
B.Sc (Estate Management), MSISV  
Executive Director  
Valuation and Advisory Services | Singapore

GSL/KN/tc

*This valuation certificate is subject to the Caveats & Assumptions attached.*

## CAVEATS AND ASSUMPTIONS

### 1. DEFINITIONS

In these Caveats and Assumptions the following words or phrases shall have the meaning or meanings set out below:

'Confidential Information' means information that:

- (a) Is by its nature confidential.
- (b) Is designed by Us as confidential.
- (c) You know or ought to know is confidential.

(d) Includes, without limitation: information comprised in or relating to any of Our intellectual property in the Services or any reports or certificates provided as part of the Services.

'Currency Date' means, in relation to any valuation report, the date as at which our professional opinion is stated to be current.

'Fee' means the amount agreed to be paid for the Services as set out in the Quotation.

'Parties' means You or Us as the context dictates.

'Quotation' means the written quote provided by Us in relation to the Services.

'Services' means the valuation services provided pursuant to these Terms and Conditions and the Quotation, and includes any documents, reports or certificates provided by Us in connection with the Services.

'The Property' means the assets which are subject of our appointment as your advisor.

'We', 'Us', 'Our', 'Colliers' means Colliers International Limited.

'You', 'Your', 'Client' means the person, company, firm or other legal entity by or on whose behalf instructions are given, and any person, firm, company or legal entity who actually gave the instructions to us even though such instructions were given as agent for another.

'Professional Property Practice Standards' refers to RICS Valuation and Appraisal Handbook, or Singapore Institute of Surveyors & Valuers' Valuation Standards and Practice Guidelines.

### 2. PERFORMANCE OF SERVICES

2.1 We have provided the Services in accordance with:

- (a) The Terms and Conditions contained herein; or
- (b) As specifically instructed by You for the purpose of the Services; and
- (c) Within the current provisions set by the prevailing Professional Property Practice Standards.

### 3. CONDITION OF THE PROPERTY

3.1 No allowance has been made in our report for any charges, mortgages or amounts owing on any of the properties valued nor for any expenses or taxation which may be incurred in effecting a sale. We have assumed that the Property is free from and clear of any and all charges, liens and encumbrances of an onerous nature likely to affect value, whether existing or otherwise, unless otherwise stated. We assume no responsibility for matters legal in nature nor do we render any opinion as to the title which is assumed to be good and marketable. We are not aware of any easements or rights of way affecting the property and our valuation assumes that none exists.

3.2 We have assumed that the Property has been constructed, occupied and used in full compliance with, and without contravention of, all ordinances, except only where otherwise stated. We have further assumed that, for any use of the Property upon which this report is based, any and all required licences, permits, certificates, and authorisations have been obtained, except only where otherwise stated.

3.3 We have assumed that any development sites are in a condition suitable for development; this has not been checked by us.

3.4 We have not carried out detailed site measurements to verify the correctness of the site areas in respect of the properties but have assumed that the site areas shown on the documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurements has been taken.

3.5 We have assumed that there is no timber infestation, asbestos or any other defect (unless advised otherwise) and that the property is compliant with all relevant environmental laws. It is Your responsibility to provide reports to Us that are relevant to these issues.

3.6 An internal inspection has been made, unless otherwise stated.

3.7 While due care is exercised in the course of our inspection to note any serious defects, no structural survey of the Property will or has been undertaken, and We will not (and are not qualified to) carry out a structural, geotechnical or environmental survey. We will not inspect those parts of the property that are unexposed or inaccessible.

3.8 None of the services have been tested by Us and we are unable therefore to report on their present condition, but will presume them to be in good working order.

3.9 We recommend that You engage appropriately qualified persons to undertake investigations excluded from our Services.

3.10 No responsibility will be accepted either to You or to any third party for loss or damage that may result directly or indirectly from the condition of the property.





## Appendix I

### 4. ENVIRONMENT AND PLANNING

- 4.1 We have obtained town planning information from the prevailing Master Plan available on URA website. It is your responsibility to check the accuracy of this information under the appropriate planning legislation.
- 4.2 For obvious reasons, we do not and cannot provide information relating to government acquisitions unless the land has already been gazetted for acquisition.
- 4.3 No requisition on road, MRT, LRT, drainage and other government proposals has been made by us. Such information will not be tendered unless specifically requested for and we be properly reimbursed.
- 4.4 We do not hold ourselves to be experts in environmental contamination. Unless otherwise stated, our inspection of the site did not reveal any contamination or pollution affectation, and our valuation has been prepared on the assumption that that the land is not contaminated and has not been affected by pollutants of any kind. We would recommend that that this matter be checked by a suitably qualified environmental consultant. Should subsequent investigation show that the site is contaminated, our valuation may require revision.

### 5. FLOOR/BUILDING AREAS AND LETTABLE AREAS

- 5.1 Where a survey is provided to Us for consideration, We will assume that information contained in the survey is accurate and has been prepared in accordance with the prevailing Professional Property Practice Standards.
- 5.2 If you do not provide Us with a survey, We will estimate floor/building and/or lettable areas based only upon available secondary information (including but not limited to building plans, deposited plans, and our own measurements). Such estimates do not provide the same degree of accuracy or certainty as would be provided by a survey prepared by an appropriately qualified professional in accordance with the prevailing Professional Property Practice Standards.
- 5.3 Where such a survey is subsequently produced which differs from the areas estimated by us then You will refer the valuation back to Us for comment or, where appropriate, amendment.

### 6. OTHER ASSUMPTIONS

- 6.1 Unless otherwise notified by You, We will assume:
  - (a) There are no easements, mortgages, leases, encumbrances, covenants, caveats, rights of way or encroachments except those shown on the Title.
  - (b) All licences and permits can be renewed and We have not made any enquires in this regard.
- 6.2 Where third party expert or specialist information or reports are provided to Us or obtained by Us in connection with Services (including but not limited to surveys, quantity surveyors reports, environmental audits, structural/ dilapidation reports), we will rely upon the apparent expertise of such experts/ specialists. We will not verify the accuracy of this information or reports, and assume no responsibility for their accuracy.
- 6.3 Our services are provided on the basis that the client has provided us with a full and frank disclosure of all information and other facts which may affect the service, including all secrecy clauses and side agreements. We accept no responsibility or liability whatsoever for the valuation unless such a full disclosure has been made.
- 6.4 Any plans, sketches or maps included in this report are for identification purposes only and should not be treated as certified copies of areas or other particulars contained therein.
- 6.5 The study of possible alternative development options and the related economics are not within the scope of this report, unless otherwise stated.
- 6.6 Our opinion about the Market Value of the property is free from any influence and/ or point of views of any other parties.
- 6.7 All Location Plans are obtained from [www.streetdirectory.com](http://www.streetdirectory.com). Whilst we do make every endeavor to update the maps as far as it is possible, we do not vouch for the accuracy of the maps and shall not be responsible if it is otherwise.
- 6.8 Values are reported in Singapore currency unless otherwise stated.

### 7. ESTIMATED SELLING PRICE

- 7.1 Where you instruct Us to provide an Estimated Selling Price, You agree that the Services:
  - (a) Are limited to the provision of an opinion based on Our knowledge of the market and informal enquiries.
  - (b) We are not required to carry out a full inspection of the property; any inspection of comparable properties; a search of Title(s) or other enquiries as to encumbrances, restrictions or impediments on Title(s); or other investigations which would be required for a formal valuation.
  - (c) Provide an indicative figure only which is not suitable for use for any purpose other than as general information or guide as to sale expectations. It is not suitable to be relied upon for the purpose of entry into any transaction.
- 7.2 No responsibility will be accepted either to You or to any third party for loss or damage that may result from the issue of such an Estimated Selling Price.

## Appendix I

### 8. CURRENCY OF VALUATION

- 8.1 Due to possible changes in market forces and circumstances in relation to the property the Services can only be regarded as relevant as at the Currency Date.
- 8.2 Where You rely upon Our valuation report after the Currency Date, You accept the risks associated with market movements between the Currency Date and the date of such reliance.
- 8.3 Without limiting the generality of 9.1, You should not rely upon Our valuation:
  - (a) After the expiry of 3 months from the Currency Date;
  - (b) Where circumstances have occurred during that period which may have a material effect on the value of the property or the assumptions or methodology used in the valuation report.

### 9. MARKET PROJECTIONS

- 9.1 Any market projections incorporated within our Services including, but not limited to, income, expenditure, associated growth rates, interest rates, incentives, yields and costs are projections only and based on information currently available to us and not representative of what actual values of the property will be as at future date. Accordingly, such market projections should be interpreted as an indicative assessment of potentialities only, as opposed to certainties.
- 9.2 Where Our Services include market projections such projections require the dependence upon a host of variables that are highly sensitive to varying conditions. Accordingly, variation in any of these conditions may significantly affect these market projections.
- 9.3 Where market projections form part of Our Services, We draw your attention to the fact that there will be a number of variables within acceptable market parameters that could be pertinent to Our Services and the projections adopted are representative of only one of these acceptable parameters.
- 9.4 All statements of fact in the valuation report which are used as the basis of our analyses, opinions, and conclusions will be true and correct to the best of our knowledge and belief. We do not make any representation or warranty, express or implied, as to the accuracy or completeness of the information or the state of affairs of the Property furnished to us by you.

### 10. YOUR OBLIGATIONS

- 10.1 You warrant that the instructions and subsequent information supplied by You contain a full and frank disclosure of all information that is relevant to Our provision of the Services.
- 10.2 You warrant that all third party expert or specialist reports provided to Us by You for the purpose of Us providing the Services are provided with the authority of the authors of those reports.
- 10.3 You authorise and license Us to incorporate Your intellectual property within Our report(s).
- 10.4 You will not release any part of Our valuation report or its substance to any third party without Our written consent. When we consent for You to release Our report or any part of Our report to any third party, we do so on the basis that these terms and conditions will apply to the new addressee(s) as if it/ they had been a party to the original letter of instruction between us. Where we consent to such reliance, You agree to furnish the addressee with a copy of any reliance letter issued by Us and/ or a copy of these terms and conditions.
- 10.5 We reserve the right to reconsider or amend the valuation advice, or the Fee set out in Our Quotation to You, if;
  - (a) Certificates, surveys, leases, side agreements or related documentation that were not provided to Us prior to the provision of the Services are subsequently provided, and contain matters that may affect the value of the advice; or
  - (b) Where subsequent site inspections made in relation to any of the matters raised in Clause 3 materially affect or may alter the value of the property, the subject of the Services.
  - (c) The information provided to Us by You prior to the provision of services is in any way incomplete, misleading or wrong.
- 10.6 If You release any part of the valuation advice or its substance without written consent, You agree to defend, You agree to defend and indemnify Us against claims by a third party who has reviewed the report if We have not, at or subsequent to the time of engagement, provided our specific written consent to such party reviewing and replying on the report. We have no responsibility to any other person even if that person suffers damage as a result of You providing this valuation without Our prior consent.
- 10.7 You agree that the only remedy for losses or damages relating to the breach of this Agreement shall be limited to three times Our contracted fee for the assignment and no claim shall be made any consequential or punitive damages.
- 10.8 You agree not to bring any claim for any losses against any director, consultant or any employee of Ours. You hereby agree that Our director, consultant or any employee does not have a personal duty of care to You and any claim for losses must be brought against Colliers International.
- 10.9 Where any loss is suffered by You for which We and any other person are jointly and severally liable to You the loss recoverable by You from Us shall be limited so as to be in proportion to our relative contribution to the overall fault.



## Appendix I

### 11. CONFIDENTIALITY

- 11.1 This report and each part of it is prepared and intended for the exclusive use of the Client for the sole purpose stated in our valuation report, and in accepting this report, the Client expressly agrees not to use or rely upon this report or any part of it for any other purpose. No person other than the Client shall use or rely upon this report or any part of it for any purpose unless we have given Our express written consent. Similarly neither the whole nor any part of this report nor any reference there to may be included in any document, circular or statement nor published in any way without our written approval of the form and context in which it may appear.
- 11.2 If consent to disclose the Confidential Information is provided by Us, You agree to abide by any additional terms and conditions that We may apply to that disclosure.
- 11.3 You agree that You will indemnify, hold harmless and defend Us from and against any and all loss, liability, costs or expenses (including but not limited to professional or executive time) We may suffer or reasonably incur, directly or indirectly, as a result of a breach of this clause.
- 11.4 Unless otherwise directed in writing by Client, Colliers International retains the right to include references to the Services in its promotional material. Such references shall not contain confidential material.

### 12. PRIVACY

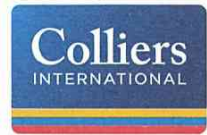
- 12.1 We may obtain personal information about You in the course of performing Our Services. We respect your privacy and advise You that we will only obtain information that is necessary to assist us in the course of performing Our Services. If it is necessary for Us to engage third parties, we will inform these parties that they are not to disclose any personal information about You to any person or organisation other than Us.

### 13. SUBCONTRACTING

- 13.1 We may sub-contract or otherwise arrange for another person to perform any part of the Services or to discharge any of Our obligations under any part of these Terms and Conditions, with Your consent.

### 14. LIMITATION OF COLLIERS LIABILITY

- 14.1 To the extent permissible under applicable laws, in no event shall Colliers International be liable to Client or anyone claiming by, through or under Client, including insurers, for any lost, delayed, or diminished profits, revenues, production, business, use or opportunities, or any incidental, special, indirect, or economic losses, wasted costs, diminution of value or consequential damages, of any kind or nature whatsoever, however caused.
- 14.2 We shall be released from Our obligations to the extent that performance thereof is delayed, hindered or prevented by any circumstances beyond Our reasonable control (example being a strike, act of God or act of terrorism). All the costs and benefits forecasted will, ultimately, be determined by future market conditions. Forecasts of these elements are based on assumptions of certain variable factors, which, in turn, are extremely sensitive to changes in the market and economic contexts. For this reason, the figures mentioned in this report were not computed under any known or guaranteed conditions. Rather, these are forecasts drawn from reliable sources of data and information and made in the best judgment and professional integrity of Colliers international. Notwithstanding this, Colliers International reiterates that it will not accept any responsibilities in the face of damage claims that might result from any error, omission or recommendations, viewpoints, judgments and information provided in this report.
- 14.3 Neither Colliers nor any employee of Ours shall be required to give testimony or to appear in court or any other tribunal or at any government agency by reason of this valuation report or with reference to the property in question, except by court summons/ judicial notification, and unless prior arrangements have been made and we are properly reimbursed for reasonable time and expenses incurred. The hourly billing pertain to court preparation, waiting and travel time, document review and preparation (excludes valuation report) and all meetings related to court testimony.
- 14.4 We are free from any possible legal and/ or non-legal issue which may attach to the Property's title documents.
- 14.5 All statements of fact in the valuation report which are used as the basis of our analyses, opinions, and conclusions will be true and correct to the best of our knowledge and belief. We do not make any representation or warranty, express or implied, as to the accuracy or completeness of the information or the state of affairs of the Property furnished to Us by You.
- 14.6 Our liability for loss and damage attributable to Our negligence, breach of contract, misrepresentation or otherwise (but not in respect of fraud, fraudulent misrepresentation, death or personal injury) shall be limited to a maximum of three times Our contracted fee for the assignment per property for any single case. A single case of damages is defined as the total sum of all damage claims of all persons entitled to claim, which arise from one and the same professional error/ offence. In the case of damages suffered from several offences brought about by the same technical error within the scope of several coherent services of a similar nature, we are only to held liable for an amount of three times Our contracted fee for the assignment per property.
- 14.7 Where the agreement is addressed to more than one Client, the above limit of liability applies to the aggregate of all claims by all such Clients and not separately to each Client.



## Appendix I

- 14.8 No third party will be entitled to rely on any part of Our valuation report or its substance or advice except with our written consent. Should any third party rely on Our report without obtaining Our written consent, We are not bound by any liability which arises from the use of or reliance upon Our valuation report by such unauthorized party.
- 14.9 We will not be liable for any services outside the scope of the services agreed to be performed by Us, and in respect of any consequential losses or loss of profits.
- 14.10 Responsibility for Our valuation extends only to the party(ies) to whom it is addressed. However in the event of Us being asked by You to re-address Our report to another party or other parties or permit reliance upon it by another party or other parties, We will give consideration to doing so, to named parties, and We reserve the right to charge additional fee for doing so although We will agree such fee with You before commencing the work.
- 15. ENTIRE AGREEMENT**
- 15.1 No further agreement, amendment or modification of these Terms and Conditions shall be valid or binding unless made in writing and executed on behalf of the Parties by their duly authorised officers.
- 15.2 If there is inconsistency between these Terms and Conditions and the Quotation, any letter of instruction from You, or other specific request or information shall prevail to the extent of the inconsistency.
- 15.3 Copyright in any reports, documents or other material provided to You by Us shall remain Our property at all times unless otherwise stated
- 16. ANTI BRIBERY AND CORRUPTION MEASURES**
- 16.1 We represent, in connection with any services to be provided to You, that neither We nor Our contractors, employees or agents (collectively, "Consultant") has made or will make, either directly or indirectly, any payments (i) to or for the use or benefit of any Government Official (ii) to any other person either for an advance or reimbursement, if Consultant knows or has reason to know that any part of such payment has been or will be given to any Government official or (iii) to any person or entity, the payment of which would violate laws and regulations in Australia, the United States, the United Kingdom or any other government entity having jurisdiction over the activities carried out by Consultant. The term "Government Official" in this paragraph means any officer or employee of a government or any governmental department or agency, or any person acting in an official capacity for or on behalf of any such government or governmental department or agency, including employees of state-owned or controlled entities and candidates for political office.
- 16.2 We represent that, in connection with any services to be provided to You, We will conduct operations at all times in compliance with applicable financial recordkeeping and reporting requirements, including all applicable money laundering-related laws of any jurisdictions where We conduct business or own assets.





Our Ref : 2018/2974/CORP

30 November 2018

**Mapletree Industrial Trust Management Ltd**  
10 Pasir Panjang Road #13-01  
Mapletree Business City  
Singapore 117438

Dear Sirs

**VALUATION OF 18 TAI SENG, 18 TAI SENG STREET, SINGAPORE 539775  
("the Property")**



Savills Valuation And  
Professional Services (S) Pte Ltd  
Reg No : 200402411G

30 Cecil Street  
#20-03 Prudential Tower  
Singapore 049712

T: (65) 6836 6888  
F: (65) 6536 8611

savills.com

In accordance with the instructions of Mapletree Industrial Trust Management Ltd ["Client"] for us to value the Property, we have made relevant enquiries and obtained such information as we consider necessary for the purpose of providing you with our opinion of the Market Value of the Property on As-is basis and subject to existing tenancies made known to us.

This valuation has been prepared for proposed acquisition purpose and can be relied upon by the Client, DBS Trustee Limited (as Trustee of Mapletree Industrial Trust) and their financier. Use by, or reliance upon this report by anyone other than the Client, DBS Trustee Limited (as Trustee of Mapletree Industrial Trust) and their financier are not authorised by Savills and Savills is not liable for any unauthorised use or reliance. Our reports should not be produced without our prior written consent.

The valuation has been carried out in accordance with The Singapore Institute of Surveyors And Valuers Valuation Standards and Guidelines.

There are various assumptions and limitations in the course of our valuation. Major assumptions and limitations are summarized as follows:

- i) the property has a proper legal title;
- ii) all the leases are legally valid and enforceable;
- iii) all land premium and costs of resettlement and public utilities services have been fully settled;
- iv) the design and construction of the property are in compliance with the local planning regulations and have been approved by the relevant government authorities;
- v) we have been provided with extracts of title documents but have not inspected the original documents. We are not in the position to verify the title to the property, which should be more properly the sphere of the Manager and their legal advisers. In the course of our valuation, we have assumed that the property can be freely disposed of to local or overseas purchasers; and
- vi) subject to having made reasonable enquiries, exercising our judgement on the reasonable use of such information and finding no reason to doubt the accuracy or reliability of the information, we have relied on a number of information provided by the Manager and their professional advisers. All information provided to us is treated as complete and accurate and we accept no responsibility for subsequent changes in information and reserve the right to change our opinion of value if any other information provided were to materially change.

