



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

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## **ANNOUNCEMENT ACQUISITION OF TWO PROPERTIES WORTH S\$28.7 MILLION**

### **1 INTRODUCTION**

#### **1.1 The Acquisitions**

1.1.1 Mapletree Logistics Trust Management Ltd., as manager of Mapletree Logistics Trust ("MapletreeLog", and manager of MapletreeLog, the "Manager"), has identified 97 Ubi Avenue 4 Singapore 408754 (the "Ubi Property") and 8 Loyang Crescent Singapore 509016 (the "Loyang Property" and together, the "Properties") for acquisition by MapletreeLog at an aggregate purchase price of S\$28.7 million (together, the "Acquisitions" and each an "Acquisition").

1.1.2 In connection with the Acquisitions, HSBC Institutional Trust Services (Singapore) Limited, as trustee of MapletreeLog (the "Trustee"), has entered into separate conditional put and call option agreements (together, the "Option Agreements" and each an "Option Agreement"), with the respective owners of the Properties.

1.1.3 Under each of the Option Agreements:-

- (i) the vendors have granted to the Trustee the relevant call options (together, the "Call Options" and each a "Call Option") to require the relevant vendors to enter into separate agreements with the Trustee for the sale of the Properties (in the form of the purchase agreement appended to the respective Option Agreements (together, the "Purchase Agreements" and each a "Purchase Agreement")) to the Trustee; and
- (ii) the Trustee has granted to the vendors the relevant put options (together, the Put Options" and each a "Put Option") to require the Trustee to enter into the separate Purchase Agreements for the purchase of the Properties from the respective vendors.

#### **1.2 Disclosure Requirements Under the Listing Manual**

The Manager is making this announcement because the Acquisitions, when aggregated together, will constitute a discloseable transaction under Chapter 10 of the Listing Manual of SGX-ST.

### **2 INFORMATION ON THE PROPERTIES**

#### **2.1 97 Ubi Avenue 4 Singapore 408754**

2.1.1 The Ubi Property is owned by SNP Corporation Ltd ("SNP") and comprises a four-storey production area cum warehouse and ancillary office used by SNP. It is located within the established Ubi Industrial Estate which has easy access to both the city and the airport via Pan-Island Expressway ("PIE").

2.1.2 Completed in year 1992, the Ubi Property, with a gross floor area of 10,469 sqm, sits on leasehold land covering an area of 5,499 sqm. The leasehold land comprises of two lots as follows:-

(i) Lot 4405T of Mukim 23

This lot has an initial leasehold term of 30 years from Housing and Development Board ("HDB"), commencing from 1 December 1989, with an option to renew for a further term of 30 years commencing on the date immediately following the expiry of the initial leasehold term; and

(ii) Lot 5277T of Mukim 23

This lot has an initial leasehold term of 28 years from HDB, commencing from 1 September 1991, with an option to renew for a further term of 30 years commencing on the date immediately following the expiry of the initial leasehold term.

**2.2 8 Loyang Crescent Singapore 509016**

2.2.1 The Loyang Property is owned by Kenyon Engineering Pte. Ltd. ("Kenyon") and comprises a six-storey production centre cum warehouse with an ancillary office building. It is located within the established Loyang Industrial Estate, which enjoys proximity to the airport and convenient access to major expressways such as PIE and Kranji Expressway ("KJE").

2.2.2 Completed in year 2001, the Loyang Property, with a gross floor area of 14,522 sqm, sits on leasehold land covering an area of 7,921 sqm. The leasehold land has an initial leasehold term of 30 years from JTC Corporation ("JTC"), commencing from 1 June 2000, with an option to renew for a further term of 23 years commencing on the date immediately following the expiry of the initial leasehold term.

**3 VALUES OF THE PROPERTIES**

**3.1 97 Ubi Avenue 4 Singapore 408754**

The Ubi Property was valued at S\$12.17 million in a valuation report dated 3 October 2005 prepared by Jones Lang Lasalle Property Consultants Pte Ltd ("JLL") in accordance with the instructions issued by the Trustee. The valuation was prepared using the discounted cash flow approach, direct capitalisation approach as well as the direct comparison method.

**3.2 8 Loyang Crescent Singapore 509016**

The Loyang Property was valued at S\$16.5 million in a valuation report dated 30 September 2005 prepared by Colliers International Consultancy & Valuation (Singapore) Pte Ltd ("Colliers") in accordance with the instructions issued by the Trustee. The valuation was prepared using the discounted cash flow approach, direct capitalisation approach as well as the direct comparison method.

