

*For Immediate Release*

## MAPLETREELOG STRENGTHENS Foothold IN JAPAN WITH PORTFOLIO ACQUISITION

**Singapore, 22 March 2007** – Mapletree Logistics Trust Management Ltd. (“MLTM”), Manager of Mapletree Logistics Trust (“MapletreeLog”), is pleased to announce that MapletreeLog, through its wholly-owned subsidiary, has signed a letter of undertaking to enter into a Tokumei Kumiai Agreement with a business operator, a *Godo Kaisha* in Japan, to acquire the beneficiary interest of five logistics facilities in Japan. The said *Godo Kaisha* has signed a Beneficiary Interest Assignment Agreement to purchase the beneficiary interest of five logistics facilities in Japan from a special purpose company managed by Itochu Corporation (“Itochu”) in its capacity as asset manager, for a total consideration of JPY 27.8 billion (S\$350.8 million<sup>1</sup>).

The *Godo Kaisha* was incorporated in Japan under the Tokumei Kumiai investment structure. Itochu is a major Japanese trading company whose businesses cover a wide spectrum of industries including real estate and logistics.

Four of the properties are located in the Greater Tokyo area and the fifth is located in the Kyoto (Kansai) area. The transaction has been structured as an outright sale of beneficiary rights with assignment of existing tenancies.

The deal will be accretive to MapletreeLog’s distribution per unit (“DPU”) and the pro forma financial effect of the acquisitions on the DPU for the financial year ended 31 December 2006 would be an additional 0.56 Singapore cents per unit<sup>2</sup>.

<sup>1</sup> Based on an exchange rate of S\$1.00 to JPY 79.26

<sup>2</sup> Assuming that MapletreeLog had purchased, held and operated the subject properties for the whole of the financial year ended 31 December 2006 (based on 41 properties) and that the acquisition is fully funded by debt

The acquisition of this portfolio of assets is MapletreeLog's single largest transaction to date and is the second deal between Itochu and the Trust. MapletreeLog had completed the acquisition of Gyoda Distribution Centre, its first property in Japan, from Itochu last month.

### **Benefits and rationale of the Acquisitions**

Mr. Chua Tiow Chye, Chief Executive Officer of MLTM, said, "We are very pleased to have won this deal which is one of our most accretive purchases so far and which will further expand our market penetration in Japan. It is quite rare to be able to purchase such a large and good quality portfolio of assets. We have a positive view on the Japanese market, with its improving economic conditions as well as the growing outsourcing trend. The five Japanese assets in the portfolio are all strategically located close to transportation infrastructure and key distribution and logistics hubs. Four of the properties are newly completed and boast modern building specifications."

"This portfolio of assets is accompanied by long lease tenures which vary from seven to 18 years from tenants with very good credit standing, bolstering our core base of leases which yield stable and recurrent rental income. They complement the shorter term leases in our portfolio in higher growth markets such as China, Malaysia and Hong Kong. The addition of these longer-term leases will lengthen the average lease tenure and the unexpired lease term of underlying land of MapletreeLog's portfolio, given that the underlying land tenure of all the subject properties is freehold in nature."

"This deal further demonstrates the strong collaboration that we have with Itochu. They have played an important role in some of our transactions in Hong Kong and China, resulting in some of our acquisitions there. They have also made it possible for us to acquire Gyoda Distribution Centre, our first property in Japan. We look forward to working with Itochu on more mutually beneficial projects," Mr. Chua added.

Besides providing geographical diversification, the portfolio acquisition also enhances the overall profile of MapletreeLog's portfolio with its strong tenant base. They include top Japanese third party logistics ("3PL") service providers and major supermarket suppliers.

According to the Economist Intelligence Unit, Japan's economy has expanded by 2.2% in 2006 as a whole, its fastest growth in two years. The think tank's outlook for the country's economy remains favourable and it forecast that the economy would grow at 2.0% in 2007 and 2.1% in 2008<sup>3</sup>.

The improving economic conditions in Japan and the consequent increase in business activities have boosted demand for new logistics facilities. Another factor is the increasing trend of companies outsourcing their logistics operations to 3PL operators, which allows them to streamline their balance sheets as well as focus their resources on their core operations. According to Colliers International<sup>4</sup>, demand for quality logistics space in Japan is picking up, driven by corporate capital investment. There is a shortage of bigger, modern and efficient distribution centres located in key areas. Currently, modern distribution facilities that measure more than 3,000 sqm in floor area represent less than half of the total national stock in Japan.

### Funding

The acquisition is expected to be completed by mid-2007. Given the relative lower cost of borrowing in Japanese yen, the Manager intends to fund the acquisition of this portfolio of five properties wholly by debt.