Our valuation is on the basis of Market Value which is intended to mean "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".

This definition of market value is also consistent with that as advocated by the Royal Institution of Chartered Surveyors (RICS) Standards and Guidelines and International Valuation Standards Council.

Market value is also the best price reasonably obtainable on the valuation date by the seller and the most advantageous price reasonably obtainable on the valuation date by the buyer. The estimate specially excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of value available only to a specific owner or purchaser.



We have proved our value opinion of the Property on the market value as stated above and subject to the followings:

- The Property was assessed in its existing state and subject to the existing tenancy agreements
- The Property is currently used for retail purposes. Under market situation, we considered that the existing use of Property is its highest and best use; and
- The valuation is on the basis of 100% interest of the Property.

For the other assumptions, disclaimers, limitations and qualifications, please refer to the full valuation report.

The reported analysis, opinion and conclusion are limited only by the reported assumptions and limiting conditions and is our personal, unbiased professional analyses, opinions and conclusions.

We confirm that we do not have a pecuniary interest that would conflict with a proper valuation of the Properties and the valuers undertaking the valuation are authorised to practise as valuers and have the necessary expertise and experience in valuation of such type of Properties.

In arriving at our opinion of market values, we have adopted the Income Capitalisation Method, Discounted Cash Flow Analysis and Direct Comparison Method.

Our opinion of value and the key assumptions adopted in our valuations are summarised as follows:

Property	Capitalisation Rate	Discount Rate	Terminal Capitalisation Rate	Market Value as at 30 November 2018
18 Tai Seng	5.00% (retail and office)	8.00%	5.25% (retail and office)	\$270,000,000
18 Tai Seng Street	5.75% (Business 2 space)		6.00% (Business 2 space)	

Yours faithfully,  
For and on behalf of  
**Savills Valuation And Professional Services (S) Pte Ltd**



**Cynthia Ng**  
Licenced Appraiser No. AD041-2003388A  
Managing Director



**Selina Chia**  
Licenced Appraiser No. AD041-2005633K  
Executive Director

CYC/CN/vg



# Valuation Certificate



<b>Property Address</b>	<b>18 Tai Seng</b> <b>18 Tai Seng Street</b> <b>Singapore 539775</b>
<b>Client</b>	DBS Trustee Limited (in its capacity as Trustee of Mapletree Industrial Trust) and Mapletree Industrial Trust Management Ltd (in its capacity as Manager of Mapletree Industrial Trust)
<b>Purpose of Valuation</b>	Inclusion of the valuation report in a circular to be issued to unitholders of Mapletree Industrial Trust in connection with the proposed acquisition of 18 Tai Seng
<b>Legal Description</b>	Lots 7266P Mukim 23, 70001C Mukim 24 (Air Space Lot) and 80014L Mukim 24 (Subterranean Lot)
<b>Tenure</b>	Leasehold 30 years commencing from 26 March 2014. Balance term of about 25.3 years.
<b>Registered Lessee</b>	Mapletree Trustee Pte. Ltd.
<b>Brief Description</b>	The subject property is located along Tai Seng Street, at its junction with Tai Seng Link, off Airport Road, within Paya Lebar iPark. It comprises a fairly new 9-storey building with 2 basement levels which contains Business 2 (B2), retail and office uses. The Temporary Occupation Permit was obtained on 1 November 2016 for the main building (which covers the whole development except Basement 2). There is an Underground Pedestrian Network to Tai Seng MRT Station connected from Basement 2.
<b>Site Area</b>	12,732.8 sm, subject to final survey
<b>Gross Floor Area</b>	41,231.4 sm, as provided and subject to final survey
<b>Lettable Floor Area</b>	35,694.9 sm, as provided and subject to final survey
<b>Tenancy Brief</b>	The property is multi-tenanted. Based on the tenancy information provided by the Client, the retail/office component of the property is 87.9% let and has a total monthly gross rent of \$578,552. Majority of the retail/office leases will expire in Year 2020. The B2 component of the property is 96.5% let and has a total monthly gross rent of \$1,106,422. Majority of the B2 leases will expire in Years 2022 and 2023. The weighted average lease expiry is 1.7 years and 3.9 years for retail and offices and B2 components respectively. The major tenants include Tata Communications International Pte Ltd, Silicon Laboratories Pte Ltd, Sivantos Pte Ltd, Schaeffler (Singapore) Pte. Ltd. and NTUC Fairprice.
<b>Annual Value</b>	\$15,230,500
<b>Master Plan (2014)</b>	Business 2 - White with maximum plot ratio of 3.5 (B2 - 2.5)
<b>Land Rent</b>	Nominal land rent of \$12 per annum is currently waived until further notice.
<b>Permitted Use</b>	For Business 2 use with White component incorporating retail and office use.
<b>Basis Of Valuation</b>	As-Is basis and subject to existing tenancies
<b>Valuation Approaches</b>	Income Capitalisation Method, Discounted Cash Flow Analysis and Direct Comparison Method
<b>Date of Valuation</b>	30 November 2018
<b>Capitalisation Rate</b>	B2 : 5.75%; Retail and Office : 5.00%
<b>Terminal Capitalisation Rate</b>	B2 : 6.00%; Retail and Office : 5.25%
<b>Discount Rate</b>	8.00%
<b>Rate on Gross Floor Area</b>	\$6,548/sm (\$608 psf)
<b>Rate on Lettable Floor Area</b>	\$7,564/sm (\$703 psf)
<b>Recommended Market Value</b>	<b>\$270,000,000</b> (Singapore Dollars Two Hundred And Seventy Million Only) <i>Based on 100% interest in the Property</i>
<b>Assumptions, Disclaimers, Limitations &amp; Qualifications</b>	This valuation is provided subject to the assumptions, disclaimers, limitations, qualifications detailed throughout the valuation report and also the limiting conditions herein
<b>Prepared by</b>	<b>Cynthia Ng</b> <b>Selina Chia</b> Licensed Appraiser No. AD041-2003388A      Licensed Appraiser No. AD041-2005633K Savills Valuation And Professional Services (S) Pte Ltd

This valuation is exclusive of Goods and Service Tax.

To any party relying on this report, we advise that this summary must be read in conjunction with the attached report of which this summary forms part. This valuation summary should not be relied upon in isolation for finance or any other purposes.

## LIMITING CONDITIONS



Our valuations are subject to the following limiting conditions unless otherwise stated in our valuation report.

<b>Valuation Standards:</b>	The valuation is carried out in accordance with the Valuation Standards and Practice Guidelines published by the Singapore Institute of Surveyors and Valuers, and/or International Valuation Standards and/or RICS Valuation Standards, subject to variations to comply with local laws, customs and practices.
<b>Valuation Basis:</b>	<p>The valuation is carried out on a basis appropriate to the specific purpose of valuation, in accordance with the relevant definitions, assumptions and qualifications outlined in the valuation report.</p> <p>The opinion expressed in the valuation report applies strictly in accordance with the terms and for the purpose expressed therein. The assessed values need not be applicable in relation to some other assessment.</p>
<b>Currency of Valuation:</b>	Values are reported in Singapore currency unless otherwise stated.
<b>Confidentiality:</b>	Our valuation is confidential and strictly for the use of the addressee of the valuation report only and for the specific purpose(s) stated. Savills disclaim all responsibility and will accept no accountability, obligation or liability to any third parties.
<b>Copyright:</b>	Neither the whole nor any part of the valuation report or any reference to it may be included in any published document, statement, circular or be published in any way, nor in any communication with any third parties, without prior written approval from Savills, including the form and context in which it may appear.
<b>Limitation of Liability:</b>	<p>The liability of Savills and its employees is only limited to the party to whom the valuation report is addressed. No responsibility to any third parties for unauthorized use and reliance is accepted.</p> <p>Any liability arising from the valuers' negligence, breach of contract or otherwise in connection with this engagement shall be limited to the fees received by Savills under this engagement. Savills do not accept liability for any indirect or consequential losses (such as opportunity cost and loss of profits).</p>
<b>Validity Period:</b>	This valuation represents our opinion of value as at the date of valuation. The assessed value may change significantly and unexpectedly over a short period arising from general market movement, possible changes in market forces and circumstances in relation to the property. Savills disclaim all responsibility and accept no liability should the valuation report be relied upon after the expiration of 3 months from the date of valuation, or such earlier date if the addressee of the report becomes aware of any factors that may have an effect on the valuation and has not made known such information to Savills.
<b>Titles:</b>	A brief on-line title search on the property has been carried out only. We are not obliged to inspect and/or read the original title or lease documents, unless they are made available by the client. The valuation shall therefore assume, unless informed to the contrary, that there are no further restrictive covenants, easements or encumbrances not disclosed by this brief title search which may have an effect on the market value. We assume the title of the property is good and marketable and free from all encumbrances, restrictions and other legal impediments.
<b>Planning Information:</b>	Information relating to town planning is obtained from the current Singapore Master Plan which is assumed to be accurate. We do not normally carry out legal requisitions on road, MRT, LRT, drainage and other government proposals, unless specifically requested and Savills is properly reimbursed. In the event that legal requisitions are conducted by our clients which reveal that the information is materially different from the town planning information outlined in the valuation report and/or property is affected by public scheme (s), this report should then be referred back to Savills for review on possible amendment.
<b>Other Statutory Regulations:</b>	Our valuation assumes that the property and any improvements thereon comply with all relevant statutory regulations. We have assumed that the property has been or will be issued with a Temporary Occupation Permit, Certificate of Fitness, Certificate of Statutory Completion or Temporary Occupation License by the competent authority.
<b>Site Condition:</b>	We do not undertake site investigations to ascertain the suitability of the ground conditions and services for the existing or any new development, nor do we carry out any environmental or geotechnical surveys. We have assumed that these aspects are satisfactory and where new development is proposed, no extraordinary expenses or delays will be incurred during the construction period. We have assumed that the load bearing capacity of the site is sufficient to support the building constructed or to be constructed thereon.
<b>Condition of Property:</b>	While due care is exercised in the course of inspection to note any building defects, no structural survey or testing of the services or facilities are carried out nor have we inspected the unexposed or inaccessible portions of the building. As such, we are unable to comment if the building is free from defect, rot, infestation, asbestos or other hazardous material. Our valuation assumes that the building would not have any defects requiring significant capital expenditure and complies with all relevant statutory requirements.
<b>Source of Information:</b>	Where it is stated in the valuation report that the information has been provided to the valuer by the sources listed, this information is presumed to be reliable. Savills takes no responsibility for inaccurate data supplied and subsequent conclusions related to such data. Where information is given without reference to another party in the report, it shall be taken that this information has been obtained or gathered through our best efforts and to our best knowledge. Processed data inferences therefrom shall be taken as the valuer's opinion and shall not be freely quoted without acknowledgement.
<b>Floor Areas:</b>	We have assumed that information contained in the surveyed or architectural floor plans is accurate and has been prepared in accordance with the prevailing Professional Property Practice Guidelines. In the absence of such plans, the floor area is estimated based on available secondary information and such estimates do not provide the same degree of accuracy or certainty. In the event that there is a material variance in areas, we reserve the right to review our valuation.
<b>Plans:</b>	Plans included in the valuation report are for identification purposes only and should not be relied upon to define boundaries or treated as certified copies of areas or other particulars contained therein. All location plans are obtained from OneMap. While we have endeavoured to ensure the maps are updated, we do not vouch for the accuracy of the map and shall not be responsible if it is otherwise.
<b>Tenant:</b>	No enquiries on the financial standing of actual or prospective tenants have been made. Where property is valued with the benefit of lettings, it is assumed that the tenants are capable of meeting their obligations under the lease and there are no arrears of rent or undisclosed breaches of covenant.
<b>Reinstatement Cost:</b>	Our opinion of the reinstatement cost for fire insurance purpose is provided only for guidance and must not be relied upon as the basis for insurance cover. We advise that we are not quantity surveyors and our estimate of the construction cost is based upon published sources. We recommend that verification of the insurance replacement cost be sought from a qualified quantity surveyor, if considered appropriate.
<b>Attendance in Court:</b>	Savills or its employees are not obliged to give testimony or to appear in court or any other tribunal or to any government agency with regards to this valuation report or with reference to the property in question unless prior arrangement has been made and Savills are properly reimbursed.

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INDEPENDENT MARKET RESEARCH REPORT



**Independent Industrial Property Market Report**

Prepared for Mapletree Industrial Trust

28 December 2018



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## Terms of Reference

Edmund Tie & Company was commissioned to undertake an independent study on the Singapore Industrial Property Market for the acquisition of 18 Tai Seng, a hi-tech industrial building in Singapore.

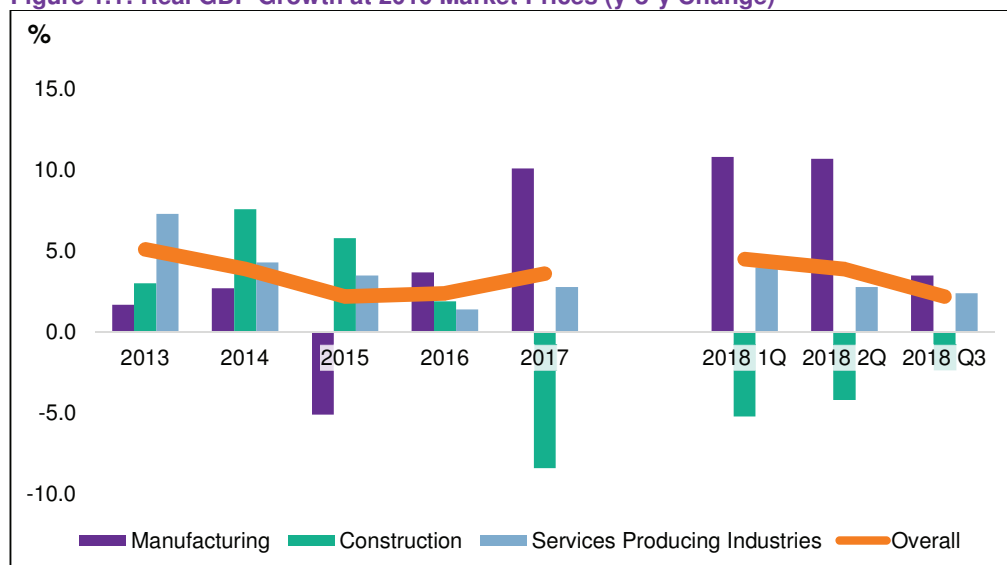
## 1.0 Economic Overview

### 1.1 Economic Growth

The Singapore economy grew by 2.2% on a year-on-year (“y-o-y”) basis in the third quarter of 2018 (“Q3 2018”), slower than the 4.1% growth in the preceding quarter. However, this was below the Ministry of Trade and Industry’s (“MTI”) expectations, as it narrowed its full-year growth forecast for 2018 to the upper end of the 2.5% to 3.5% range. The growth forecast for 2019 is expected to be around 3.0% to 3.5%. In comparison, average GDP growth from 2014 to 2017 was about 3.0% y-o-y.

Performance of the manufacturing sector, mainly supported by the electronics, biomedical manufacturing and transport engineering clusters (Figure 1.1), slowed from the double-digit growth in the last three quarters of 2018 to 3.5% y-o-y in Q3, potentially affected by the USA-China trade wars. Growth was seen in the services producing industries (2.4% y-o-y) and was largely supported by the finance & insurance and business services. However, the wholesale & retail sub-sector continued to be lacklustre. The construction sector continued to contract (-2.3% y-o-y) albeit at a slower pace than Q2, as it continued to be weighed down by weakness in public sector construction activities.

Figure 1.1: Real GDP Growth at 2010 Market Prices (y-o-y Change)



Source: MTI, Department of Statistics, Edmund Tie & Company, November 2018

Based on the “Labour Market Report Advance Release 3Q 2018” by the Ministry of Manpower, pace of hiring picked up, with total employment growth (excluding Foreign Domestic Workers) more than doubled compared to the previous quarter. Resident and citizen unemployment rates held steady over the quarter and the number of retrenchments in Q3 2018 were lower than a year ago. Employment in the Manufacturing sector saw an improvement after 15 consecutive quarters of decline.

The latest data on the Consumer Price Index (CPI) in October 2018 showed an increase of 0.7% y-o-y, which is in line with expectations. The Monetary Authority of Singapore (“MAS”) Core Inflation Measure increased 1.9% over the same period and is expected to average in the upper half of the 1% to 2% forecast range for the year, while the CPI is projected to be within the upper half of the 0% to 1% forecast range. This is expected given the anticipated increase in global food commodity prices, wage growth, pickup in domestic demand and increase in oil prices, whereas the current trade tensions between US and China and subdued retail rents will help keep inflation within the forecasted range.

According to the Retail Sales Index for September 2018, the greatest y-o-y growth was experienced by businesses involved in petrol service stations, watches and jewellery, medical goods and toiletries. The performances of businesses dealing with computer & telecommunications equipment, mini-markets & convenience stores as well as supermarkets & hypermarkets continued to fall as the rise in e-commerce continued to directly compete against them.

## 1.2 Outlook

With the ongoing trade war between USA and China, Singapore is vulnerable to the implications caused by the dispute due to its reliance on global trade, with exports equating to about 200% of its economic output. This vulnerability can be seen in the sharp decline in economic growth in Q3 2018 to a y-o-y growth rate of 2.2% as compared to 4.6% and 4.1% in Q1 and Q2 2018 respectively. With expectations that global growth will ease in the year ahead, MTI expects Singapore’s economy to grow between 1.5% to 3.5% in 2019.

Moving forward, the MAS expects modern services that are underpinned by digitisation and innovation, such as IT & Information, consulting services as well as the financial sector, to be the key support pillars of the economy.

Manufacturing will be another key area. Industry 4.0, which is the fourth industrial revolution, is a name given to prevalence of the Internet of Things in the manufacturing process, where machinery, work system and businesses are connected and exchange data across the entire value chain.

This allows for more connectivity between “smart factories” that can directly take customer orders, and even work together with other factories to produce small batches of highly customised goods. With product life cycles shortening, modular manufacturing and customisation of equipment are some of the features required to meet this demand. This will help prevent an expensive reinvestment of an entire new set of equipment should a product no longer sustain demand for production, and at the same time, cut manpower costs and create the required products at a faster speed and of better quality.

As Singapore moves towards Industry 4.0, there will be an increase in demand for hi-tech industrial space as Singapore navigates to position itself as a forefront leader in the region.

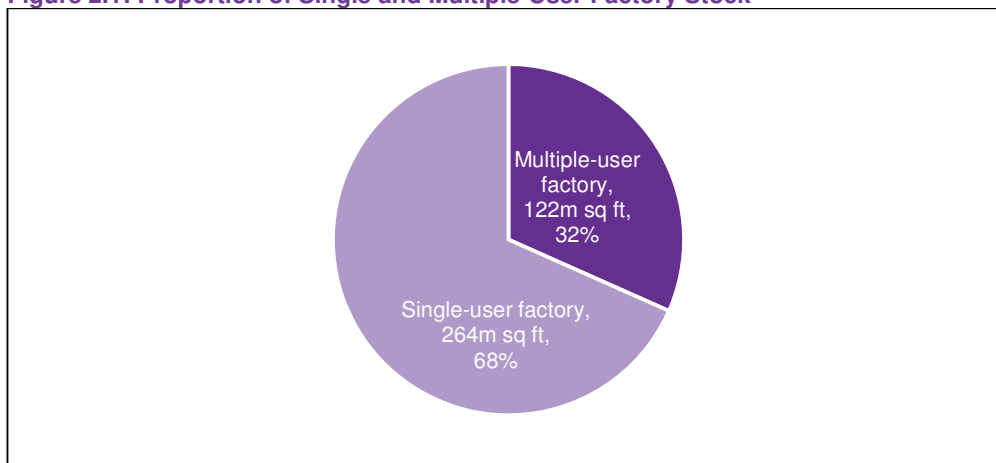


## 2.0 Singapore Industrial Property Market

### 2.1 Stock

As at 30 September 2018, there was a total of 386m sq ft of factory space, out of which 32% (122m sq ft) is multiple-user factory space<sup>1</sup> (Figure 2.1). Around 85% of the total factory space is privately owned.