## 4 PRINCIPAL TERMS OF THE ACQUISITIONS

### 4.1 The Option Agreements

#### 4.1.1 97 Ubi Avenue 4 Singapore 408754

The principal terms of the Option Agreement relating to the Ubi Property (the "Ubi Option Agreement") are as follows:-

- (i) **Purchase to be on the terms and conditions of the Purchase Agreement:** The Call Option granted by SNP to the Trustee and the Put Option granted by the Trustee to SNP provide for the sale and purchase of the Ubi Property to be on the terms and conditions of the Purchase Agreement relating to the Ubi Property (the "Ubi Purchase Agreement") in the event that either the Trustee or SNP becomes entitled to exercise, respectively, the Call Option or the Put Option and so exercises its option;
- (ii) **Conditions Precedent:** The rights of the Trustee and SNP to exercise, respectively, the Call Option and the Put Option depend upon, *inter alia*, the following conditions (the "Ubi Relevant Conditions") being fulfilled by 19 December 2005 (or such other date as may be determined in accordance with the Ubi Option Agreement) (the "Ubi Target Date"), unless otherwise waived by the Trustee in writing:-
  - (a) The approval of the shareholders of SNP for the sale of the Ubi Property; and
  - (b) The approval from HDB for the sale and leaseback of the Ubi Property to MapletreeLog;
- (iii) **Purchase Price:** The purchase price of the Ubi Property is S\$12.17 million (including the option fee of S\$121,700) which will be paid in cash upon completion of the Acquisition. The option fee was paid by the Trustee upon the execution of the Ubi Option Agreement. The option fee is wholly refundable, *inter alia*, in the event that any of the Relevant Conditions are not met by the Ubi Target Date but will otherwise be applied towards the deposit of S\$1.217 million upon entry of the Ubi Purchase Agreement between SNP and the Trustee, which deposit shall form part of the purchase price; and
- (iv) **Termination of the Ubi Option Agreement:** If any of the Relevant Conditions (other than those which the Trustee has confirmed in writing to SNP as having been waived by the Trustee) is not fulfilled by the Ubi Target Date, the Ubi Option Agreement shall cease and determine and, save for the obligation of SNP to refund the option fee to the Trustee, neither party shall have any further claim against the other for costs, damages, compensation or otherwise.

#### 4.1.2 8 Loyang Crescent Singapore 509016

The principal terms of the Option Agreement relating to the Loyang Property (the "Loyang Option Agreement") are as follows:-

- (i) **Purchase to be on the terms and conditions of the Purchase Agreement:** The Call Option granted by Kenyon to the Trustee and the Put Option granted by the Trustee to Kenyon provide for the sale and purchase of the Loyang Property to be on the terms and conditions of the Purchase Agreement relating to the Loyang Property (the “Loyang Purchase Agreement”) in the event that either the Trustee or Kenyon becomes entitled to exercise, respectively, the Call Option or the Put Option and so exercises its option;
- (ii) **Conditions Precedent:** The rights of the Trustee and Kenyon to exercise, respectively, the Call Option and the Put Option depend upon, *inter alia*, the following conditions (the “Loyang Relevant Conditions”) being fulfilled by 12 weeks from the date of the Loyang Option Agreement (or such other date as may be determined in accordance with the Option Agreement) (the “Loyang Target Date”), unless otherwise waived by the Trustee in writing:-
  - (a) The approval of the shareholders of Kenyon for the sale of the Loyang Property; and
  - (b) The approval from JTC for the sale and leaseback of the Loyang Property to MapletreeLog;
- (iii) **Purchase Price:** The purchase price of the Loyang Property is S\$16.5 million (including the option fee of S\$165,000) which will be paid in cash upon completion of the Acquisition. The option fee was paid by the Trustee upon the execution of the Loyang Option Agreement. The option fee is wholly refundable, *inter alia*, in the event that any of the Loyang Relevant Conditions are not met by the Loyang Target Date but will otherwise be applied towards the deposit of S\$1.65 million upon entry of the Loyang Purchase Agreement between Kenyon and the Trustee, which deposit shall form part of the purchase price; and
- (iv) **Termination of the Loyang Option Agreement:** If any of the Loyang Relevant Conditions (other than those which the Trustee has confirmed in writing to Kenyon as having been waived by the Trustee) is not fulfilled by the Loyang Target Date, the Loyang Option Agreement shall cease and determine and, save for the obligation of Kenyon to refund the option fee to the Trustee, neither party shall have any further claim against the other for costs, damages, compensation or otherwise.

