



(Constituted in the Republic of Singapore pursuant to a trust deed dated 25 August 2005 (as amended))

ANNOUNCEMENT

RESPONSES TO SUBSTANTIAL AND RELEVANT QUESTIONS

1. RESPONSES TO SUBSTANTIAL AND RELEVANT QUESTIONS

Mapletree Commercial Trust Management Ltd., as manager of Mapletree Commercial Trust (“MCT”, and as manager of MCT, the “MCT Manager”) would like to thank all unitholders of MCT (“MCT Unitholders”) who have submitted their questions in advance of the extraordinary general meeting of MCT Unitholders (the “EGM”) to be convened and held by way of electronic means at 10.00 a.m. on Monday, 23 May 2022, for the purpose of considering, and if thought fit, passing the resolutions in relation to the Merger, the issue of Consideration Units as full or part of the consideration for the Merger, the Whitewash Resolution and the MCT Trust Deed Amendments.

The MCT Manager refers to the announcement dated 13 May 2022 issued by the MCT Manager in relation to its responses to the substantial and relevant questions received from MCT Unitholders (the “Responses to Substantial and Relevant Questions Announcement”). Further to the Responses to Substantial and Relevant Questions Announcement, the MCT Manager has received additional questions from MCT Unitholders before the stipulated deadline of 10.00 a.m. on Saturday, 14 May 2022. The MCT Manager’s responses to such additional substantial and relevant questions can be found in the **Appendix** to this Announcement.

Unless otherwise defined, all capitalised terms used and not defined herein shall have the same meanings given to them in the circular issued by the MCT Manager to MCT Unitholders on 29 April 2022 (the “Circular”).

2. RESPONSIBILITY STATEMENT

The directors of the MCT Manager (the “Directors”) (including those who may have delegated detailed supervision of this Announcement) have taken all reasonable care to ensure that the facts stated and opinions expressed in this Announcement (including the responses in the Appendix) which relate to MCT and/or the MCT Manager (excluding those relating to MNACT and/or the MNACT Manager) are fair and accurate and that there are no other material facts not contained in this Announcement (including the responses in the Appendix) the omission of which would make any statement in this Announcement (including the responses in the Appendix) misleading. The Directors jointly and severally accept responsibility accordingly.

Where any information has been extracted or reproduced from published or otherwise publicly available sources or obtained from a named source (including MNACT and/or the MNACT Manager), the sole responsibility of the Directors has been to ensure through reasonable enquiries that such information is accurately extracted from such sources or, as the case may be, reflected or reproduced in this Announcement (including the responses in the Appendix). The Directors do not accept any responsibility for any information relating to MNACT and/or the MNACT Manager or any opinion expressed by MNACT and/or the MNACT Manager.

By Order of the Board
Wan Kwong Weng
Joint Company Secretary
Mapletree Commercial Trust Management Ltd.
(Company Registration No. 200708826C)
As Manager of Mapletree Commercial Trust

17 May 2022

Any queries relating to this Announcement, the Merger, the Trust Scheme or the Preferential Offering should be directed to one of the following:

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IMPORTANT NOTICE

The value of the MCT Units and the income derived from them may fall as well as rise. MCT Units are not obligations of, deposits in, or guaranteed by, the MCT Manager, or any of its affiliates.

An investment in MCT Units is subject to investment risks, including the possible loss of the principal amount invested. Investors have no right to request the MCT Manager to redeem their MCT Units while the MCT Units are listed. It is intended that the MCT Unitholders may only deal in their MCT Units through trading on the SGX-ST. Listing of the MCT Units on the SGX-ST does not guarantee a liquid market for the MCT Units.

This Announcement is for information only and does not constitute or form part of an offer or solicitation of an offer to sell or invitation to subscribe for or acquire any units in MCT.

The past performance of MCT and the MCT Manager, in its capacity as manager of MCT, is not necessarily indicative of the future performance of MCT and the MCT Manager.

This Announcement may contain forward-looking statements that involve assumptions, 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 developments or companies, shifts in expected levels of occupancy rate, property rental income, charge out collections, 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 terms necessary to support future business.

Investors are cautioned not to place undue reliance on these forward-looking statements, which are based on the MCT Manager's view of future events.

Nothing in this Announcement should be construed as financial, investment, business, legal or tax advice and you should consult your own independent professional advisers. Neither the MCT Manager nor any of its affiliates, advisers or representatives shall have any liability whatsoever (in negligence or otherwise) for any loss howsoever arising, whether directly or indirectly, from any use, reliance or distribution of this Announcement or its contents or otherwise arising in connection with this Announcement.

Appendix

Unless otherwise defined, all capitalised terms used and not defined herein shall have the same meanings given to them in the Circular. For brevity, similar and overlapping questions have been grouped together and will not be responded individually; some questions have also been edited for clarity.