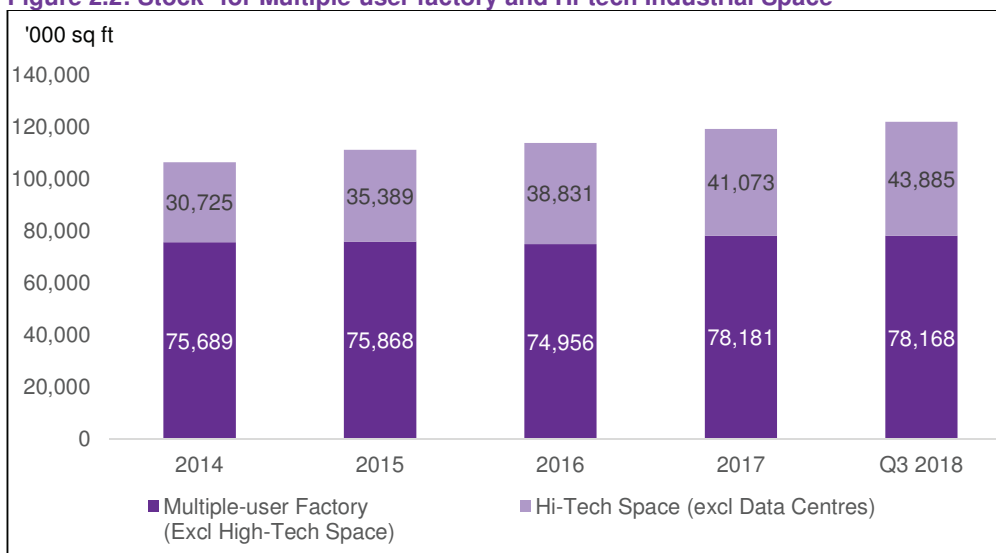
**Figure 2.1: Proportion of Single and Multiple-User Factory Stock**



Source: JTC, Edmund Tie & Company

The proportion of hi-tech industrial spaces has increased over the years, as Industry 4.0 drives the demand for such space. It is estimated that hi-tech industrial spaces (excluding data centres) made up around 36% of multiple-user factory space in Q3 2018, up from 29% in 2014 (Figure 2.2).

**Figure 2.2: Stock<sup>2</sup> for Multiple-user factory and Hi-tech Industrial Space**



Source: JTC, Edmund Tie & Company

<sup>1</sup> Both private and public stock.

<sup>2</sup> Both private and public stock.

Around 5.4m sq ft and 2.8m sq ft of multiple-user factory space were completed in 2017 and 2018 (to-date) respectively. A bulk (70%, 2.2m sq ft<sup>3</sup>) of these completions were hi-tech industrial spaces (Table 2.1), notably – Mega@Woodlands (863,800 sq ft), Shine@Tuas South (453,700 sq ft), T-Space (604,300 sq ft), Wave9 (406,000 sq ft), and 1 & 1A Depot Close (345,100 sq ft).

**Table 2.1: Major Hi-Tech and Multiple-user Factory Completions**

Development	Location	Planning Region	Developer/Owner	Estimated NLA (sq ft)	Type of User
<b>2017</b>					
1 & 1A Depot Close (partial TOP in 2016)	Depot Road	Central	Mapletree Industrial Trust	345,112	Hi-tech
Proxima@Gambas	Gambas Crescent	North	NSS Realty Pte Ltd	345,995	Hi-tech
Wave9	Woodlands Industrial Park E9	North	Vantage Properties Pte Ltd	406,014	Hi-tech
ACE @ Buroh	2 Buroh Crescent	West	OKH Buroh Pte Ltd	390,127	Hi-tech
Nordcom One	5G Gambas Crescent (Parcel 1)	North	Grow-Tech Properties (Far East)	266,557	Hi-tech
West Star	11 Tuas Bay Close	West	BH-ZACD (Tuas Bay) Pte Ltd	374,239	Multiple-User
<b>Q1 – Q3 2018</b>					
Mega@Woodlands	39 Woodlands Close	North	Wee Hur Development Pte Ltd	863,751	Hi-tech
30A Kallang Place	30A Kallang Place	Central	Mapletree Industrial Trust	279,057	Hi-tech
Nordcom Two	Gambas Avenue	North	Far East Organization	614,317	Hi-tech
T-Space	Tampines North Drive 1	East	Lian Beng Group Ltd and Oxley Holdings Ltd	604,343	Hi-tech
Woodlands Connection	Woodlands Sector 2	North	Yee Lee Development Pte Ltd	117,391	Multiple-User
Shine@ Tuas South	11 Tuas South Link 1	West	Hock Lian Seng Holdings Limited	453,677	Hi-tech

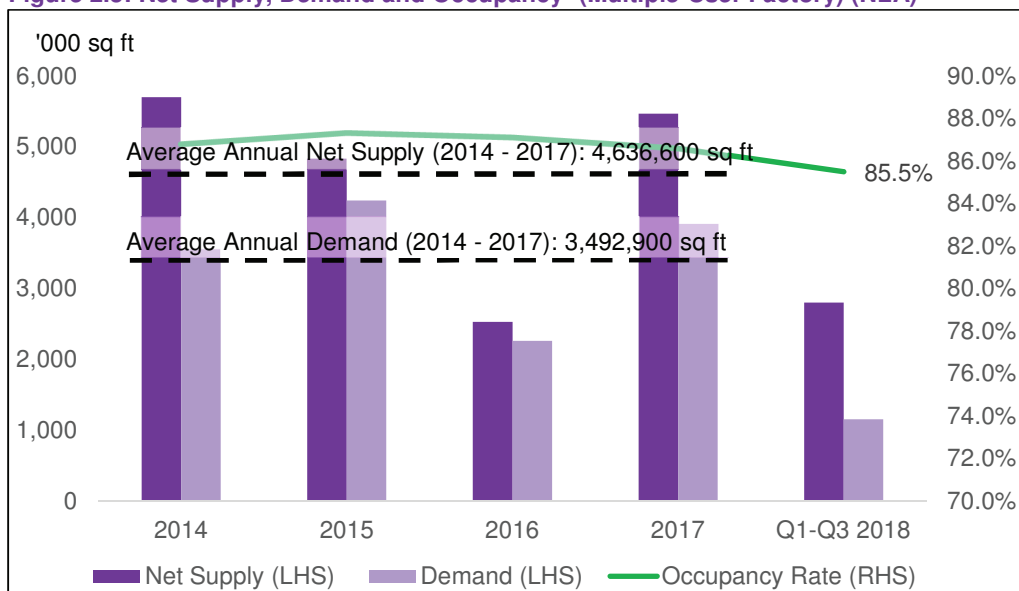
Source: JTC, Edmund Tie & Company

<sup>3</sup> Areas referred are estimated Net Lettable Areas (NLA) unless otherwise stated.

## 2.2 Supply, Demand and Occupancy

Net supply for multiple-user factories outpaced demand in the last five years (Figure 2.3). For the last five years, the average annual net supply (4.6m sq ft) was 33% higher than the average demand (3.5m sq ft). From Q1 2018 to Q3 2018, net supply (2.8m sq ft) for multiple-user factory was more than twice of demand (1.2m sq ft).

**Figure 2.3: Net Supply, Demand and Occupancy<sup>4</sup> (Multiple-User Factory) (NLA)**



Source: JTC, Edmund Tie & Company

Occupancy for multiple-user factory has been declining since 2015. In Q3 2018, occupancy rate fell by 1.1% from 86.6% in 2017 to 85.5%, as demand continued to fall short of net supply.

<sup>4</sup> Both private and public stock.

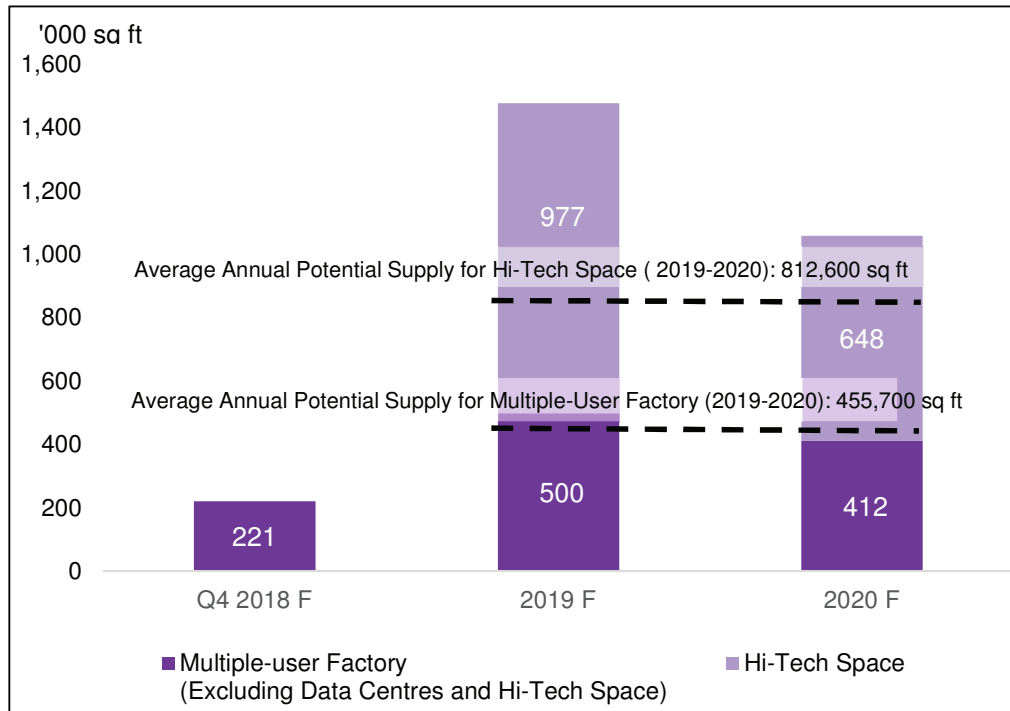
### 2.3 Potential Supply

Total potential supply<sup>5</sup> for multiple-user factory from Q4 2018 to 2021 is around 2.8m sq ft in gross floor area (GFA) and estimated to yield around 2.3m sq ft in NLA (Figure 2.4). The average annual potential supply in 2019 and 2020 will be about one-fourth of the average annual supply that entered the market from 2014 to 2017.

Majority of the pipeline supply will be built in the West Region (57%), followed by the North Region (21%), North-East Region (10%), Central Region (8%) and East Region (4%).

In 2019 and 2020, approximately 66% (977,000 sq ft) and 61% (648,000 sq ft) of the pipeline supply of multiple-factory are hi-tech industrial space respectively.

**Figure 2.4: Pipeline Supply (Multiple-User Factory and Hi-tech Industrial Space) (GFA)**



Source: JTC, Edmund Tie & Company

<sup>5</sup> Private potential supply only.

Table 2.2 lists the selected pipeline supply of multiple-user and hi-tech industrial developments for both private and public sectors.

**Table 2.2: Selected Pipeline Supply (NLA >100,000 sq ft)**

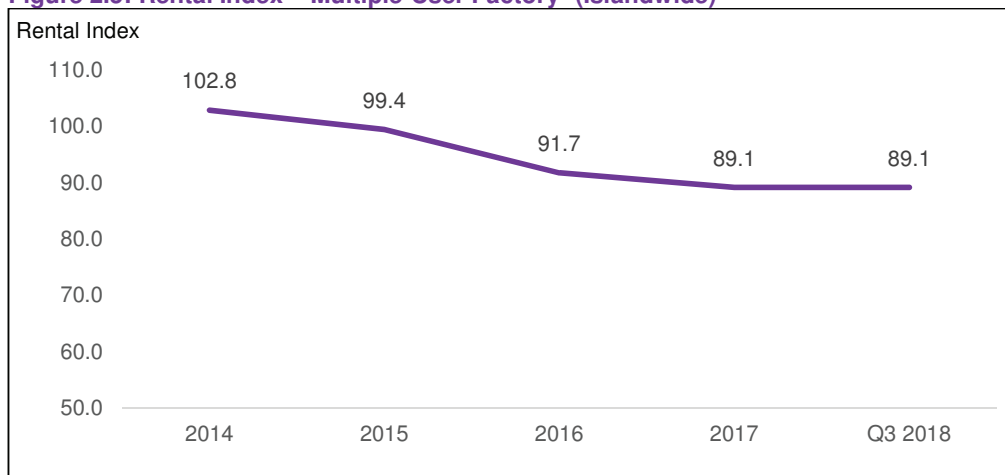
Development	Location	Developer/Owner	GFA (sq ft)	Estimated NLA (sq ft)	Type
<b>Q4 2018</b>					
<b>Private</b>					
Platinum@Pioneer	Tuas Avenue 11	Soon Hock Realty Pte Ltd	134,440	110,240	Multiple-user
<b>Public</b>					
JTC Poultry Processing Hub	Buroh Lane	JTC	366,510	-	Multiple-user
<b>2019</b>					
<b>Private</b>					
3 Tuas Avenue 2	Tuas Avenue 2	AIMS AMP Capital Industrial REIT	267,913	219,690	Multiple-user
Factory Extension	Jurong East Street 21	ST Electronics Limited	225,288	184,740	Multiple-user
Solaris @ Kallang 164	Kallang Way	SB (Waterwayview) Investments Pte Ltd	586,550	480,970	Hi-tech
Solaris @ Kallang 171	Kallang Way	SB (Waterwayview) Investments Pte Ltd	390,840	320,490	Hi-tech
<b>Public</b>					
Bedok Food City	Bedok North Avenue 4	JTC	1,137,960	-	Multiple-user
Trendspace	Sungei Kadut Street 2	JTC	659,940	-	Multiple-user
<b>2020</b>					
<b>Private</b>					
Factory Development	Tuas Bay Drive	SB (Pioneer) Investments Pte Ltd	279,860	229,490	Multiple-user
Factory Development	Jalan Lam Huat	JC Development Pte Ltd	131,640	107,950	Multiple-user
Extension to existing factory (UE Bizhub Central)	Ang Mo Kio Street 64	United Engineers Ltd	647,770	531,180	Hi-tech
<b>Public</b>					
Defu Industrial City	Bartley Road East/Kim Chuan Road	JTC	3,520,660	-	Multiple-user
Factory	Kranji Loop	JTC	1,423,530	-	Multiple-user
Factory	Woodlands Avenue 4/9	JTC	393,850	-	Multiple-user
TimMac@Kranji	Kranji Loop/Kranji Road	JTC	1,475,090	-	Multiple-user
<b>2021</b>					
<b>Public</b>					
JTC Space@AMK	Ang Mo Kio Street 64/65	JTC	1,256,260	-	Multiple-user

Source: JTC, Edmund Tie & Company

## 2.4 Rental Trends

The rental index for multiple-user factories, which has been on a decline since 2014, stabilised in 2017 (Figure 2.5). The index fell by 0.1% y-o-y in Q3 2018 as compared with the 3.3% y-o-y decline in Q3 2017. The stabilising rents were supported by the improvement in the manufacturing / industrial sector, as well as better quality multiple-user factories that were completed recently.

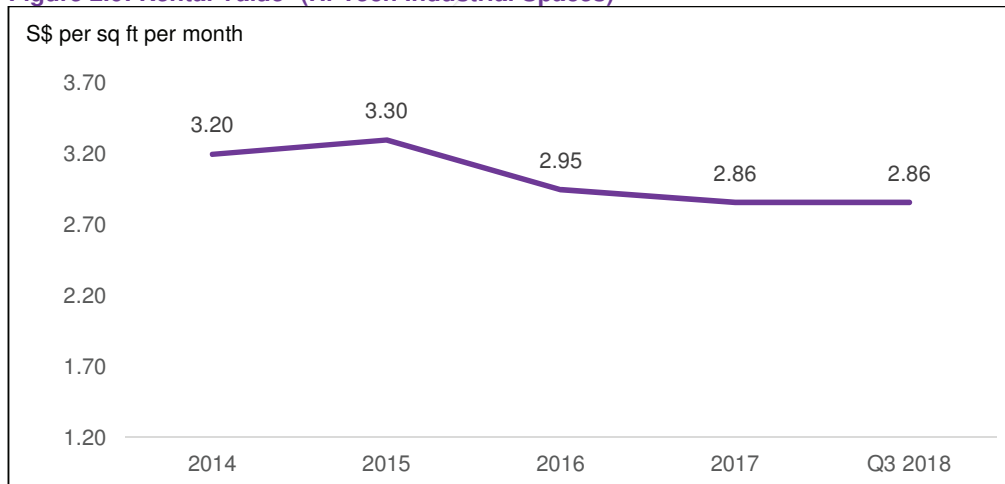
**Figure 2.5: Rental Index – Multiple-User Factory<sup>6</sup> (Islandwide)**



Source: JTC, Edmund Tie & Company

Similarly, the rental value for hi-tech industrial spaces (islandwide) have remained stable since 2017, following the 3.1% decline in 2017 (Figure 2.6).

**Figure 2.6: Rental Value<sup>7</sup> (Hi-Tech Industrial Spaces)**



Source: Edmund Tie & Company

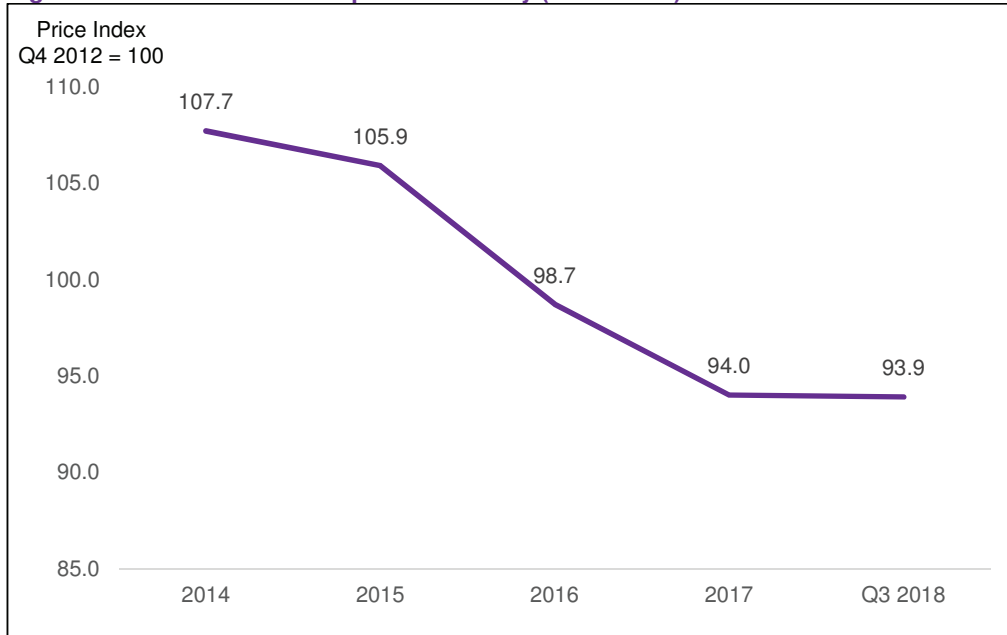
<sup>6</sup> Both private and public stock.

<sup>7</sup> Both private and public stock.

