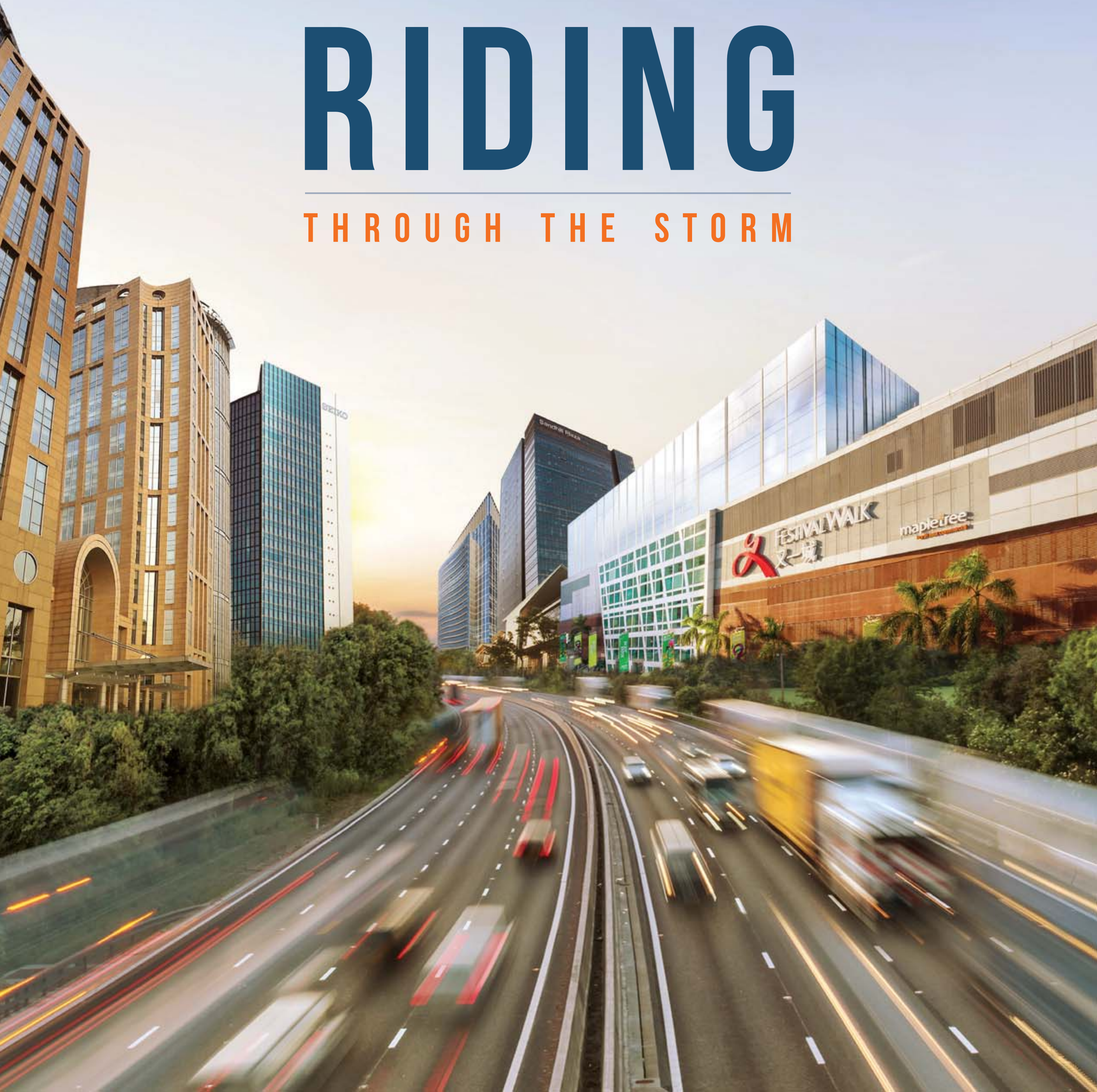
mapletree
north asia commercial

ANNUAL REPORT
2020/2021

RIDING

THROUGH THE STORM



RIDING THROUGH THE STORM

COVID-19 has severely disrupted the global economy and had brought about unprecedented challenges during FY20/21. To ride through the storm, the Manager has delivered swift measures to mitigate the impact on our tenants and MNACT's portfolio. These include continuing rental reliefs to support tenants and executing flexible leasing strategies to maintain high occupancy rates across our portfolio.

At the same time, we continued in our diversification strategy with the maiden acquisition of The Pinnacle Gangnam in South Korea. Together with the full-year contributions from two office properties in Japan acquired in February 2020, these have cushioned the impact from COVID-19 on MNACT's profit in the financial year.

While there are expectations for a gradual economic recovery in 2021 with vaccines rolled out progressively across the globe, increasing global infections and delays in vaccine deployment pose risks to the pace of recovery. As we navigate through the changing market environment, we will continue to improve the performance of our properties, seek out growth opportunities, and continue our prudent capital management strategy to deliver long-term value to our Unitholders.