The lower cost of funding in Japanese yen is evident from the lower rate for the three-month TIBOR (Tokyo Interbank Offered Rate) and three-year JPY Swap Rate of 0.67%<sup>5</sup> and 1.05% respectively, as compared to the three-month Singapore dollar SOR (Swap Offered Rate) and three-year Singapore dollar Swap Rate of 3.11% and 3.06% respectively.

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<sup>3</sup> Economist Intelligence Unit, 1 February 2007

<sup>4</sup> Colliers International, "Asia Pacific Industrial Market Overview", November 2006

<sup>5</sup> Bloomberg, 21 March 2007

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The Trust will also benefit from the positive interest rate differentials in favour of the Singapore dollar as compared to Japanese yen, by structuring the acquisition in such a way that the properties' net income inflows in Japanese yen will be exchanged for Singapore dollars through a currency swap. Based on the prevailing forward contract rates, the average annual pick-up is estimated to be between 1% to 2%.

### **General Description of the properties**

#### **1. Atsugi Centre**

Atsugi Centre is a two-storey temperature-controlled warehouse/distribution centre with an ancillary office and is currently used as a construction material distribution centre. It is located within the Kanagawa Prefecture, one of the key logistics nodes in the Greater Tokyo Area. The property is easily accessible by two major expressways, Tomei and Chuo Expressways and main roads. The property is well connected to the western part of Japan, making it a convenient and ideal distribution hub for the Kanagawa region. It has a floor area of about 17,262 sqm and is located on freehold land which measures about 16,362 sqm. The tenant is a leading 3PL service provider in Japan.

#### **2. Ayase Centre**

Ayase Centre is a single-storey cold storage facility with ancillary office and is currently used as a food handling / packaging and distribution centre. It is located within the Kanagawa Prefecture, one of the key logistics nodes in the Greater Tokyo Area. The property is easily accessible by two major expressways, Tomei and Chuo Expressways and main roads. The property is well connected to the western part of Japan, making it a convenient and ideal distribution hub for the Kanagawa region. It has a floor area of about 3,903 sqm and is located on freehold land which measures about 7,633 sqm. The tenant is a 3PL service provider for food companies.

3. Funabashi Centre

The property consists of two blocks of two-storey logistics/distribution centres with ancillary office and is currently used as a food handling/packaging and distribution centre. It is located in the Chiba Prefecture, one of the key logistics nodes in the Greater Tokyo Area. The property has easy access to the Higashincanto Expressway, connecting it to the eastern part of Japan. The property is also located between Narita Airport and Tokyo city and is close to major roads such as road 357. It has a floor area of about 19,018 sqm and is located on freehold land which measures about 32,584 sqm. The tenants are 3PL service providers for food companies.

4. Zama Centre

The property is a four storey logistics/distribution centre with ancillary office and is currently used for the storage and distribution of communication and information technology equipment. It is located within the Kanagawa Prefecture, one of the key logistics nodes in the Greater Tokyo Area. The property is easily accessible by two major expressways, Tomei and Chuo Expressways and main roads. The property is well connected to the western part of Japan, making it a convenient and ideal distribution hub for the Kanagawa region. It has a floor area of about 41,171 sqm and is located on freehold land which measures about 21,128 sqm. The tenant is the logistics arm of a major Japanese manufacturer of communications and information technology equipment.

5. Kyoto Centre

The property is a single storey cold storage / distribution centre with ancillary office and is currently used for the packaging and distribution of frozen and fresh foodstuff as well as meat products. It is located in the Kyoto Prefecture and is about five minutes drive from the nearest Japan Railways station, the Nagaokakyo Station. It has a floor area of about 22,510 sqm and is located on freehold land which measures about 31,260 sqm. The tenant is a 3PL service provider for food companies.

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**About MapletreeLog ([www.mapletreelogisticstrust.com](http://www.mapletreelogisticstrust.com))**

MapletreeLog, the first Asia-focused logistics REIT in Singapore, was listed on the SGX-ST main board on 28 July 2005. The Trust is also one of the constituent stocks of Global Property Research's GPR 250 Index and GPR 250 REIT Index. MapletreeLog's principal strategy is to invest in a diversified portfolio of income-producing logistics real estate and real estate-related assets. It has a portfolio of 41 logistics assets in Singapore, Hong Kong, China and Malaysia valued at S\$1,429.0 million (as at 31 December 2006). MapletreeLog is managed by Mapletree Logistics Trust Management Ltd., a wholly-owned subsidiary of Mapletree Investments Pte Ltd.

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**Important Notice**

The value of units in MapletreeLog ("Units") and the income 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 MapletreeLog is not necessarily indicative of its future performance.

This release 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, property expenses and governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. You are cautioned not to place undue reliance on these forward looking statements, which are based on current view of management on future events.