## 2.5 Price Trends

The price index for multiple-user factory is used as a proxy for hi-tech industrial space. The price index movements show signs of stabilisation in 2018 (Figure 2.7). According to JTC, the price index declined by 0.1 points from 94.0 in Q4 2017 to 93.9 in Q3 2018. This was compared to the 7.2-point and 4.7-point drop experienced in 2016 and 2017 respectively. In fact, on a q-o-q basis, a slight uptick was observed in Q3 2018, which increased by 0.1 points from Q2 2018, the first time since Q1 2015.

**Figure 2.7: Price Index – Multiple-Use Factory (Islandwide)**



Source: JTC, Edmund Tie & Company



## 2.6 Investment Market

Following a few major investments deals in 2017, including Citimac and 7000 Ang Mo Kio Avenue 5, there was only one major deal for hi-tech industrial space in 2018 (Table 2.3).

In April 2018, high-tech factory Admirax, which is in Woodlands, was purchased by BlackRock from Ascendas-Singbridge. The seven-storey property, completed in 2009, was sold for S\$106m, translating to S\$226 per sq ft based on NLA. Admirax sits on a Business 1 (B1) site and provides hi-tech industrial space which attracts a wide range of manufacturing companies from the precision engineering and biotechnologies sectors.

**Table 2.3: Major Industrial Investment Transactions**

Development	Tenure	GFA (sq ft, m)	Vendor	Buyer	Transacted Price (S\$ m)	Unit Price per GFA (S\$ per sq ft)	Property Type
<b>2017</b>							
7000 Ang Mo Kio Avenue 5	32 + 30 years LH from 1995	1.07	Ho Lee Properties	ESR-REIT	240.0 (80% interest)	283 (based on valuation of 100%)	Hi-tech
Citimac Industrial Complex	FH	0.32 <sup>8</sup>	En-bloc	Zhao Family	430.1	1,360 <sup>9</sup>	Multiple-user
<b>2018</b>							
Admirax	60 years LH from 2000	0.58	Ascendas-Singbridge	BlackRock	106.0	182	Hi-tech
Pei Fu Industrial Building	FH	0.16	En-bloc	SLB Development	76.3	489	Multiple-user
Nucleus Connect Building (13 Tai Seng Drive) <sup>10</sup>	30+30 years from 1994	-	Luxasia	StarHub	30.7	-	Data Centre
7 Tai Seng Drive	30+30 years from 1993	0.26	Mapletree Logistics Trust	Mapletree Industrial Trust	68.0	265	Multiple-user
Geo-Tele Centre (9 Tai Seng Drive)	30+30 years from 1995	0.22	Sabana REIT	Ascendas-Singbridge	99.6	455	Data Centre

Source: JTC, Edmund Tie & Company

<sup>8 9</sup> Figures are based on total strata floor area.

<sup>10</sup> GFA figure is not publicly available.

Other major transactions in 2018 included a few investment sales in the Tai Seng area. For instance, Nucleus Connect Building was bought by anchor tenant StarHub, which will continue to operate its data centre there. Ascendas-Singbridge purchased 9 Tai Seng Drive, a data centre, in efforts to grow its data centre portfolio.

Mapletree Industrial Trust, which purchased 7 Tai Seng Drive, will upgrade it from a warehouse to a hi-tech building. The building is fully committed by an information and communication technology company.

There seems to be increased interest in the Tai Seng area, especially for industrial spaces of higher quality (i.e. hi-tech and data centres).

The Tai Seng area, served by Tai Seng MRT Station along the Circle Line, is generally zoned B2 and has a relatively high plot ratio of 2.5. Selected plots along Upper Paya Lebar Road are zoned B2-W (B2: 2.5; White:1.0). There are also strict design guidelines on the lower storeys of the buildings<sup>11</sup>. The area has attracted occupiers that are different from a typical B2 industrial estate, including technology companies and retailers.

## 2.7 Outlook

The first half of 2018 saw an improvement of the global economy. In Singapore, the manufacturing sector did very well in the Q1 and Q2 2018, achieving double-digit growth, largely supported by hi-tech manufacturing clusters such as electronics and biomedical. With focus from the Singapore Government towards Industry 4.0 and a 'Smart Nation', firms are encouraged to adopt digital and smart technologies through various funds and incentives to enhance their efficiency and long-term competitiveness. This includes using technology to reduce manpower requirements, raise productivity and lower operation costs. However, with the rising downside risks to the global outlook such as the increasing trade tensions between USA and China, and a sharper-than-expected rise in interest rates, the International Monetary Fund has cut its global growth forecast for 2019 from 3.9% to 3.7%.

Despite the average pipeline supply of multiple-user factory space in the next three years being a fifth of the average supply in the last five years, overall rents and capital values for hi-tech industrial spaces are likely to remain flat in 2019 in view of current market sentiments and the global economy. While demand for hi-tech industrial spaces in the Central Region is high, there is a lack of supply especially in areas with good connectivity such as MacPherson and Tai Seng. Hence, they are anticipated to perform better, with rents likely to increase up to 2%. We have noted that yields for 30-year leasehold hi-tech industrial spaces are around 5.5%-6.5%. Given that rents and capital values are likely to move in the same direction, yields are likely to remain within the same range in 2019.

As companies continue their move towards Industry 4.0, attracting talents, the adoption of technology and the training of staff to utilise the technology are some keys to success. Hi-tech industrial spaces that can meet the requirements for the adoption of technology will be in high demand, especially those that are conveniently located and have good connectivity.

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<sup>11</sup> More details in section 4.0.

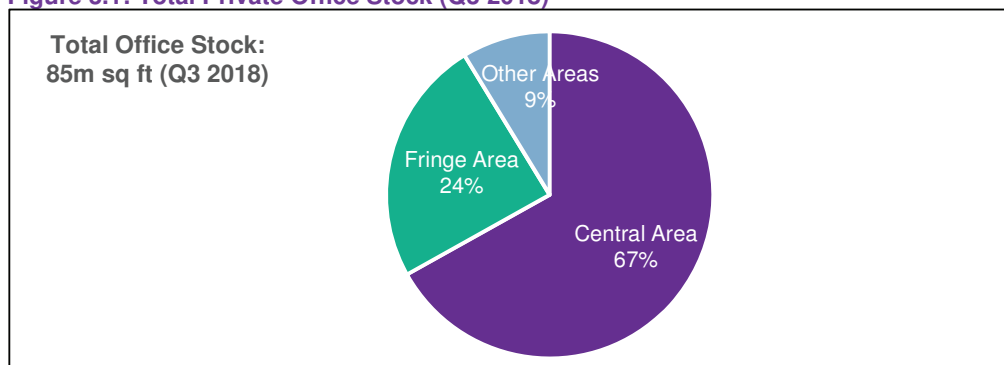
## 3.0 Singapore Office and Retail Market

### 3.1 Office Market

#### 3.1.1 Supply, Demand and Occupancy

There is currently 85m sq ft (NLA) of private office space in Singapore (Figure 3.1). Most of the private office space (67%, NLA 56.9m sq ft) is in the Central Area<sup>12</sup>, followed by the Fringe Area (24%, NLA 20.7m sq ft) and Other Areas (9%, NLA 7.4m sq ft).

**Figure 3.1: Total Private Office Stock (Q3 2018)**<sup>13</sup>



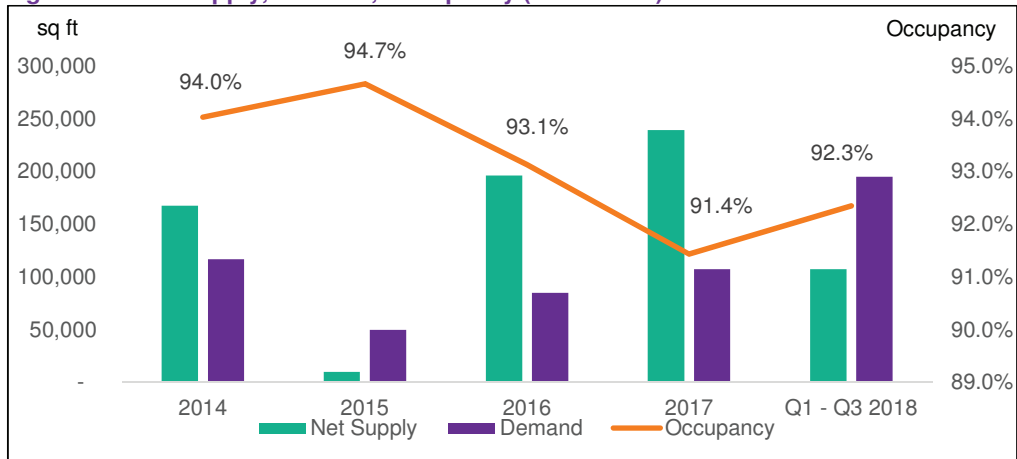
Source: URA REALIS, Edmund Tie & Company

Following two years of decline since 2015, occupancy of office space bounced back to 92.3% as at Q3 2018 (Figure 3.2) on the back of rising business sentiments. While majority of the office supply was in the Central Area, the Other Areas saw a significant increase in stock with the completion of Paya Lebar Quarter (“PLQ”) (Phase 1 NLA 335,300 sq ft) in 2018. Phase 2 of PLQ (NLA 565,300 sq ft) is expected to be completed in Q4 2018. Demand exceeded supply in the first three quarters of 2018, the first time since 2015, as the newly completed offices filled up. The pre-commitment rate of PLQ (Phase 2) as at Q3 2018 was also healthy at about 80%.

<sup>12</sup> Central Area comprises the following 11 Planning Areas: Outram, Museum, Newton, River Valley, Singapore River, Marina South, Marina East, Straits View, Rochor, Orchard and Downtown Core.

<sup>13</sup> Fringe Area comprises the following 11 Planning Areas: Bukit Merah, Bukit Timah, Queenstown, Kallang, Bishan, Marine Parade, Geylang, Toa Payoh, Tanglin, Novena and Southern Islands.

**Figure 3.2: Net Supply, Demand, Occupancy (Islandwide)**



Source: URA REALIS, Edmund Tie & Company

### 3.1.2 Potential Supply

Potential supply over the next two years is expected to drop. In addition to the limited potential supply, the redevelopment of Keppel Tower and Keppel Tower 2 in 2019/2020 will decrease stock in the market. Major completions in the Central Area include ASB Tower (NLA 514,000 sq ft) at Robinson Road in 2020 and CapitaSpring (NLA 635,000 sq ft) at Market Street in 2021. A notable expected completion in the Other Areas is Woods Square (NLA 507,500 sq ft), which is an integrated development that consist of office, retail, F&B and childcare facilities. Comprising two office blocks and two 4-storey blocks, Woods Square will be directly connected to Causeway Point and Woodlands MRT station. One tower will have 365 strata office units, while the other tower will be set aside for lease.

**Table 3.1: Selected Private Office Potential Supply**

Name of Development	Location	Developer	Estimated NLA (sq ft)
<b>Q4 2018</b>			
18 Robinson	Robinson Road	Tuan Sing Holdings	179,400
Paya Lebar Quarter (Phase 2)	Paya Lebar Road/ Sims Avenue	Lendlease and Abu Dhabi Investment Authority	565,300
<b>2019</b>			
9 Penang Road	Penang Road	SingHaiyi	352,000
Funan	North Bridge Road	CapitaLand Mall Trust	204,000
<b>2020</b>			
ASB Tower	Robinson Road	Ascendas-Singbridge, Mitsui and Tokyo Tatemono	514,000
<b>2021</b>			
CapitaSpring (redevelopment of Golden Shoe Car Park)	Chulia Street/ Church Street/ Market Street	CapitaLand, CapitaLand Commercial Trust, Mitsubishi Estate Co., Ltd	635,000
Woods Square	Woodlands Square	Far East Organisation and Sekisui House	507,500
Development at Rochester Park	Rochester Park	Ascendas-Singbridge	249,200

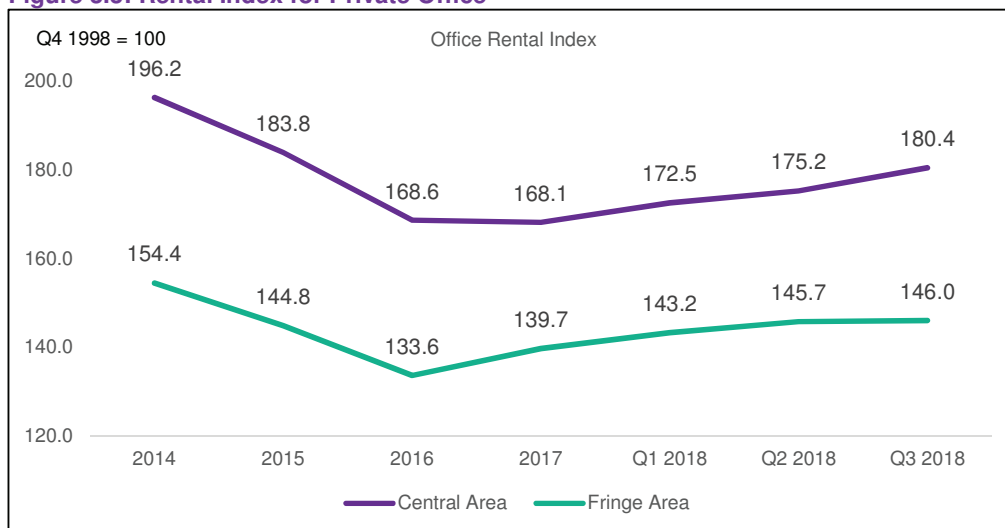
Source: Edmund Tie & Company

Co-working space operators have been major demand drivers for the office market. This is in line with the global trend of growing demand for co-working spaces. It is estimated by 2030, up to 30% of global office demand will be from co-working space operators.

### 3.1.3 Rental Trends

Office rents fell from 2014 to 2016, with office rents in the Central Area and Fringe Areas posting a decline of 14.1% and 13.5% respectively (Figure 3.3). In 2017, rents in the Fringe Area gained 4.6% y-o-y, while that in the Central Area fell marginally by 0.3% y-o-y. As at Q3 2018, rents in both the Fringe and Central Areas saw gains of 6.7% and 10.1% respectively as compared to 2017.

Figure 3.3: Rental Index for Private Office



Source: URA, Edmund Tie & Company

### 3.1.4 Outlook

Demand for office space is expected to remain, supported by the fall in new office completions in 2019 and 2020. This will give the market time to absorb the large quantities of new completions, especially for larger developments such as Paya Lebar Quarter that are located in the Other Areas. We also expect an increase in demand from large co-working space operators, who will likely focus on properties with larger floor plates (more than 2,500 sq m).

We anticipate overall rents to increase in 2019, with Marina Bay office rents likely to set the pace due to the high occupancy and expected high demand in the area. With plans for upcoming regional centres such as Paya Lebar, Woodlands, Punggol and Jurong Lake District underway, companies are likely to take up higher quality office spaces in these locations.

Taking into account the fall in completions in 2019, overall office rent is expected to increase by 3% to 5%. Higher increase is expected in the Central Area where occupancy is expected to remain high. Meanwhile, with the increase in quality offices to be completed outside the Central Area, office rents in the Fringe and Other Areas are likely to remain stable or increase marginally.

No pipeline supply of office spaces is expected in the Tai Seng area in the next three years. Given its strategic position, proximity to regional centre Paya Lebar Central, as well as connectivity to the rest of Singapore via Kallang Paya Lebar Expressway (KPE) and MRT interchanges such as Macpherson, Paya Lebar and Serangoon, office rents in the Tai Seng area are anticipated to remain stable for 2019.

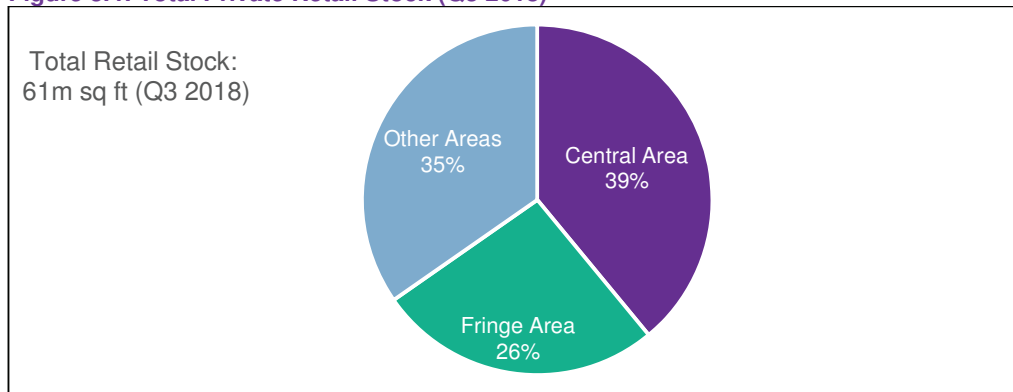
### 3.2 Retail and F&B

#### 3.2.1 Supply, Demand and Occupancy

Total retail stock was 61m sq ft as at Q3 2018 (Figure 3.4), with majority in the Central Area (39%), followed by the Other Areas (35%) and Fringe Area (26%). The retail market has been facing competition from online shopping. Although the overall retail sales index (excluding motor vehicles) has increased by 6.1% since 2014, the retail sales index for categories such as Computer & Telecomm Equipment, Optical goods and books, as well as food retailers have fallen by 27.1%, 13.8% and 10.9% respectively over the same period.

As at Q3 2018, there was a total of 61m sq ft (NLA) of private retail space.

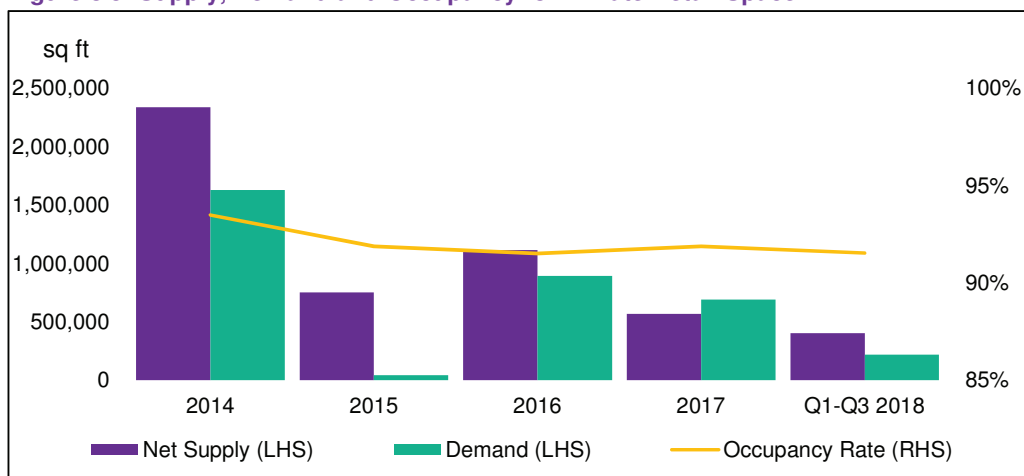
**Figure 3.4: Total Private Retail Stock (Q3 2018)**



Source: URA REALIS, Edmund Tie & Company

Occupancy has fallen since 2014, from 94.0% to 91.5% in Q3 2018 (Figure 3.5). The fall was more prominent in the Other Areas, where shops tend to be more generic and thus easily replaced by online shopping. Overall occupancy is likely to drop marginally over the next few years if current retail trends hold, as majority of the pipeline supply is in the Other Areas. In addition to purpose-built shopping centres, there will be a number of retail spaces which are small components of mixed-use commercial/residential developments.