## 4.2 The Purchase Agreements

### 4.2.1 97 Ubi Avenue 4 Singapore 408754

The Ubi Purchase Agreement provides that SNP will lease the Ubi Property for 7 years upon completion at an initial annual rental income of S\$1.352 million for the first year of the term with stepped rental increases in the subsequent years of lease.

### 4.2.2 8 Loyang Crescent Singapore 509016

The Loyang Purchase Agreement provides that Kenyon will lease the Loyang Property for 7 years upon completion at an initial annual rental income of S\$1.307 million for the first year of the term with stepped rental increases in the subsequent years of lease.

## 5 RATIONALE AND BENEFIT OF THE ACQUISITIONS TO MAPLETREELOG

### 5.1 The Acquisitions are in Line with the Manager's Investment Strategy

The Manager aims to achieve distribution growth and to enhance the value of MapletreeLog's property portfolio over time through, *inter alia*, selectively acquiring additional properties that meet the Manager's investment criteria. The Acquisitions will be in line with the investment strategy of the Manager as it is currently expected that the Properties will be accretive to MapletreeLog's distributable income.

#### 5.1.1 97 Ubi Avenue 4 Singapore 408754

Based on the purchase price of S\$12.17 million for the Acquisition, the Ubi Property is expected to deliver a property yield of 7.3% (before acquisition costs) in the first year.

#### 5.1.2 8 Loyang Crescent Singapore 509016

Based on the purchase price of S\$16.5 million for the Acquisition, the Loyang Property is expected to deliver a property yield of 7.1% (before acquisition costs) in the first year.

### 5.2 Diversification of MapletreeLog's Portfolio

The Acquisitions will further diversify MapletreeLog's portfolio of properties and tenant mix as well as improve the overall occupancy rate.

### 5.3 "Follow The Client" Strategy

In recent years, SNP and Kenyon have expanded their businesses into the region and MapletreeLog hopes to dovetail these clients' regional expansion by being their real estate partner.

## 6 METHOD OF FINANCING AND THE FINANCIAL EFFECTS OF THE ACQUISITIONS

The acquisitions of the properties are expected to be completed by end of the year, subject to their respective conditions precedent being satisfied, including MapletreeLog securing sufficient financing. MapletreeLog has adequate debt capacity to fund these two acquisitions. Assuming 100% debt financing, MapletreeLog's debt-equity ratio would increase from 25.2% to 31.5%. This does not, however, preclude the Manager from considering alternative funding options such as the issuance of new units in MapletreeLog in the near future to refinance its debt, and/or in conjunction with other acquisitions. The two acquisitions generate a weighted average yield of 7.2% against MapletreeLog's implied Net Property Income yield of about 4.6%<sup>1</sup>.

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<sup>1</sup> The Manager is unable to show the effect of the Acquisitions on the net tangible asset per Unit and on the distribution per Unit for the most recently completed financial year, assuming that the Acquisitions had been effected at the beginning of that financial year, as the relevant historical financial information is not available. The prospectus of MapletreeLog dated 18 July 2005 (the "Prospectus") had set out the reasons why the Manager was unable to prepare pro forma statements of total return, cash flow statements and balance sheets to show the pro forma historical financial performance of MapletreeLog. On the basis of these reasons, MapletreeLog was granted a waiver by the SGX-ST from the requirement to prepare historical pro forma statements of total return, cash flow statements and balance sheets and none were shown in the Prospectus. Further, the net profits attributable to the Ubi Property and the Loyang Property are not available because both Properties are being occupied by their respective vendors prior to their acquisition by MapletreeLog and will be leased back to their respective vendors thereafter.

## 7 INTERESTS OF DIRECTORS AND SUBSTANTIAL UNITHOLDERS

- 7.1 The vendor of the Ubi Property, SNP, being the subsidiary of an indirect wholly owned subsidiary of Temasek Holdings (Private) Limited (which is a controlling unitholder of MapletreeLog (“Unitholder”) and of which the Manager is a wholly owned subsidiary), is considered, for the purpose of the Acquisition of the Ubi Property by MapletreeLog, to be an “interested party” under Appendix 2 of the Code on Collective Investments Schemes (the “Property Funds Guidelines”) and an “interested person” under the Listing Manual of Singapore Exchange Securities Trading Limited (the “Listing Manual”).
- 7.2 While paragraph 6.1 of the Property Funds Guidelines states that a property fund such as MapletreeLog may not acquire properties from “interested parties” (as defined in the Property Funds Guidelines) during the 12-month period following the date of the first public launch / offer of the property fund (being 18 July 2005 in MapletreeLog’s case) (the “12-Month Moratorium”), the Monetary Authority of Singapore has, in its letter dated 23 September 2005, waived the 12-Month Moratorium in relation to the Acquisition of the Ubi Property by MapletreeLog.
- 7.3 Save for the above, no directors of the Manager or substantial Unitholders are interested in the Acquisitions.