Merger-Related Questions

1.	How was the revised management fee structure derived?		
	<ul style="list-style-type: none"> • The Merger has provided a timely opportunity for the MCT Manager to propose a new fee structure that is pegged to distributable income and DPU growth: <ul style="list-style-type: none"> - MCT's current fee structure constitutes a base fee of 0.25% per annum of the value of the Group's Deposited Property and a performance fee of 4.0% per annum of the Group's Net Property Income. - With the proposed new fee structure, the management free for the MCT Manager following the completion of the Merger constitutes a base fee of 10.0% of Distributable Income ("DI") per annum and performance fee of 25.0% of the year-on-year growth in DPU per annum. • Under the current fee structure, the MCT Manager would be entitled to a performance fee regardless of DPU growth. The revised management fee structure, which is pegged to DI and DPU growth, <u>enables closer alignment of interests</u> with unitholders of the Merged Entity by <u>incentivising sustainable DI and DPU growth</u>. • This revised fee structure (base fee of 10.0% of DI and performance fee based on 25.0% of year-on-year DPU growth) is aligned with market practice of comparable peers. • In the MCT IFA Letter, the MCT IFA has observed that the revised management fee structure of the Merged Entity "<u>is in line with market practice of selected comparable S-REITs</u>". Accordingly, the MCT IFA has advised the Audit and Risk Committee of the MCT Manager and the MCT Independent Directors to recommend that the independent MCT Unitholders vote in favour of Resolution 4 (MCT Trust Deed Amendments), which relates to the proposed amendments to the MCT Trust Deed to adopt the Management Fee Supplement. • Please refer to Section 12.4.3, 12.4.5(B) and 13 of Appendix C of the Circular for a comprehensive analysis of the management fee structure of the Merged Entity and the MCT IFA's opinion. • MCT Unitholders should note that the <u>new fee structure will result in lower management fees for the Merged Entity as a percentage of total assets</u>. 		
	FY21/22	MCT (based on MCT's current fee structure)	Merged Entity Pro forma basis
	Management fee estimates	Assuming the Merged Entity continues to apply MCT's	Based on the proposed new fee structure

		current fee structure	
Manager's base fee (S\$m)	22.2	43.6	56.8 ⁽¹⁾ – 57.4 ⁽²⁾
Manager's performance fee (S\$m)	15.5	28.6	2.8 ⁽²⁾ – 6.3 ⁽¹⁾
Total (S\$m)	37.8	72.2	60.2⁽²⁾ – 63.1⁽¹⁾
Total assets (S\$m)	8,984.5	17,440.6	17,440.6
Total management fee as a % of total assets	0.42%	0.41%	0.35%⁽²⁾ – 0.36%⁽¹⁾

Notes: Percentage values may not add up due to rounding differences.

(1) Assuming all MNACT Unitholders (excluding the MIPL Entities) elect to receive the Cash-and-Scrip Consideration or Cash-Only Consideration.

(2) Assuming all MNACT Unitholders elect to receive the Scrip-Only Consideration.

- For illustration, assuming all MNACT Unitholders (excluding the MIPL Entities) elect to receive the Cash-and-Scrip Consideration and/or the Cash-Only Consideration, the total management fees for the Merged Entity based on the new fee structure (and based on the historical pro forma financial information for FY21/22) is between S\$60.3 million and S\$63.2 million (between 0.35% and 0.36% of the Merged Entity's total asset base), which is lower than the S\$72.2 million (0.41% of the Merged Entity's total asset base) if the Merged Entity were to continue with MCT's existing fee structure. This is in spite of the Merger that is expected to deliver between 4.3% to 6.8% of accretion to DPU on a pro forma basis (depending on the final consideration mix as a result of the Merger).
- Finally, the proposed revision in management fee structure will only be adopted if the Merger proceeds and is subject to MCT Unitholders' approval of Resolution 4 (MCT Trust Deed Amendments) by way of an Extraordinary Resolution, which is a resolution proposed and passed as such by a majority consisting of 75.0% or more of the total number of votes cast for and against the resolution. Each of the MCT Manager, Temasek, Fullerton, the Sponsor and their associates, as well as non-independent directors of the MCT Manager, will abstain from voting on Resolution 4 (MCT Trust Deed Amendments).

2. The MCT Manager frequently points to a potential accretion in DPU if the proposed merger proceeds. However, it fails to point out that having a non-Singapore exposure exposes MCT to more risks, e.g. country-specific and forex risks etc. Does the increase in DPU necessarily commensurate with the additional risk being taken?

- The MCT Manager has considered the benefits and risks involved with the enlarged portfolio in an expanded geographic footprint. We recognise that geopolitical uncertainties will continue to exist, and there can be no "perfect time" or "perfect portfolio" to acquire.
- In addition, the Scheme Consideration from which the pro forma financial effects of the Merger have been derived is further backed by the independent full valuations of MNACT's underlying properties as at 31 March 2022. In determining the fair market value of the properties, the MNACT Independent Valuers have considered the potential recovery of the Greater China markets. As such, any short-term uncertainties arising from geopolitical uncertainties as well as the long-term benefits of the assets have

already been accounted for within the Scheme Consideration and by extension the derived pro forma financial effects.

- This Merger provides a clear pathway for growth and gives MCT Unitholders financial benefits on a FY21/22 historical pro-forma basis and access to attractive footholds into North Asia, supported by established local operational teams with extensive experience and track record. Growth and expansion in Pan Asia is therefore much easier as opposed to buying individual assets and trying to build an operational team from scratch. We believe Asia is the natural place to expand into given common background and familiarity. MNACT provides a ready platform with footholds in key gateway cities of Asia – Hong Kong SAR, Shanghai, Beijing, Seoul, Tokyo. This allows MCT to quickly ramp up in multiple geographies as opposed to building up from scratch.
- Please refer to Questions 3, 4 and 5 of the Responses to Substantial and Relevant Questions Announcement dated 13 May 2022 for the MCT Manager’s full response on the rationale of the Merger and forex management policy.
- Part 6 of Schedule 1 (“Risk Factors Relating to the Merger and the Merged Entity”) of the Circular dated 29 April 2022 further sets out risk factors relating to the Merger for MCT Unitholders’ consideration.