**Figure 3.5: Supply, Demand and Occupancy for Private Retail Space**

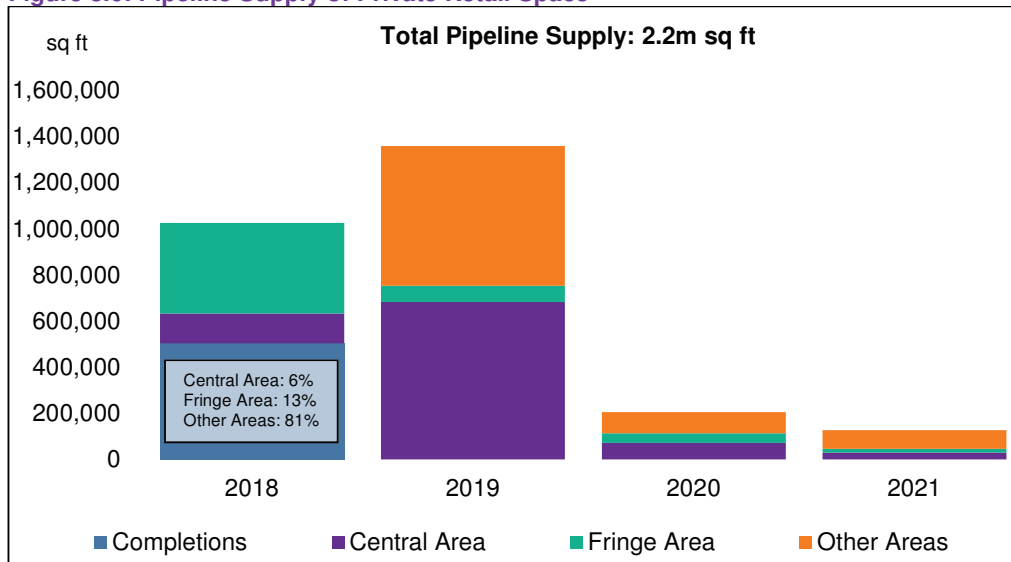


Source: URA, Edmund Tie & Company

### 3.2.2 Potential Supply

Potential supply of 2.2m sq ft of space is expected between Q4 2018 and 2021, with 41% (0.91m sq ft) from the Central area and another 35% from the Other Areas (Figure 3.6). The majority of the potential supply are from smaller developments (less than 200,000 sq ft).

**Figure 3.6: Pipeline Supply of Private Retail Space**



Source: URA, Edmund Tie & Company

The largest potential supply will be Changi Jewel in the Other Areas, which is expected to complete in 2019 (Table 3.2). The new mall (579,000 sq ft) is a five-storey development with five basement floors and will have around 300 shops and F&B outlets. Designed for the purpose of drawing in international travellers to Changi Airport and Singapore, the S\$1.7b project will house a 40m indoor waterfall and a five-storey garden with about 2,500 trees and shrubs from around the world.

Closer to the subject site is the retail portion within PLQ Mall (340,000 sq ft), which is expected to be completed by Q4 2018, and will house around 200 shops over six floors. Besides a cinema, it will have F&B options like al fresco dining near PLQ Parkside, part of the 100,000 sq ft of open green spaces surrounding the mall.



**Table 3.2: Selected Pipeline Supply (> 200,000 sq ft)**

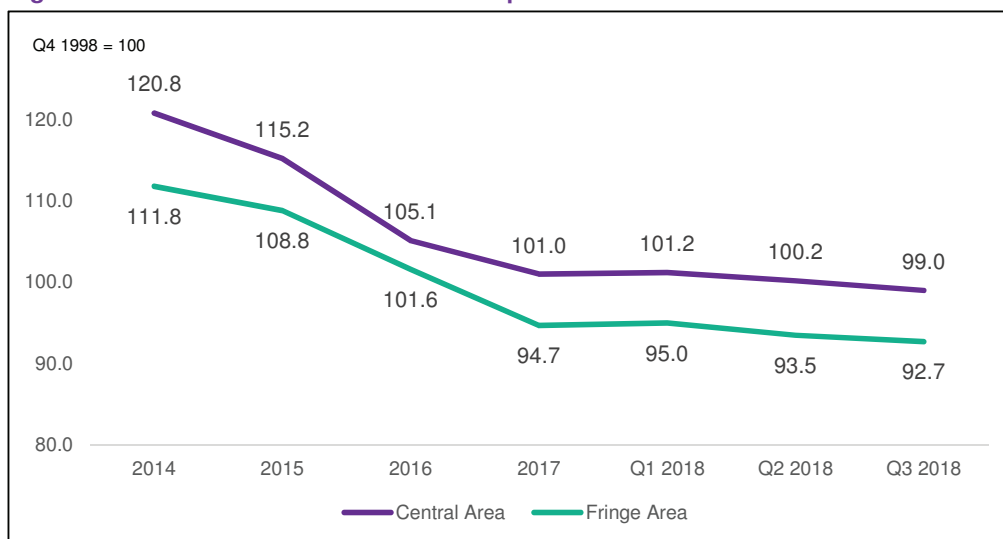
Name of Development	Location	Developer	Estimated NLA (sq ft)
<b>Q4 2018</b>			
PLQ Mall	Paya Lebar Road/Sims Avenue	Lendlease (30%)/ Abu Dhabi Investment Authority (70%)	340,000
<b>2019</b>			
Changi Jewel	Airport Boulevard	Changi Airport Group (S) Pte Ltd (Changi Airport Group (51%) and CapitaLand Mall Asia (49%))	579,000
Funan	North Bridge Road	CapitaLand Mall Trust	325,000
Additions/alterations to existing Raffles Hotel and shopping arcade	Beach Road/North Bridge Road	Beach Road Hotel (1886) Ltd (Katara Hospitality)	211,000

Source: URA, Edmund Tie & Company

### 3.2.3 Rental Trends

Monthly gross rents for private retail space has been relatively subdued in the last two years, due to the competition from e-commerce, an increasingly competitive F&B and retail scene, as well as the change in taste from consumers (Figure 3.7). From 2014 to 2017, retail rents have fallen 15.3% and 16.4% in the Fringe and Central Areas respectively, with rents dropping a further 2.1% and 2.0% in the first three quarters of 2018. As a result of the competitive scene, many shopping centres have converted their retail spaces on the first storey to F&B outlets to achieve higher yields.

**Figure 3.7: Rental Index for Private Retail Space**



Source: URA, Edmund Tie & Company

### **3.2.4 Outlook**

Demand for retail space is expected to remain slow in the next few years. E-commerce will continue to affect the brick & mortar retail market. Omni-channel retailing will become the norm. The increased influences of social media have also changed the demand from customers. Shoppers and diners are increasingly looking for experiential retail and F&B.

Both retailers and landlords must explore leveraging on technology, multichannel marketing and providing more public space so that customers will linger longer as ways to encourage more spending.

Rents are anticipated to remain flat in 2019 as landlords are generally cautious in light of the rising costs and manpower issues that retailers are facing. Furthermore, less strategic locations may experience a fall in rents.

## 4.0 Subject Property and Micro-market Analysis

### 4.1 Location and Accessibility

The subject property is located at 18 Tai Seng Street, off Upper Payer Lebar Road, in the Paya Lebar iPark (Figure 4.1). It is directly connected to the Tai Seng MRT station, which is part of the Circle Line, and only a few stops from the Bishan, Serangoon, MacPherson and Paya Lebar Interchanges. It is also in close proximity to major expressways and transportation nodes (Kallang-Paya Lebar Expressway, Pan-Island Expressway and the Central Expressway).

The Paya Lebar park connector runs along the canal in front of the property, connecting Kim Chuan Road, Upper Paya Lebar Road and Airport Road.

Figure 4.1: Location of Subject Property



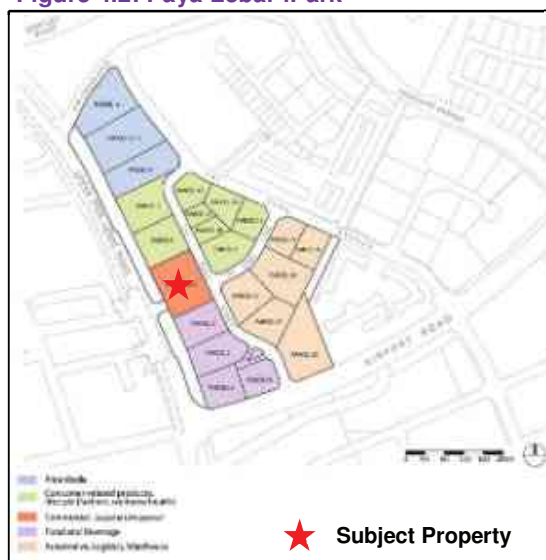
Source: URA, LTA, Edmund Tie & Company

#### 4.1.1 Paya Lebar iPark

Paya Lebar iPark is a pilot project by JTC focusing on attracting Small Medium Enterprises (SME) from the food and beverage, retail and light manufacturing sectors (Figure 4.2).

It was launched in early 2000, with plans to house a total of 1.6m sq ft of industrial spaces in the area. Plots of at least 54,000 sq ft each with a plot ratio of between 2.0 and 2.5 were offered to individual industrialists to build their own compound. Strict design guidelines were imposed on the first three storeys of the building to regulate the appearance of the park. Individual creativity was allowed for the design of the buildings, but all designs must fall under the tropical design theme.

Figure 4.2: Paya Lebar iPark



Source: JTC

The Paya Lebar iPark has successfully attracted a number of Singapore companies to set up their headquarters there. These included Charles & Keith, BreadTalk, Sakae Sushi, Teckwah and Luxasia (Table 4.1).

**Table 4.1: Selected Companies at Paya Lebar iPark**

Company	Sector
<b>International Headquarters</b>	
BreadTalk	Food & Beverage
Sakae Sushi	Food & Beverage
RE&S	Food & Beverage
TechWah – Pixel Red	Creative – Packaging
Charles & Keith	Retail
Luxasia	Retail
Marquis Qsquare	Retail
Natural Cool Air-conditioning and Engineering Pte Ltd – Natural Cool Lifestyle Hub	Retail
Home Fix	Retail
Seager Inc	Retail
Jackson Global	Retail and Creative – Interior
Corous360	Technology
<b>Local Headquarters</b>	
Valiram Singapore	Retail
Tupperware Singapore	Retail
Allied Telesis	Technology
Marvell Asia	Technology

Source: Edmund Tie & Company

**Photos 4.1: Selected Properties in Paya Lebar iPark**



Source: Edmund Tie & Company

#### 4.1.2 Paya Lebar - a Major Sub-Regional Centre

Paya Lebar Central has been identified as a major growth area and is well on track as a sub-regional centre. It will be developed into a vibrant commercial hub, with mix of uses, from residential to commercial and hotels, government agencies, and will incorporate community and public spaces. It will also be pedestrian friendly.

Long-term plans include the relocation of The Paya Lebar Air Base in 2030, which will free up 800ha of land. The current height restrictions will also be removed, increasing the development potential of the site. New homes, offices, factories, new parks, new living environments and communities will be developed in the area.

#### 4.2 Subject Property

18 Tai Seng is a nine-storey high-specification mixed-use development with a total GFA of approximately 443,810 sq ft and NLA of 384,212 sq ft (Photos 4.2 and 4.3). It is currently owned by Mapletree Investments Pte Ltd. The high-specification Business 2 (B2)-White site with its mix of uses, including retail, industrial and office, and the direct connection to the Tai Seng MRT station, makes 18 Tai Seng a sought-after development. The site was the last land plot in the Paya Lebar iPark launched by JTC via its Industrial Government Land Sales Programme in 2013. More details on the subject property are provided in Table 4.2.

Photo 4.2: Subject Property - 18 Tai Seng



Source: Edmund Tie & Company

**Table 4.2: Property Particulars**

<b>Subject Property</b>	18 Tai Seng	
<b>Postal Sector</b>	53	
<b>Site Area</b>	126,799 sq ft	
<b>Year Built</b>	2016	
<b>Plot Ratio</b>	3.5	
<b>Land Tenure</b>	JTC 30 Years Leasehold w.e.f March 2014 (around 25 years remaining)	
<b>No. of Storeys</b>	9	
<b>GFA</b>	443,810 sq ft	
<b>NLA</b>	Total: 384,212 sq ft  Retail (12%) – 47,068 sq ft Office (14%) – 53,441 sq ft Industrial (74%) – 283,703 sq ft	
<b>Components</b>	Retail	Industrial (B2) and Office
<b>Key Tenants</b>	<ul style="list-style-type: none"> <li>• NTUC FairPrice Co-Operative Ltd</li> <li>• Star Living</li> </ul>	<ul style="list-style-type: none"> <li>• AES Global Holdings Pte Ltd (Advanced Energy)</li> <li>• Michael Page International Pte Ltd</li> <li>• Silicon Laboratories International</li> <li>• Sivantos Pte. Ltd.</li> <li>• Tata Communications International Pte. Ltd.</li> <li>• Williams-Sonoma Singapore Pte Ltd</li> <li>• Junior Champs Educampus Pte. Ltd.</li> </ul>
<b>Monthly Passing Rental Rate</b>	<ul style="list-style-type: none"> <li>• S\$4.58 per sq ft</li> </ul>	

Source: Mapletree Industrial Trust, Edmund Tie & Company

**Photos 4.3: Selected Retail and F&B outlets at 18 Tai Seng**



Source: Edmund Tie & Company



4.3 **Strength, Weaknesses, Opportunities, Threats (SWOT) Analysis**

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>• Well-connected direct underground pedestrian link to MRT station</li> <li>• Excellent connectivity to major transportation nodes</li> <li>• Sizable column-free floor plates of over 50,000 sq ft in the industrial and office spaces</li> <li>• High quality tenants</li> <li>• Retail and F&amp;B outlets enjoy healthy catchment from surrounding industrial buildings</li> <li>• Enjoys cluster effect with the neighbouring developments – seamless connection for retail and F&amp;B spaces</li> </ul>	<ul style="list-style-type: none"> <li>• Difficult to navigate to office/ industrial space entrance due to surrounding road network</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>• Enhance lobby design and accessibility</li> <li>• Place making activities to enhance sense of community</li> </ul>	<ul style="list-style-type: none"> <li>• Other hi-tech industrial spaces in the area</li> <li>• Potential competition from the Paya Lebar Quarter. Phase 2 will be opened in Q4 2018</li> </ul>

Source: Edmund Tie & Company



## 4.4 Micro-Market Analysis

### 4.4.1 Surrounding Developments

While majority of the buildings in Paya Lebar iPark are intended for single-users, under the JTC subletting rule, end-user lessees are allowed to lease up to 30% of the GFA to non-related companies after five years of obtaining Temporary Occupation Permit (TOP). In addition, there are at least three multi-tenanted buildings in the Paya Lebar iPark (Table 4.3). Asking rents for industrial, office and F&B/Retail space near the subject property range from S\$3.23 and S\$6.00 per sq ft per month based on type of use (Table 4.4).

**Table 4.3: Multi-Tenanted Development (Paya Lebar iPark)**

	BreadTalk IHQ	Marquis Qsquare	Luxasia Building	Print Media Hub @ Paya Lebar iPark
<b>Address</b>	30 Tai Seng Street	16 Tai Seng Street	12 Tai Seng Link	61 Tai Seng Avenue
<b>Owner</b>	BreadTalk Group	ESR-REIT	Luxasia	Crescendas Land
<b>Date of Completion</b>	2013	2010 / 2013 (A&A)	2017	2014
<b>Site Area</b>	75,347 sq ft (7,000 sq m)	70,105 sq ft (6,513 sq m)	46,672 sq ft (4,336 sq m)	-
<b>GFA (sq ft)</b>	248,902 sq ft (23,124 sq m)	215,666 sq ft (20,036 sq m)	116,681 sq ft (10,840 sq m)	244,158 sq ft (22,683 sq m)
<b>NLA (sq ft)</b>	-	215,666 sq ft (20,036 sq m)	-	-
<b>Tenant Mix</b>	Office, Industrial, Retail and F&B	Lifestyle furnishing	Beauty, luxury lifestyle, logistics	Print, media and related industries

Source: CommercialGuru, Edmund Tie & Company

**Table 4.4: Asking Rents of Buildings near Subject Property**

Asking Rents (size: > 5k sq ft)	S\$ per sq ft per month (as at Nov 2018)
16 Tai Seng Street (Marquis Qsquare)	3.50 (other retail/ancillary showroom)
12 Tai Seng Link (Luxasia Building)	3.23 (industrial) 5.00 (office)
29 Tai Seng Avenue (Natural Cool Lifestyle Hub)	4.00 - 4.50 (industrial)
3 Irving Road (Tai Seng Centre)	3.50 –3.80 (industrial) 3.50 (office)
11 Irving Place (Tai Seng Point)	6.00 (F&B/Retail)
61 Upper Paya Lebar Road (Tat Wan Building)	5.50 (F&B/Retail)

Source: CommercialGuru, Edmund Tie & Company

#### 4.4.2 Rent Trends

Rents for hi-tech industrial buildings have stabilised since 2017. Overall average rent for hi-tech industrial buildings as at Q3 2018 was around S\$2.86 per sq ft per month.

Majority of the developments in the Tai Seng area are older industrial developments or warehouses. Office and retail spaces are limited as the area is generally zoned B2. Retail and F&B spaces are mainly located on the first storey facing the park connector and the subterranean space connected to the MRT station. These areas are the hub of the industrial park and enjoy a healthy onsite catchment.

As such, newer hi-tech industrial spaces in the Paya Lebar iPark, especially buildings with retail and F&B spaces, command higher rents compared to other industrial buildings in the vicinity. This is especially so for the subject property, which is unique given that it is a multi-tenanted building with high quality finishes, direct connectivity to the MRT station, and has office and retail spaces. As most of the newer buildings in the Tai Seng area are either single-tenant buildings or have only recently been completed, their rental data is not reflected. As such, we have used comparable properties that are similar in terms of quality, use and proximity to an MRT station as proxies for comparison. Table 4.5 highlights comparable properties with similar attributes.

**Table 4.5: Comparable Properties**

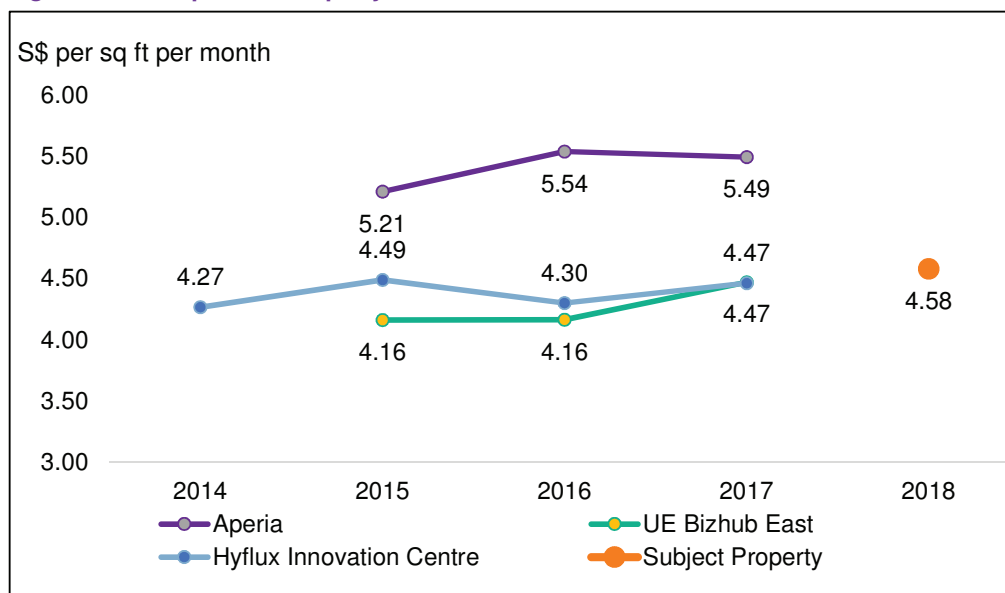
	Aperia	UE Bizhub East (exclude hotel)	Hyflux Innovation Centre
<b>Address</b>	8, 10 Kallang Avenue	6, 8 Changi Business Park Avenue 1	80 Bendemeer Road
<b>Owner</b>	A-REIT	ESR REIT	A-REIT
<b>Date of Completion</b>	2014	2012	2012
<b>GFA (sq ft)</b>	933,187 (86,696 sq m)	626,018 (58,159 sq m)	467,531 (43,435 sq m)
<b>Estimated NLA (sq ft)</b>	739,631 (68,714 sq m)	513,335 (47,690 sq m)	378,782 (35,190 sq m)
<b>Occupancy</b>	93.5%	90.0%	87.3%
<b>Tenant Mix</b>	Information technology, telecommunications, electronics, industrial training	Electronics, F&B, information technology,	Manufacturing, information technology, telecommunications, engineering services, electronics and industrial training
<b>Estimated Gross Rent as at Q3 2018 (S\$ per sq ft)</b>	5.49	4.47	4.47
<b>Monthly Asking Rent as at Nov 2018 (S\$ per sq ft)</b>	5.67 – 6.30 (Industrial)  10.00 – 21.00*	4.70 - 7.50 (Industrial)  8.00 - 12.36 (Retail)	5.00 – 5.10 (Industrial)

\* Refer to the monthly asking rent for the rental of kiosk space.