## 8 STATEMENT FROM THE AUDIT COMMITTEE

Having considered the terms and conditions of the Ubi Option Agreement, as well as the rationale for the acquisition of the Ubi Property, the audit committee of the Manager (which comprises the independent directors of the Manager) is of the view that the acquisition of the Ubi Property is on normal commercial terms and would not be prejudicial to the interests of MapletreeLog and its minority Unitholders.

## 9 OTHER INFORMATION

### 9.1 Directors’ Service Contracts

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

### 9.2 Disclosure Under Rule 1010(13) of the Listing Manual

- 9.2.1 Chapter 10 of the Listing Manual classifies transactions by MapletreeLog into (i) non-discloseable transactions, (ii) discloseable transactions, (iii) major transactions and (iv) very substantial acquisitions or reverse takeovers, depending on the size of the relative figures computed on, *inter alia*, the following bases:-
- (i) the net profits attributable to the assets acquired or disposed of, compared with MapletreeLog’s net profits;
  - (ii) the aggregate value of the consideration given, compared with MapletreeLog’s market capitalisation; and
  - (iii) the number of Units issued by MapletreeLog as consideration for the acquisition of the Properties, compared with the number of Units previously in issue.

9.2.2 Based on the aggregate purchase consideration of the Properties and MapletreeLog's market capitalisation as at 5 October 2005, the relative figure for the basis of comparison set out in paragraph 9.2.1(ii) in relation to the Acquisitions is 5.4%<sup>2</sup>.

9.2.3 As the relative figure in relation to the Acquisitions for the basis of comparison set out in paragraph 9.2.1(ii) exceeds 5.0% but does not exceed 20.0%, the Acquisitions, when aggregated together, constitute a "discloseable transaction" under Chapter 10 of the Listing Manual.

### 9.3 Documents for Inspection

Copies of the following documents are available for inspection during normal business hours (prior appointment will be appreciated) at the registered office of the Manager at 1 Maritime Square #13-01 HarbourFront Centre Singapore 099253 for a period of 3 months commencing from the date of this Announcement:-

- (i) the Option Agreements;
- (ii) the form of the Purchase Agreements (as appended to the respective Option Agreements); and
- (iii) the valuation reports on the Properties.

10 In relation to the initial public offering of MapletreeLog, the joint financial advisers, underwriters and bookrunners were DBS Bank and UBS, and the co-lead manager and sub-underwriter was CIMB-GK Securities Pte. Ltd.

By Order of the Board  
Giam Lay Hoon (Ms)  
Company Secretary  
Mapletree Logistics Trust Management Ltd.  
(Company Registration No. 200500947N)  
As Manager of Mapletree Logistics Trust

6 October 2005

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<sup>2</sup> The relative figures for the basis of comparison set out in paragraph 9.2.1(i) is not available because, as stated in footnote 1 above, the relevant historical financial information is not available. The basis of comparison set out in paragraph 9.2.1(iii) is inapplicable as no new Units will be issued as consideration for the Acquisitions.

**Important Notice**

This Announcement is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for Units.

This Announcement 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 other companies and venues for the sale or distribution of goods and services, shifts in customer demands, customers and partners, changes in operating expenses (including employee wages, benefits and training costs), governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. Investors are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager's current view on future events. The past performance of MapletreeLog and the Manager are not necessarily indicative of the future performance of any of them.

The value of Units and the income derived from them may fall as well as rise. Units are not obligations of, deposits in, or guaranteed by, the Manager, or any of its affiliates. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested.

Investors have no right to request the Manager to redeem their Units while the Units are listed. It is intended that Unitholders of MapletreeLog may only deal in their Units through trading on the Singapore Exchange Securities Trading Limited ("SGX-ST"). Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

The information in this Announcement must not be published outside the Republic of Singapore and in particular, but without limitation, must not be published in any United States edition of any publication.