Source: Various Annual Reports, CommercialGuru, Edmund Tie & Company

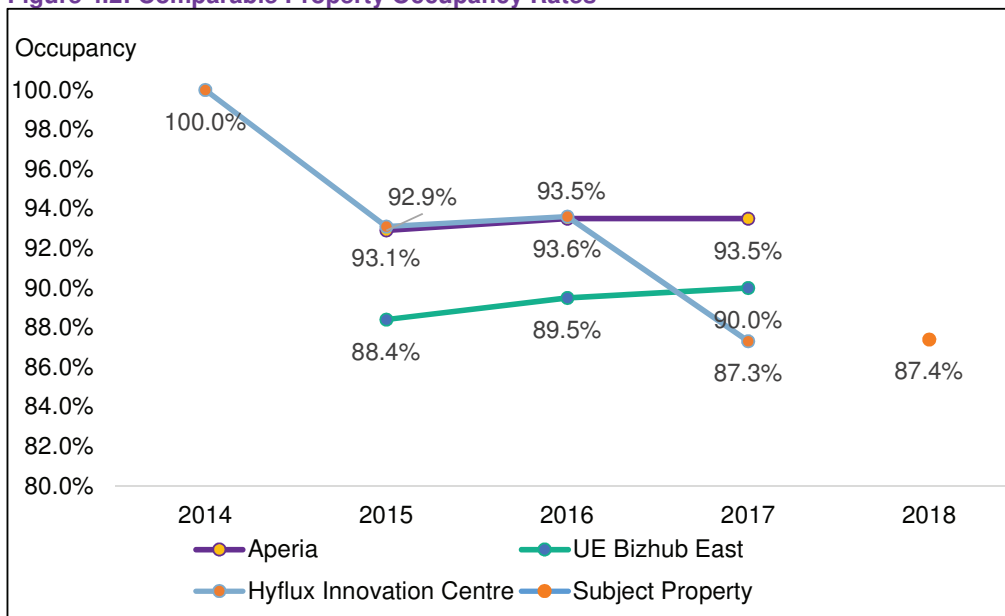
Comparable property gross rents have also been relatively stable in the past three years. This is in tandem with the relatively high occupancy rates (>85%) experienced by the comparable properties (Figure 4.2). Industrial, office and retail spaces in these properties are high in demand as they are able to meet the needs of tenants in terms of specifications and accessibility; and hence, they are able to command higher overall rents.

**Figure 4.1: Comparable Property Estimated Gross Rent Trends**



Source: Various Annual Reports<sup>14 15</sup>, Edmund Tie & Company

**Figure 4.2: Comparable Property Occupancy Rates**



Source: Various Annual Reports, Edmund Tie & Company

<sup>14</sup> Aperia was completed in 2014; and hence, Gross Revenue was not available.

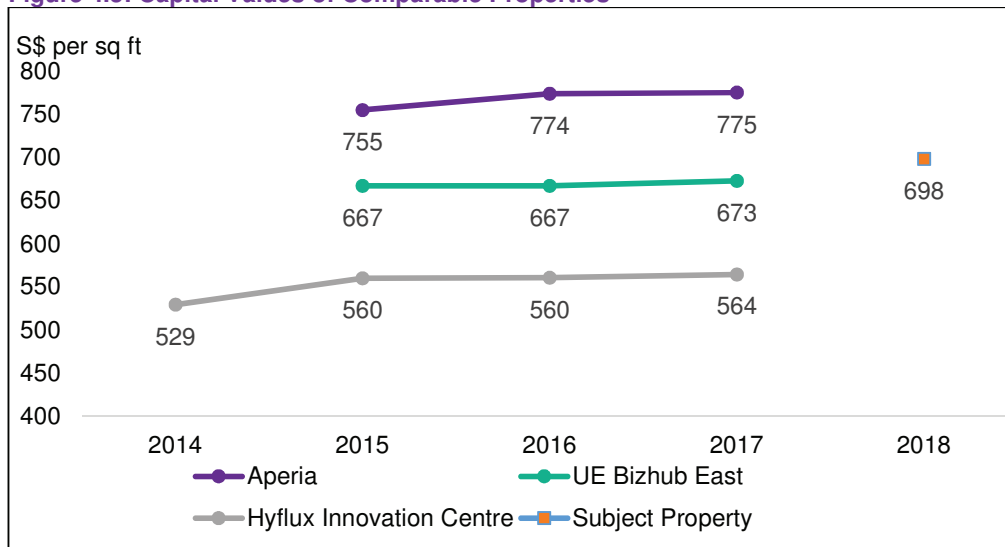
<sup>15</sup> Format for Viva Industrial Trust Annual Report 2014 did not have Gross Revenue component; and hence, no records of Gross Revenue was available for UE Bizhub East in 2014.

#### 4.4.3 Price Trends

The capital values of the comparable properties have been relatively stable between 2014 and 2018 (Figure 4.3), ranging from S\$564 to S\$775 per sq ft per NLA. This is in tandem with rents as previously mentioned.

In terms of sales, one of the most active transacted developments near the subject property in 2018 is the freehold strata-titled Novelty Techpoint (Table 4.5).

**Figure 4.3: Capital Values of Comparable Properties**



Source: JTC, Edmund Tie & Company

**Table 4.5: Multiple-User Factory – Caveats Lodged (2018) near Subject Property**

Project Name	Strata Area (sq ft)	Price (S\$)	Unit Price (S\$ per sq ft)	Tenure
Novelty Techpoint	3,003	2,000,000	666	Freehold
Primax	2,895	1,728,000	597	Freehold
Novelty Techpoint	3,014	2,150,000	713	Freehold
Novelty Techpoint	2,992	1,825,101	610	Freehold
Novelty Techpoint	2,766	1,963,860	710	Freehold
Solstice Business Centre	1,410	1,040,000	738	Freehold
Novelty Techpoint	2,788	1,673,913	600	Freehold
Novelty Techpoint	2,928	2,114,609	722	Freehold

Source: JTC, Edmund Tie & Company

#### **4.4.4 Outlook**

With the subject property directly connected to the Tai Seng MRT station and in proximity to major transportation nodes, it is the major commercial hub of Paya Lebar iPark. Although the asking rents for both industrial and commercial spaces at the subject property is relatively higher compared to average hi-tech industrial spaces in the vicinity, with the limited stock and potential supply of multiple-user factories in the area, coupled with the quality of the building, the excellent connectivity and captive onsite population, rental of the subject property is expected to remain healthy. While general industrial rental growth is expected to be flat, we expect the rents for the Tai Seng Area to increase by up to 2% in 2019.

In the long term, as the Paya Lebar area develops into a major commercial hub, it is expected that the Paya Lebar iPark will continue to play an important role in the area.

## Limiting Conditions

Where it is stated in the report that information has been supplied to us in the preparation of this report by the sources listed, this information is believed to be reliable and we will accept no responsibility if this should be otherwise. All other information stated without being attributed directly to another party is obtained from our searches of records, examination of documents or enquiries with relevant government authorities.

The forward statements in this report are based on our expectations and forecasts for the future. These statements should be regarded as our assessment of the future, based on certain assumptions on variables which are subject to changing conditions. Changes in any of these variables may significantly affect our forecasts.

Utmost care and due diligence have been taken in the preparation of this report. We believe that the contents are accurate, and our professional opinion and advice are based on prevailing market conditions as at the date of the report. As market conditions do change, we reserve the right to update our opinion and forecasts based on the latest market conditions.

Edmund Tie & Company (SEA) gives no assurance that the forecasts and forward statements in this report will be achieved and undue reliance should not be placed on them.

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## INDEPENDENT FINANCIAL ADVISER'S LETTER

**DELOITTE & TOUCHE CORPORATE FINANCE PTE LTD**  
**(Incorporated in the Republic of Singapore)**  
**Company Registration Number: 200200144N**

4 January 2019

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

DBS Trustee Limited  
 (as the trustee of Mapletree Industrial Trust) (the "**Trustee**")  
 12 Marina Boulevard  
 Marina Bay Financial Centre  
 Singapore 018982

Dear Sirs

### **THE PROPOSED ACQUISITION OF 18 TAI SENG, SINGAPORE WHICH IS AN INTERESTED PARTY TRANSACTION**

*For the purpose of this letter, capitalised terms not otherwise defined shall have the meaning given to them in the circular dated 4 January 2019 to the unitholders of Mapletree Industrial Trust (the "**Circular**").*

#### **1. INTRODUCTION**

Mapletree Industrial Trust ("**MIT**") is a real estate investment trust listed on the Main Board of Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). Its principal investment strategy is to invest in a diversified portfolio of income-producing real estate used primarily for industrial purposes in Singapore and income-producing real estate used primarily as data centres worldwide beyond Singapore, as well as real estate-related assets.

As at 30 September 2018, MIT's property portfolio comprises 86 industrial properties in Singapore and 14 data centres in the United States of America (40% interest through the joint venture with Mapletree Investments Pte Ltd ("**MIPL**")) (the "**Existing Portfolio**"). As at 30 September 2018, MIT's total assets under management was approximately S\$4.4 billion.

##### **1.1. The Proposed Acquisition**

On 13 December 2018, the Trustee entered into a conditional unit purchase agreement (the "**Unit Purchase Agreement**") with Mapletree Tai Seng Pte. Ltd. ("**MTSPL**") to acquire 18 Tai Seng (the "**Property**") through the proposed acquisition of all the units of Marina Trust (the "**Sale Units**", and the proposed acquisition of the Property through the acquisition of the Sale Units, the "**Proposed Acquisition**"). Marina Trust holds the Property which is located at 18 Tai Seng Street, Singapore 539775.

Under the Unit Purchase Agreement, MTSPL is the sole beneficiary of Marina Trust, and the vendor of the Proposed Acquisition. MIPL, the sponsor of MIT, indirectly owns the Sale Units through Mapletree Developments Pte. Ltd., which in turn owns 100% of MTSPL. Upon completion of the Proposed Acquisition ("**Completion**", and the date of Completion, the "**Completion Date**"), (i) DBS Trustee Limited and Mapletree Industrial Trust Management Ltd. will replace Mapletree Trustee Pte. Ltd. (the "**Marina Trust Trustee-Manager**") as the trustee and the manager of Marina Trust respectively and (ii) Marina Trust will be renamed "MIT Tai Seng Trust".

Pursuant to the Unit Purchase Agreement dated 13 December 2018, the Trustee, on behalf of MIT, will acquire the Property through the proposed acquisition of the Sale Units.

## 1.2. Interested Person Transaction and Interested Party Transaction

As at the latest practicable date prior to the printing of the Circular, being 28 December 2018 (the "**Latest Practicable Date**"), MIPL holds, through its wholly-owned subsidiaries, an aggregate interest in 629,776,972 Units, which is equivalent to 33.16% of the total number of Units in issue.

MIPL is therefore regarded as a "controlling unitholder" of MIT 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 MTSPL is an indirect wholly-owned subsidiary of MIPL, for the purposes of Chapter 9 of the Listing Manual and Paragraph 5 of the Property Funds Appendix, MTSPL (being an indirect wholly-owned subsidiary of a "controlling unitholder" of MIT and an indirect wholly-owned subsidiary of a "controlling shareholder" of the Manager) is an "interested person" (for the purposes of the Listing Manual) and an "interested party" (for the purposes of the Property Funds Appendix) of MIT.

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.

We understand that the Manager is convening an extraordinary general meeting ("**EGM**") of MIT to seek approval from Unitholders by way of Ordinary Resolution<sup>1</sup> for the Proposed Acquisition as an interested person transaction.

We, Deloitte & Touche Corporate Finance Pte Ltd ("**DTCF**"), have been appointed as independent financial adviser ("**IFA**") to the Independent Directors<sup>2</sup>, the Audit and Risk Committee and the Trustee in respect of whether the Proposed Acquisition is on normal commercial terms and not prejudicial to the interests of MIT and its minority Unitholders.

This letter, which sets out our evaluation for the Independent Directors<sup>2</sup>, the Audit and Risk Committee and the Trustee in respect of this engagement, is an integral part of the Circular.

## 2. TERMS OF REFERENCE

Our responsibility is to provide our opinion in respect of the Proposed Acquisition.

We were neither a party to the negotiations entered into in relation to the Proposed Acquisition, nor were we involved in the deliberations leading up to the decision on the part of the Manager to undertake the Proposed Acquisition.

We do not, by this letter or otherwise, advise or form any judgement on the strategic or commercial merits or risks of the Proposed Acquisition. All such evaluations, advice, judgements or comments remain the sole responsibility of the Directors, the Manager and their advisors.

We have however drawn upon such evaluations, judgements and comments as we deem necessary and appropriate in arriving at our opinion.

The scope of our appointment does not require us to express, and nor do we express, a view on the future growth prospects, earnings potential or value of MIT. We do not express any view as to the price at which the Units may trade upon completion of the Proposed Acquisition nor on the future value, financial performance or condition of MIT after the Proposed Acquisition.

It is also not within our terms of reference to compare the merits of the Proposed Acquisition to any alternative transactions that were or may have been available to MIT. Such comparison and consideration remain the responsibility of the Directors, the Manager and their advisors.

In the course of our evaluation, we have held discussions with the management of the Manager, and have considered the information contained in the Circular and Unit Purchase Agreement, publicly available information collated by us as well as information, both written and verbal, provided to us by the management. We have relied upon and assumed the accuracy of the relevant

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<sup>1</sup> "**Ordinary Resolution**" means a resolution proposed and passed as such by a majority being greater than 50.0% 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.

<sup>2</sup> Save for Mr Andrew Chong Yang Hsueh, Dr Andrew Lee Tong Kin and Mr Pok Soy Yoong (the "**New Independent Non-Executive Directors**"), who were only appointed as Independent Non-Executive Directors of the Manager on 26 December 2018 after the signing of the Unit Purchase Agreement in respect of the Proposed Acquisition.

information, both written and verbal, provided to us by the aforesaid parties and have not independently verified such information, whether written or verbal, and accordingly cannot and do not warrant, and do not accept any responsibility for the accuracy, completeness and adequacy of such information. We have not independently verified and have assumed that all statements of fact, belief, opinion and intention made by the Directors in the Circular have been reasonably made after due and careful enquiry. Accordingly, no representation or warranty (whether express or implied) is made and no responsibility is accepted by us concerning the accuracy, completeness or adequacy of such information. We have nonetheless made reasonable enquiries and exercised our judgement on the reasonable use of such information and have found no reason to doubt the accuracy or reliability of such information.

We have not made any independent evaluation or appraisal of the assets and liabilities (including, without limitation, the real properties) of MIT or the Proposed Acquisition. We have been furnished with the valuation reports for the Property prepared by Savills Valuation and Professional Services (S) Pte Ltd ("**Savills**") and Colliers International Consultancy & Valuation (Singapore) Pte Ltd ("**Colliers**") (collectively, the "**Independent Valuers**"). With respect to such reports, we are not experts and do not hold ourselves to be experts in the evaluation of the assets concerned and have relied solely upon such reports.

Our views are based on market, economic, industry, monetary and other conditions (where applicable) prevailing on and our analysis of the information made available to us as at the Latest Practicable Date. We assume no responsibility to update, revise or re-affirm our opinion, factors or assumptions in light of any subsequent development after the Latest Practicable Date that may affect our opinion or factors or assumptions contained herein. The Unitholders should take note of any announcements relevant to their considerations of the Proposed Acquisition which may be released by MIT after the Latest Practicable Date.

MIT has been separately advised by its own legal advisor in the preparation of the Circular other than this letter. We have had no role or involvement and have not provided any advice whatsoever in the preparation, review and verification of the Circular other than this letter. Accordingly, we take no responsibility for, and express no views, whether express or implied, on the contents of the Circular except for this letter.

Our opinion in relation to the Proposed Acquisition should be considered in the context of the entirety of this letter and Circular. While a copy of this letter may be reproduced in the Circular, MIT may not reproduce, disseminate or quote this letter or any part thereof for any purpose, other than for Proposed Acquisition, without our prior written consent in each instance.

We have not had regard to the general or specific investment objectives, financial situation, tax position, risk profiles or unique needs and constraints of any Unitholder. As the Unitholders will have different investment objectives, we advise the Independent Directors<sup>3</sup> to recommend that any Unitholder who may require specific advice in relation to his or her specific investment objectives or portfolio should consult his or her stockbroker, bank manager, solicitor, accountant, tax advisor or other professional advisors.

### **3. THE PROPOSED ACQUISITION**

#### **3.1. Description of the Property**

A detailed description of the Properties is set out in Paragraph 2.1 of the Letter to Unitholders in the Circular.

Located at 18 Tai Seng Street, Singapore 539775, the Property is a nine-storey high-specification mixed-use industrial development, comprising Business 2 industrial, office and retail spaces with a total gross floor area ("**GFA**") of approximately 443,810 square feet ("**sq ft**"). The Property is connected directly by an underground pedestrian link to Tai Seng Mass Rapid Transit ("**MRT**") station (CC11) along the Circle Line and is easily accessible via public transportation and major expressways (the Kallang-Paya Lebar Expressway, the Pan-Island Expressway and the Central Expressway).

The Property is held by Marina Trust, with MTSP, the vendor under the Proposed Acquisition, holding all the units of Marina Trust. MTSP is an indirect wholly-owned subsidiary of MIPL, the

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<sup>3</sup> Save for the New Independent Non-Executive Directors, who were only appointed as Independent Non-Executive Directors of the Manager on 26 December 2018 after the signing of the Unit Purchase Agreement in respect of the Proposed Acquisition.

sponsor of MIT. Under the Unit Purchase Agreement, the Agreed Property Value accounts for 95.7% of the total asset value of the Marina Trust.

The table below sets out a summary of selected information on the Property as at 30 September 2018 (unless otherwise indicated):

<b>Address</b>	18 Tai Seng Street, Singapore 539775
<b>Land Area</b>	126,799 sq ft
<b>GFA</b>	443,810 sq ft
<b>NLA</b>	384,212 sq ft Industrial: 283,703 sq ft Office: 53,441 sq ft Retail: 47,068 sq ft
<b>Land Tenure</b>	30 years commencing from 26 March 2014
<b>Plot Ratio</b>	3.5 Business 2 Industrial: 2.5 White: 1.0
<b>Occupancy Rate (as at 30 September 2018)</b>	87.4% <sup>(1)</sup>

**Note:**

(1) As at the Latest Practicable Date, the committed occupancy rate of the Property was 94.3%, with all the committed leases to commence progressively up to 1 March 2019.

### 3.2. Key Terms of the Proposed Acquisition

#### 3.2.1. Structure of the Proposed Acquisition and Independent Valuations

Details of the Purchase Consideration and Valuation are set out in Paragraph 2.2 of the Letter to Unitholders in the Circular. We recommend that the Independent Directors<sup>4</sup> advise the Unitholders to read this Paragraph of the Circular carefully. We have reproduced below excerpts of this Paragraph in respect of the Purchase Consideration and Valuation.

*Under the Unit Purchase Agreement, MT SPL is the sole beneficiary of Marina Trust, and the vendor of the Proposed Acquisition. MIPL, the sponsor of MIT, indirectly owns the Sale Units through Mapletree Developments Pte. Ltd., which in turn owns 100% of MT SPL. Upon Completion, (i) DBS Trustee Limited and Mapletree Industrial Trust Management Ltd. will replace the Marina Trust Trustee-Manager as the trustee and the manager of Marina Trust respectively and (ii) Marina Trust will be renamed "MIT Tai Seng Trust".*

*The total amount to be received by MT SPL in connection with the Proposed Acquisition will be approximately S\$262.2 million, based on:*

- (i) the Aggregate Consideration which is estimated to be S\$75.0 million – this is derived from the Net Asset Value based on the pro forma completion statement of Marina Trust as at 30 September 2018 taking into account the Agreed Property Value of S\$268.3 million, less the Intercompany Loan, the Declared Distribution and estimated net liabilities of S\$6.1 million;*
- (ii) the repayment of the Intercompany Loan of S\$156.8 million<sup>5</sup> owed by the Marina Trust Trustee-Manager to Mapletree Treasury Services Limited, a wholly-owned subsidiary of MIPL – upon Completion, the Trustee will extend the Trustee's Loan to repay and discharge the Intercompany Loan; and*

<sup>4</sup> Save for the New Independent Non-Executive Directors, who were only appointed as Independent Non-Executive Directors of the Manager on 26 December 2018 after the signing of the Unit Purchase Agreement in respect of the Proposed Acquisition.

<sup>5</sup> Based on the amount expected to be outstanding on the Completion Date.

(iii) the payment of the Declared Distribution which is estimated to be S\$30.4 million and will be declared on the day immediately preceding the Completion Date and paid to MTSP on the Completion Date - upon Completion, the Trustee will subscribe for the Marina Trust Subscription Units and the proceeds received by Marina Trust will be generally applied to the Declared Distribution and any excess will be retained by Marina Trust as working capital.

The final Aggregate Consideration payable by the Trustee on Completion will be subject to completion adjustments to the Net Asset Value up to the day immediately preceding the Completion Date, and the final amount of the Intercompany Loan will be fully repaid on Completion.

The Trustee has commissioned an independent property valuer, Colliers, and the Manager has commissioned another independent property valuer, Savills, to value the Property. Both Colliers and Savills relied on the income capitalisation method and discounted cash flow analysis and used the comparison method as a check. The open market values of the Property as at 30 November 2018 are S\$268.3 million and S\$270.0 million as stated by Colliers and Savills in their respective valuation reports. The Agreed Property Value of S\$268.3 million is in line with Colliers' valuation and represents a discount of 0.6% to Savills' valuation of S\$270.0 million.

### **3.2.2. Total Acquisition Outlay**

Details of the Total Acquisition Outlay is set out in Paragraph 2.5 of the Letter to Unitholders in the Circular. We recommend that the Independent Directors<sup>6</sup> advise the Unitholders to read this Paragraph of the Circular carefully.

We have reproduced below excerpts of this Paragraph in respect of the Total Acquisition Outlay.

*The Total Acquisition Outlay is estimated to be approximately S\$271.0 million, comprising:*

- (i) the Aggregate Consideration which is estimated to be S\$75.0 million;*
- (ii) the new Trustee's Loan of S\$156.8 million;*
- (iii) the subscription of the Marina Trust Subscription Units at a subscription price of S\$1.00 per unit for an aggregate amount of S\$35.0 million;*
- (iv) the Acquisition Fee of approximately S\$2.7 million<sup>7</sup>; and*
- (v) the estimated professional and other fees and expenses of approximately S\$1.5 million incurred or to be incurred by MIT in connection with the Proposed Acquisition.*

### **3.2.3. Payment of Acquisition Fee in Units**

Details of the payment of Acquisition Fee in Units are set out in Paragraph 2.6 of the Letter to Unitholders in the Circular. We recommend that the Independent Directors<sup>6</sup> advise the Unitholders to read this Paragraph of the Circular carefully.

We have reproduced below excerpts of this Paragraph in respect of the Acquisition Fee.

*Pursuant to the Trust Deed, the Manager will be entitled to receive an acquisition fee at the rate of 1.0% of the Agreed Property Value of S\$268.3 million. As the Proposed Acquisition is an interested party transaction under the Property Funds Appendix, the Acquisition Fee will be in the form of Acquisition Fee Units which shall not be sold within one year of the date of issuance in accordance with Paragraph 5.7 of the Property Funds Appendix.*

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<sup>6</sup> Save for the New Independent Non-Executive Directors, who were only appointed as Independent Non-Executive Directors of the Manager on 26 December 2018 after the signing of the Unit Purchase Agreement in respect of the Proposed Acquisition.

<sup>7</sup> As the Proposed Acquisition will constitute an "interested party transaction" under the Property Funds Appendix, the Acquisition Fee will be in the form of 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 issue price of Units issued to finance or part-finance the Proposed Acquisition in respect of which the Acquisition Fee is payable or, where Units are not issued to finance or part-finance the Proposed Acquisition, the prevailing Market Price (as defined in the Trust Deed) at the time of issue of such Units.*

### **3.2.4. Certain Terms and Conditions of the Unit Purchase Agreement**

The principal terms of the Unit Purchase Agreement are set out in Paragraph 2.3 of the Letter to Unitholders in the Circular. We recommend that the Independent Directors<sup>8</sup> advise the Unitholders to read this Paragraph of the Circular carefully.

We have reproduced below excerpts of this Paragraph in respect of the principal terms of the Unit Purchase Agreement.

*The principal terms of the Unit Purchase Agreement include, among others, the following conditions precedent:*

- (i) the approval of Unitholders for the Proposed Acquisition;*
- (ii) the JTC Registrable Lease (as defined in the Unit Purchase Agreement) having been duly registered at the Singapore Land Authority or a written confirmation having been obtained from JTC Corporation ("JTC") that the Marina Trust Trustee-Manager is entitled to the JTC Lease Term (as defined in the Unit Purchase Agreement);*
- (iii) the licenses, authorisations, orders, grants, confirmations, permissions, registrations and other approvals necessary or desirable for or in respect of the Proposed Acquisition, having been obtained from appropriate governments, governmental, supranational or trade agencies, courts or other regulatory bodies on terms satisfactory to the Trustee and such licenses, authorisations, orders, grants, confirmations, permissions, registrations and other approvals remaining in full force and effect;*
- (iv) there being no material damage to the Property and no material breach of the Warranties (as defined in the Unit Purchase Agreement) which, in the reasonable opinion of the Trustee, as the purchaser, acting on the recommendation of the Manager, will have a material adverse effect on the financial condition, prospects, earnings, business, undertaking or assets of MIT or on the Property, in each case, taken as a whole;*
- (v) there being no compulsory acquisition of the Property or any part of it, and no notice of such intended compulsory acquisition or resumption has been given by the government or other competent authority; and*
- (vi) the receipt of an in-principle approval from the Inland Revenue Authority of Singapore that Marina Trust will be regarded as an approved sub-trust of MIT pursuant to section 43(2A)(a)(iv) and (b) of the Income Tax Act, Chapter 134 of Singapore on Completion, there not having occurred any withdrawal of such in-principle approval and, if applicable, the conditions to such in-principle approval having been fulfilled.*

### **3.2.5. Property Management**

Details of the Property Management are set out in Paragraph 2.4 of the Letter to Unitholders in the Circular. We recommend that the Independent Directors<sup>8</sup> advise the Unitholders to read this Paragraph of the Circular carefully.

We have reproduced below excerpts of this Paragraph in respect of the Master Property Management Agreement.

*Upon Completion, property management services in respect of the Property will be performed by Mapletree Facilities Services Pte. Ltd., which is the property manager of MIT (the "**Property Manager**"), pursuant to the Master Property Management Agreement (as defined below). Property management services in relation to the Property include, among*

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<sup>8</sup> Save for the New Independent Non-Executive Directors, who were only appointed as Independent Non-Executive Directors of the Manager on 26 December 2018 after the signing of the Unit Purchase Agreement in respect of the Proposed Acquisition.

others, leasing services, tenant management, operating and maintaining the property, provision of personnel for site management of the property and supervision and control of collection of rentals.

Under the terms of the Master Property Management Agreement<sup>9</sup>, which was entered into on 27 September 2010 (and which was subsequently extended on 17 September 2015 for an additional period of five years) by the Trustee, the Manager and the Property Manager (the "**Master Property Management Agreement**"), any properties acquired thereafter by MIT will be managed in accordance with the terms of the Master Property Management Agreement. Upon Completion, the Property will fall under the Master Property Management Agreement.

The fees payable pursuant to the Master Property Management Agreement for each fiscal year will be as follows:

- (i) 2.0% per annum of the gross revenue of the Property for property management services;
- (ii) 1.0% per annum of the gross revenue of the Property for lease management services;
- (iii) marketing services fees depending on the length and type of tenancy secured for the Property; and
- (iv) project management fees of 1.5% to 3.0% of the construction cost for each development or redevelopment, the refurbishment, retrofitting and renovation works of a property.

Under the Master Property Management Agreement, the Property Manager will also be fully reimbursed for all costs and expenses incurred in the operation, maintenance, management and marketing of the Property within each annual budget approved by the Trustee on the recommendation of the Manager.

#### **4. EVALUATION OF THE PROPOSED ACQUISITION OF THE PROPERTY**

In reaching our recommendation in respect of the Proposed Acquisition, we have given due consideration to the following factors:

- (i) the rationale for and benefits of the Proposed Acquisition;
- (ii) analysis of appraised value and key assumptions of Independent Valuers;
- (iii) comparison to relevant past transactions in Singapore;
- (iv) comparison to Singapore Hi-Spec/Hi-Tech industrial portfolios of Singapore listed REITs;
- (v) *pro forma* financial effects of the Proposed Acquisition;
- (vi) NPI yield comparison of the Proposed Acquisition to the Existing Portfolio; and
- (vii) other relevant considerations that may have a significant bearing on our assessment of the Proposed Acquisition.

##### **4.1. The rationale for and benefits of the Proposed Acquisition**

The Manager's views of the key benefits of the Proposed Acquisition are set out in Paragraph 3 of the Letter to Unitholders in the Circular. We recommend that the Independent Directors<sup>10</sup> advise the Unitholders to read this Paragraph of the Circular carefully.

<sup>9</sup> Pursuant to MIT's initial public offering prospectus dated 12 October 2010, although the Master Property Management Agreement would constitute a related party transaction, the Master Property Management Agreement is considered an "**Exempted Agreement**" and is deemed to have been specifically approved by the Unitholders upon subscription of the Units and is therefore not subject to Rules 905 and 906 of the Listing Manual to the extent that there is no subsequent change to the rates and/or bases of the fees charged thereunder which will adversely affect MIT.

<sup>10</sup> Save for the New Independent Non-Executive Directors, who were only appointed as Independent Non-Executive Directors of the Manager on 26 December 2018 after the signing of the Unit Purchase Agreement in respect of the Proposed Acquisition.

We have reproduced below excerpts of this Paragraph in respect of the Proposed Acquisition:

**Unique Integrated High-Specification Industrial Development with Office and Retail Spaces**

*The Property is a nine-storey high-specification mixed-use industrial development with Business 2 industrial, office and retail spaces, which has a total GFA of approximately 443,810 sq ft. It is zoned "Business 2 – White" with a plot ratio of 3.5, of which 1.0 is for "White" use. The mixed-use industrial development has a total net lettable area ("NLA") of 384,212 sq ft, comprising high-specification Business 2 industrial space (with NLA of 283,703 sq ft) and office space (with NLA of 53,441 sq ft) as well as retail space (with NLA of 47,068 sq ft).*

*The modern design and high specifications of the Property, which is the newest building in Paya Lebar iPark, together with the variety of retail and food and beverage amenities within the Property and its direct connectivity to Tai Seng MRT station are key attractions for businesses looking to locate at the city fringe.*

**(i) Newest mixed-use industrial development in Paya Lebar iPark**

*The site was the last land plot in the Paya Lebar iPark launched by JTC via its Industrial Government Land Sales Programme in 2013. The Property was completed on 1 November 2016.*

**(ii) High-specification Business 2 industrial and office spaces**

*The industrial and office spaces have large column-free floor plates of over 50,000 sq ft with core-to-window depth of 20 metres that offers businesses the flexibility in designing efficient work spaces. Full-height windows are available for selected units, which offer natural lighting to business space, while double-glazed windows provide insulation against noise and sunlight. The Business 2 industrial space spans five storeys while the office space takes up a single floor.*

**(iii) Established food and beverage outlets and essential retail amenities**

*The retail space extends over two floors on the ground floor and basement of the Property, which offers a variety of dining options from cafes to established restaurant brands such as Bakerzin, Harry's, Jalan Kayu Prata Café, Japanese Soba Noodles Tsuta, Liao Fan Hawker Chan and Tim Ho Wan. Other essential retail amenities include a supermarket, clinic, childcare centre, laundry and optometry services. The variety of food and beverage and essential amenities serve not only the growing working population in the Paya Lebar iPark but also resident population catchments in Hougang, Bedok and Toa Payoh.*

**(iv) Environmentally sustainable features**

*The Property was conferred the BCA Green Mark Gold certification for its energy-efficient design and systems. An energy-efficient chiller system and motion sensors at staircase landings and toilets were installed to reduce energy consumption at the Property. In addition, elevators were installed with regenerative drives to ensure energy is efficiently utilised.*

**Centrally located in the vibrant Paya Lebar iPark with an Underground Pedestrian MRT Link to Tai Seng MRT Station**

*Located at the city fringe, the Property enjoys prominent frontage along the busy Upper Paya Lebar Road with an underground pedestrian link to Tai Seng MRT station.*

**(i) Centrally located in the vibrant Paya Lebar iPark**

*The Property is located at the centre of the Paya Lebar iPark, a modern industrial park nestled in the mature Paya Lebar industrial estate. A pilot project by JTC, Paya Lebar iPark was designed to foster close interaction and collaboration between the businesses and talents by creating the urban design concept of pedestrian-space-activity. Paya Lebar iPark is near mature housing estates like Hougang, Bedok and Toa Payoh. The Property is flanked by major expressways (the Kallang-Paya Lebar Expressway, the Pan-Island Expressway and the Central Expressway), which offer accessibility for workers, clients and shoppers.*

**(ii) Direct underground pedestrian link to Tai Seng Mrt station**

*The Property is the only building in Paya Lebar iPark with a direct underground pedestrian link to Tai Seng MRT station. Tai Seng MRT station is connected to key interchanges via the Circle Line, which provides access to the Central Business District and downtown shopping areas. As a key underground pedestrian link across Upper Paya Lebar Road, the underground pedestrian link encourages a steady footfall through the retail and food and beverage outlets in the Property.*

**Stable and Quality Cash Flows**

**(i) High quality tenants with a high committed occupancy rate**

*The Property has a robust tenant base of 44 tenants including multinational companies in high value-added services such as medical technology, information and communications technology and automotive technology. As at the Latest Practicable Date, the committed occupancy was 94.3% with all the committed leases to commence progressively up to 1 March 2019<sup>11</sup>.*

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<sup>11</sup> The actual occupancy rate of the Property was 87.4% as at 30 September 2018.

**Top 10 Tenants of the Property by Gross Rental Income  
(As at 30 September 2018)**

<b>No.</b>	<b>Top 10 Tenants</b>	<b>Trade Sector</b>	<b>% of Gross Rental Income</b>
1	Sivantos Pte. Ltd.	Manufacture of Printing, Recorded Media, Apparels and Other Essential Products	36.6%
2	Silicon Laboratories International Pte. Ltd.	Manufacture of Computer, Electronic and Optical Products	8.7%
3	Schaeffler (Singapore) Pte. Ltd. <sup>(1)</sup> ("Schaeffler")	Wholesale of Machinery, Equipment and Supplies	6.5%
4	AES Global Holdings Pte. Ltd. <sup>(2)</sup> ("AES")	Manufacture of Computer, Electronic and Optical Products	5.7%
5	Williams-Sonoma Singapore Pte. Ltd.	General Wholesale Trade and Services	5.2%
6	NTUC Fairprice Co-Operative Ltd	Retail Trade	2.6%
7	Junior Champs Educampus Pte. Ltd.	Education, Health and Social Services, Arts, Entertainment and Recreation	2.6%
8	Michael Page International Pte Ltd	Professional, Scientific and Technical Activities	2.6%
9	Hersing F&B Pte. Ltd.	Real Estate	1.8%
10	Fei Siong Food Management Pte. Ltd.	Accommodation and Food Service	1.7%
<b>Top 10 Tenants<sup>(3)</sup></b>			<b>74.0%</b>

**Notes:**

- (1) On 9 July 2018, Schaeffler entered into a lease agreement to lease certain units of the Property from 1 March 2019 for a period of five years. The figure above is based on the committed lease of Schaeffler (the "**Committed Lease of Schaeffler**").
- (2) On 23 October 2018, AES entered into another lease agreement to lease certain units of the Property from 1 January 2019 for a period of three years and nine months. The figure above is based on the committed lease of AES (the "**Committed Lease of AES**").
- (3) The table above excludes a telecommunication tenant which would have been the second largest tenant by gross rental income of the Property (but not contributing more than 15% of the gross rental income of the Property) due to confidentiality.

**(ii) Well-structured leases with embedded organic growth**

The existing leases of the Property are well-structured with 95.7% of leases (by gross rental income) having built-in annual rental escalations. 78.0% of leases will expire in the financial year ending 31 March 2023 ("**FY2022/2023**") and beyond, which enhances income stability of the MIT portfolio. The Property's weighted average lease to expiry ("**WALE**") was approximately 3.6 years (as at 30 September 2018) with no significant industrial and office leases expiring in the next three years (commencing from 1 April 2019).

### **DPU and NAV Accretive to the Unitholders**

The Proposed Acquisition is expected to be distribution per Unit ("**DPU**") and net asset value ("**NAV**") (as the case may be) accretive to Unitholders based on the pro forma financial effects of the Proposed Acquisition for the financial year ended 31 March 2018. Please refer to paragraph 4.1 for the financial effects of the Proposed Acquisition.

### **Strengthens the MIT Portfolio**

#### **(i) In line with strategy to grow the Hi-Tech Buildings segment**

The Proposed Acquisition is in line with the Manager's strategy to focus on the Hi-Tech Buildings segment, and will further enhance the portfolio resilience and diversification of the MIT portfolio through an increase in exposure to the Hi-Tech Buildings segment. Upon Completion, MIT's total assets under management will increase from approximately S\$4.4 billion (as at 30 September 2018) to approximately S\$4.7 billion<sup>12</sup>. The Hi-Tech Buildings segment will account for 42.7% of the MIT portfolio, as compared with 39.2% as at 30 September 2018.

#### **(ii) Enhances portfolio diversification**

With the enlarged tenant base, MIT will benefit from the increased tenant and income diversification. Upon Completion, the gross rental income contribution by the top ten tenants will decrease from 26.3% to 25.8%<sup>12</sup>. The Proposed Acquisition will reduce the maximum risk exposure to any single tenant from 10.0% to 9.4%<sup>12</sup> (by gross rental income as at 30 September 2018).

## **4.2. Analysis of appraised value and key assumptions of Independent Valuers**

The Trustee had commissioned an independent valuer, Colliers, to value the Property and the Manager has commissioned Savills as the independent valuer.

We have outlined below the key assumptions used by the Independent Valuers in arriving at their respective valuations.

	<b>Colliers</b>	<b>Savills</b>
<b>Income Capitalisation Method</b>		
NPI (S\$ million per annum)	20.8	20.2
Capitalisation rate	5.70%	Retail/Office: 5.00% B2: 5.75%
<b>DCF Analysis</b>		
Discount rate	7.75%	8.00%
Terminal Capitalisation Rate	5.95%	Retail/Office: 5.20% B2: 6.00%
<b>Valuation / (weightings)</b>		
Income capitalisation method	S\$274m/50%	S\$266m/50%
DCF Analysis	S\$263m/50%	S\$274m/50%
<b>Market Value Adopted (Rounded)</b>	<b>S\$268m</b>	<b>S\$270m</b>

Source: Independent Valuers reports

Below is a summary of the analysis of management and the Independent Valuers:

<b>(S\$m)</b>	<b>Management</b>	<b>Colliers</b>	<b>Savills</b>
Gross Rental	20.6	21.1	20.6
NPI	18.2	18.8	18.0
Market Value/Agreed Property Price	268.3	268.3	270.0
Gross Rental Yield (%)	7.7%	7.9%	7.6%
NPI Yield (%)	6.8%	7.0%	6.7%

<sup>12</sup> Based on the Enlarged Portfolio, including the properties held by MIT in respect of MIT's 40% interest in the joint venture with MIPL in a portfolio of 14 data centres in the United States of America through Mapletree Redwood Data Centre Trust.



The appraised value of the Property by the Independent Valuers are set out in the table below:

Colliers	Savills	Agreed Property Value	Colliers	Savills
(S\$ million)	(S\$ million)	(S\$ million)	Premium/(discount) %	Premium/(discount) %
268.3	270.0	268.3	0.0%	(0.6%)

Source: Independent Valuers reports

We note that:

- (i) the basis of valuation used is "Market Value" which is consistent with the definition as set out by the Singapore Institute of Surveyors and Valuer guideline;
- (ii) the relevant date for the valuations undertaken by Colliers is 30 November 2018 and the relevant date for the valuations undertaken by Savills is 30 November 2018;
- (iii) the Independent Valuers arrived at their valuations by considering the Income Capitalisation Method and Discounted Cash Flow Method as the primary approach. An equal weightage was ascribed to each methodology by respective valuers to arrive at the appraised value. The Direct Comparison Method was used as a secondary approach. These approaches are widely accepted methods for the purpose of valuing income producing properties;
- (iv) the Independent Valuers arrived at their valuations by relying on, *inter alia*, assumptions set out in the Valuation Certificates; and
- (v) the Agreed Property Value of S\$268.3 million is at the market value ascribed by Colliers and below the market value ascribed by Savills.

#### 4.3. Comparison to relevant past transactions in Singapore

We have identified a list of property transactions that took place in Singapore for the period from June 2014 to the Latest Practicable Date for which information is publicly available and extracted the relevant information ("**Comparable Transactions**") in order to compare the gross rental yield to the Property's implied gross rental yield.

The information in the table below is for illustration purposes only. The Comparable Transactions might differ from the Property in terms of property size and design, property age, location, accessibility, land title, tenure, revenue mix, market risks, future prospects, operating history, branding and other relevant criteria. There are no properties under the Comparable Transactions which may be considered identical to the Property in terms of the abovementioned factors.

For the above reasons, while the Comparable Transactions taken as a whole may provide a broad and indicative benchmark for assessing the Proposed Acquisition, care has to be taken in the selection and use of any individual data point for the same purpose.

Transacted Date	Development Name	Gross Rental Income (S\$m)	Transacted Price (S\$m)	Gross Rental Yield (%)
Sep-18	Geo-Tele	3.5	99.6	3.5
Apr-18	RBM Centre	3.1	68.0	4.6
Aug-14	APERIA <sup>(1)</sup>	14.7	458.0	3.2
Max				4.6
Mean				3.8
Median				3.5
Min				3.2
Property Yield				7.7

Sources: Annual reports, company announcements, press releases, Independent Valuers' Reports Notes

(1) The temporary occupation permit date was June 2014, shortly before the acquisition date of 8 August 2014.

Based on the table above, we highlight the comparison between the implied gross rental yield of the Property and gross rental yield of the Comparable Transactions. The implied gross rental yield of the Property is 7.7%, which is higher than the range of the Comparable Transactions.

#### 4.4. Comparison to Singapore High-Specification/High-Tech industrial portfolios of Singapore listed REITs

We have compiled information that is publicly available in respect of the recent valuations of Singapore industrial properties in Hi-Spec/Hi-Tech (the “Comparable Portfolio”) held by Singapore-listed REITs in order to provide benchmarks for the net property income (“NPI”) and gross rental yield by the Proposed Acquisition. The comparison can serve as an illustrative guide only and must be caveated by the knowledge that the Property differs from the Comparable Portfolio in many aspects, such as location, accessibility, profile, proximity to major venues and/or attractions, outstanding lease tenure and other relevant factors.

REIT	Market Value (S\$m)	Gross Rental (S\$m)	NPI (S\$m)	Gross Rental Yield (%)	NPI Yield (%)
Ascendas REIT	2,174.6	191.4	142.0	8.8	6.5
Sabana REIT	540.5	49.2	27.6	9.1	5.1
SoilBuild	286.0	14.7	16.7	7.2	5.8
Business Space REIT					
Max				9.1	6.5
Mean				8.4	5.8
Median				8.8	5.8
Min				7.2	5.1
Property Yield				7.7	6.8

Source: Company reports of REITs listed in SGX-ST

Based on the table above, we note the following:

- (i) the implied NPI yield of the Property of 6.8%, which is above the range of NPI yields of 5.1% to 6.5% of the Comparable Portfolio; and
- (ii) the implied gross rental yield of the Property is 7.7%, which is below the mean and median, and within range of the Comparable Portfolio.

#### 4.5. Pro forma financial effects of the Proposed Acquisition

The *pro forma* financial effects of the Proposed Acquisition are set out in Paragraph 4 of the Letter to Unitholders in the Circular. We recommend the Independent Directors<sup>13</sup> to advise the Unitholders to read this information carefully.

We set out the *pro forma* financial effects of the Proposed Acquisition on the DPU and NAV per Unit prepared for illustrative purposes only as well as its assumptions:

- (i) approximately 1.5 million Acquisition Fee Units are issued<sup>14</sup>;
- (ii) in the case of 40.0% and 60.0% LTV, approximately 91.3 million and approximately 60.8 million new Units<sup>15</sup> are issued to raise gross proceeds of S\$164.3 million and S\$109.5 million respectively to part-finance the Proposed Acquisition;
- (iii) in the event that the Proposed Acquisition is funded entirely by debt financing, no new Units are issued (other than the issuance of Acquisition Fee Units); and
- (iv) bank borrowings are used to finance the balance funding requirement, including paying the estimated professional and other fees and expenses incurred or to be incurred by MIT in connection with the Proposed Acquisition.

<sup>13</sup> Save for the New Independent Non-Executive Directors, who were only appointed as Independent Non-Executive Directors of the Manager on 26 December 2018 after the signing of the Unit Purchase Agreement in respect of the Proposed Acquisition.

<sup>14</sup> Based on an illustrative Unit price of S\$1.80.

<sup>15</sup> Based on an illustrative Unit price of S\$1.80.

### Pro forma DPU

The *pro forma* financial effects of the Proposed Acquisition on MIT's DPU for the financial year ended 31 March 2018, as if the Proposed Acquisition was completed on 1 April 2017, and MIT held and operated the Property through to 31 March 2018 are as follows:

	Effects of the Proposed Acquisition			
	Before the Proposed Acquisition	After the Proposed Acquisition at the following LTV <sup>(1)</sup>		
		40.0%	60.0%	100.0%
Total Return before Tax (S\$'000)	300,563	312,933	311,114	307,358
Distributable Income (S\$'000)	215,848	228,278	226,400	222,643
Issued Units ('000)	1,885,218 <sup>(2)</sup>	1,977,971 <sup>(3)</sup>	1,947,550 <sup>(3)</sup>	1,886,708 <sup>(3)</sup>
DPU (cents)	11.75 <sup>(4)</sup>	11.83	11.92	12.11
DPU accretion (%)	-	0.7	1.5	3.1

**Notes:**

- (1) Assuming that (i) the Property had a portfolio occupancy rate of 94.3% for the entire financial year ended 31 March 2018 and all leases, whether existing or committed as at the Latest Practicable Date, were in place since 1 April 2017 and (ii) all tenants have paid their rents in full. MIT's expenses comprising borrowing costs associated with the drawdown of the loan to finance the Proposed Acquisition, the Manager's management fees, Trustee's fees and other trust expenses incurred in connection with the operation of the properties of MIT have been deducted.
- (2) Number of Units issued as at 31 March 2018.
- (3) Includes the respective number of new Units issued to raise gross proceeds to part-finance the Proposed Acquisition and approximately 1.5 million Acquisition Fee Units issued at an illustrative price of S\$1.80 per new Unit (purely for illustrative purposes only).
- (4) For the financial year ended 31 March 2018.

### Pro forma NAV

The *pro forma* financial effects of the Proposed Acquisition on the NAV per Unit as at 31 March 2018, as if the Proposed Acquisition was completed on 31 March 2018, are as follows:

	Effects of the Proposed Acquisition			
	Before the Proposed Acquisition	After the Proposed Acquisition at the following LTV		
		40.0%	60.0%	100.0%
NAV (S\$'000)	2,780,072	2,943,742	2,890,080	2,782,755
Issued Units ('000)	1,885,218 <sup>(1)</sup>	1,977,971 <sup>(2)</sup>	1,947,550 <sup>(2)</sup>	1,886,708 <sup>(2)</sup>
NAV per Unit (S\$)	1.47	1.49	1.48	1.47

**Notes:**

- (1) Number of Units issued as at 31 March 2018.
- (2) Includes the respective number of new Units issued to raise gross proceeds to part-finance the Proposed Acquisition and approximately 1.5 million Acquisition Fee Units issued at an illustrative price of S\$1.80 per new Unit (purely for illustrative purposes only).

As illustrated in the tables above, we note that:

- (i) DPU will increase between 0.08 to 0.36 cent, resulting in an increase of between 0.7% and 3.1%, depending on the LTV assumption; and
- (ii) NAV per Unit will increase between 0% to 1% from S\$1.47 to between S\$1.47 and S\$1.49.

#### 4.6. NPI yield comparison of the Proposed Acquisition to the existing portfolio

We set out in the following table the NPI yield analysis of the Proposed Acquisition and the existing portfolio of MIT:

(S\$m)	Existing Portfolio	Proposed Acquisition
<b>Market Value</b>	4,321.4 <sup>(1)</sup>	268.3
<b>NPI</b>	277.6	18.2
<b>NPI Yield (%)</b>	<b>6.4%</b>	<b>6.8%</b>

*Source: Company reports*

*Note:*

*(1) Valuation as at 31 March 2018*

As illustrated in the table above, we note that:

- (i) NPI yield of the Proposed Acquisition of 6.8%, which is higher than the NPI yield of the existing MIT portfolio of 6.4%

#### **4.7. Other relevant considerations that may have a significant bearing on our assessment of the Acquisition.**

##### **4.7.1. Terms of the Unit Purchase Agreement**

As detailed in Paragraph 2.3 of the Letter to Unitholders in the Circular, the Unit Purchase Agreement is subject to certain terms and conditions that are customary to the nature of the transaction and we have been furnished with a copy of the Unit Purchase Agreement. We recommend that the Independent Directors<sup>16</sup> and Audit and Risk Committee advice Unitholders to read this section of the Circular carefully.

##### **4.7.2. Property Management**

As detailed in Paragraph 2.4 of the Letter to Unitholders in the Circular, the Property Manager will provide property management services in respect of the Property in accordance with the terms of the Master Property Management Agreement entered into by the Trustee, the Manager and the Property Manager. We recommend that the Independent Directors<sup>16</sup> and Audit and Risk Committee advice Unitholders to read this section of the Circular carefully.

## **5. OUR RECOMMENDATION**

In arriving at our recommendation, we have taken into account the following factors which we consider to have a significant bearing on our assessment of the Proposed Acquisition.

- (i) the rationale for and the benefits of the Proposed Acquisition;
- (ii) Colliers and Savills have estimated the market value of the Property to be S\$268.3 million and S\$270.0 million respectively and the Agreed Property Value of S\$268.3 million is at the minimum range of the market values ascribed by the Independent Valuers;
- (iii) the methodology and key assumptions of the Independent Valuers are consistent with market standards;
- (iv) the implied gross rental yield of the Property of 7.7% is higher than the range of selected Comparable Transactions of 3.2% to 4.6%;
- (v) the implied NPI yield of the Property is 6.8%, which is above the range of NPI yields of 5.1% to 6.5% for the Comparable Properties;
- (vi) the implied gross rental yield of the Property is 7.7%, which is below the mean and median, and within range of the Comparable Properties;
- (vii) NPI yield of the Proposed Acquisition of 6.8% is higher than the NPI yield of the existing MIT portfolio of 6.4%;
- (viii) DPU will increase between 0.08 to 0.36 cent, resulting in an increase of between 0.7% and 3.1%;

<sup>16</sup> Save for the New Independent Non-Executive Directors, who were only appointed as Independent Non-Executive Directors of the Manager on 26 December 2018 after the signing of the Unit Purchase Agreement in respect of the Proposed Acquisition.

- (ix) NAV per Unit is expected to increase between 0% to 1% from S\$1.47 to between S\$1.47 and S\$1.49; and
- (x) other factors including key terms in the Unit Purchase Agreement.

Having considered the above and subject to the assumptions and qualifications set out herein and taking into account the prevailing conditions as at Latest Practicable Date, we are of the opinion that the:

**The Proposed Acquisition of 18 Tai Seng, Singapore which is an interested person transaction is on normal commercial terms and will not be prejudicial to the interests of MIT and its minority Unitholders.**

Accordingly, we advise that the Independent Directors<sup>17</sup> and the Audit and Risk Committee may recommend that the Unitholders vote in favour of the resolution in connection with the Proposed Acquisition to be proposed at the EGM.

Our recommendation is addressed to the Independent Directors<sup>17</sup>, the Audit and Risk Committee and the Trustee for their benefit in connection with and for the purpose of their consideration of the Proposed Acquisition, as well as in compliance with Rule 921(4)(a) of the Listing Manual. Any recommendation made by the Independent Directors<sup>17</sup> and the Audit and Risk Committee in respect of the Proposed Acquisition shall remain their responsibility.

Our recommendation is governed by 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

**Deloitte & Touche Corporate Finance Pte Ltd**

Koh Soon Bee  
Executive Director

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<sup>17</sup> Save for the New Independent Non-Executive Directors, who were only appointed as Independent Non-Executive Directors of the Manager on 26 December 2018 after the signing of the Unit Purchase Agreement in respect of the Proposed Acquisition.

## NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that an **EXTRAORDINARY GENERAL MEETING** (“**EGM**”) of the holders of units of Mapletree Industrial Trust (“**MIT**”, and the holders of units of MIT, “**Unitholders**”) will be held on 22 January 2019 (Tuesday) at 2.30 p.m. at 10 Pasir Panjang Road, Mapletree Business City, Town Hall – Auditorium, Singapore 117438, for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolution:

### ORDINARY RESOLUTION

#### THE PROPOSED ACQUISITION OF 18 TAI SENG, SINGAPORE WHICH IS AN INTERESTED PERSON TRANSACTION

That:

- (i) approval be and is hereby given for the proposed acquisition of 18 Tai Seng, Singapore through the acquisition of all the units of Marina Trust (the “**Proposed Acquisition**”) which are currently held by Mapletree Tai Seng Pte. Ltd. (“**MTSPL**”), on the terms and conditions set out in the conditional unit purchase agreement (the “**Unit Purchase Agreement**”) dated 13 December 2018 made between DBS Trustee Limited, as trustee of MIT (the “**Trustee**”) and MTSPL, and that the entry into of the Unit Purchase Agreement be and is hereby approved and ratified;
- (ii) approval be and is hereby given for the payment of all fees and expenses relating to the Proposed Acquisition; and
- (iii) Mapletree Industrial Trust Management Ltd., as the manager of MIT (the “**Manager**”), any director of the Manager and 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) as the Manager, such director of the Manager or, as the case may be, the Trustee may consider expedient or necessary or in the interests of MIT to give effect to the Proposed Acquisition and all transactions contemplated under the Unit Purchase Agreement, 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 Industrial Trust Management Ltd.**

(Company Registration No. 201015667D)

As Manager of Mapletree Industrial Trust

**Wan Kwong Weng**

Joint Company Secretary

Singapore

4 January 2019



**Important Notice:**

1. A Unitholder who is not a Relevant Intermediary (as defined below) 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 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 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. The instrument appointing a proxy or proxies (the **“Proxy Form”**) must be deposited at the office of MIT’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 19 January 2019 (Saturday) 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.

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## IMPORTANT: PLEASE READ THE NOTES TO PROXY FORM BELOW

### Notes to Proxy Form

1. A Unitholder of MIT (“**Unitholder**”) who is not a Relevant Intermediary (as defined below) 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 or Units held by such Unitholder. Where such Unitholder appoints more than one proxy, it should annex to the Proxy Form (as 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.

“**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. 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 MIT, 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, 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.
  4. The instrument appointing a proxy or proxies (the “**Proxy Form**”) must be deposited at the office of MIT’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 19 January 2019 (Saturday), being 72 hours before the time set 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.

### Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Extraordinary General Meeting 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 Extraordinary General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Extraordinary General Meeting (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

# maple<sup>tree</sup> industrial

(Constituted in the Republic of Singapore pursuant to a trust deed dated 29 January 2008 (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 Industrial Trust, this Report 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 THE PROXY FORM.**

#### Personal data privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s), the investor accepts and agrees to the personal data privacy terms set out in the Notice of Extraordinary General Meeting dated 4 January 2019.

I/We \_\_\_\_\_  
(Name(s) and NRIC Number(s)/Passport Number(s)/Company Registration Number)  
of \_\_\_\_\_ (Address)  
being a unitholder/unitholders of Mapletree Industrial Trust ("MIT"), 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 Industrial Trust Management Ltd. (as manager of MIT) 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 MIT to be held on 22 January 2019 (Tuesday) at 2.30 p.m. at 10 Pasir Panjang Road, Mapletree Business City, Town Hall – Auditorium, Singapore 117438 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	Number of Votes For*	Number of Votes Against*
1.	Proposed Acquisition of 18 Tai Seng, Singapore which is an Interested Person Transaction		

\* *If you wish to exercise all your votes "For" or "Against", please mark with an "X" within the relevant box provided. Alternatively, please indicate the number of votes as appropriate.*

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2019

Total number of Units held

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



1<sup>st</sup> fold here

2<sup>nd</sup> fold here and glue all sides firmly. Stapling and spot sealing is not allowed.

**maplēree**  
industrial

**BUSINESS REPLY SERVICE  
PERMIT NO. 08675**



**The Company Secretary**  
**MAPLETREE INDUSTRIAL TRUST MANAGEMENT LTD.**  
(as Manager of Mapletree Industrial Trust)  
c/o BOARDROOM CORPORATE & ADVISORY SERVICES PTE. LTD.  
50 Raffles Place #32-01  
Singapore Land Tower  
Singapore 048623

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**MAPLETREE INDUSTRIAL TRUST MANAGEMENT LTD.**

As Manager of Mapletree Industrial Trust  
(Company Registration Number: 201015667D)

10 Pasir Panjang Road #13-01  
Mapletree Business City  
Singapore 117438



(65) 6377 6111



(65) 6273 8607



[www.mapletreeindustrialtrust.com](http://www.mapletreeindustrialtrust.com)



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