CORPORATE PROFILE

Listed on the Singapore Exchange Securities Trading Limited ("SGX-ST") on 7 March 2013, Mapletree North Asia Commercial Trust ("MNACT") is the first real estate investment trust ("REIT") that offers investors the opportunity to invest in high-quality commercial properties situated in prime locations in China, in Hong Kong SAR[1], in Japan and in South Korea[2]. MNACT is also the fourth REIT sponsored by Mapletree Investments Pte Ltd ("MIPL" or the "Sponsor"), a leading real estate development, investment, capital and property management company headquartered in Singapore. It is managed by Mapletree North Asia Commercial Trust Management Ltd. ("MNACTM", or the "Manager"), a wholly-owned subsidiary of MIPL. As at 31 March 2021, MNACT had a market capitalisation of approximately S$3.6 billion.

MNACT's portfolio comprises 12 properties[3] in China, in Hong Kong SAR, in Japan and in South Korea with assets under management[4] of S$7.9 billion. As at 31 March 2021, they cover a lettable area of approximately 5.5 million square feet.

INITIAL PUBLIC OFFERING ("IPO")
07 March 2013

Assets Under Management

S$4.3b

7 March 2013
Mapletree Greater China Commercial Trust ("MGCCT") was listed on SGX-ST with two assets, **Festival Walk** and **Gateway Plaza**.

End FY15/16

S$5.9b

17 June 2015
Acquisition of **Sandhill Plaza** in Shanghai.

Festival Walk
Hong Kong SAR

Gateway Plaza
Beijing, China

Sandhill Plaza
Shanghai, China

IXINAL Monzen-nakacho Building ("MON")[5]
Tokyo, Japan

Higashi-nihonbashi 1-chome Building ("HNB")[5]
Tokyo, Japan

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[1] Hong Kong SAR refers to the Hong Kong Special Administrative Region ("SAR").

[2] Please refer to MNACT's SGX-ST Announcement dated 25 September 2020 titled "Expansion of Investment Mandate".

[3] Includes The Pinnacle Gangnam which was acquired on 30 October 2020. Please refer to MNACT's SGX-ST Announcement dated 30 October 2020 titled "Completion of Acquisition of 50.0% Interest in an Office Building Known as "The Pinnacle Gangnam" Located in Seoul, Korea".

[4] Please refer to page 22 in the Financial Review and Capital Management section for the valuations by asset. The valuation of The Pinnacle Gangnam was based on MNACT's 50.0% effective interest.

[5] Collectively known as the "Japan Properties".

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Kindly refer to the following information on this annual report ("Annual Report").

1. Online Annual Report: As part of the Manager's environmental conservation efforts, only limited copies of MNACT's Annual Report are printed. A PDF version of the Annual Report is available for download from **www.mapletreenorthasiacommercialtrust.com.**
2. Any discrepancies in the figures and percentages within the tables and charts are due to rounding. Where applicable, these are rounded to one decimal place.

End FY18/19

S$7.6b

End FY19/20

S$8.3b

End FY20/21

S$7.9b[6]

25 May 2018
Completed acquisition of six freehold office properties located in Greater Tokyo.
With effect from 25 May 2018, MGCCT was renamed Mapletree North Asia Commercial Trust.

28 February 2020
Completed acquisition of two freehold office properties located in Greater Tokyo.

30 October 2020
Completed acquisition of **50.0% interest** in **The Pinnacle Gangnam** in Seoul, South Korea.

TS Ikebukuro Building ("TSI")[5]
Tokyo, Japan

ABAS Shin-Yokohama Building ("ASY")[5]
Yokohama, Japan

SII Makuhari Building ("SMB")[5]
Chiba, Japan

Fujitsu Makuhari Building ("FJM")[5]
Chiba, Japan

Omori Prime Building ("Omori")[5]
Tokyo, Japan

mBAY POINT Makuhari ("MBP")[5]
Chiba, Japan

The Pinnacle Gangnam
Seoul, South Korea

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[6] The independent valuation of MNACT's portfolio (comprising Festival Walk, Gateway Plaza, Sandhill Plaza and the Japan Properties, but excluding The Pinnacle Gangnam) was S$7.7 billion as at 31 March 2021, 8.1% lower compared to 31 March 2020. This was largely due to lower market rents assumed by the valuers for Festival Walk and Gateway Plaza as a result of the impact of COVID-19 on the properties' performance, as well as the net translation loss (against Singapore Dollar ("SGD")) from the weaker Hong Kong Dollar ("HKD") and Japanese Yen ("JPY"), partially offset by the stronger Renminbi ("RMB"). The Pinnacle Gangnam was acquired on 30 October 2020. Including the valuation of MNACT's 50.0% effective interest in The Pinnacle Gangnam of S$271.7 million, MNACT's portfolio valuation amounted to S$7.9 billion. Please refer to page 22 in the Financial Review and Capital Management section.

FINANCIAL HIGHLIGHTS

For FY20/21, gross revenue and net property income ("NPI") increased by 10.4% and 5.2%, respectively, compared to FY19/20. The growth in gross revenue and NPI was mainly due to the full-year contributions from MBP and Omori, acquired on 28 February 2020. Additionally, as there were no rentals collected during the period of Festival Walk Temporary Closure[1] in FY19/20, the gross revenue and NPI in FY19/20 were lower. The increases in gross revenue and NPI were however partially offset by the continuing impact of COVID-19 in FY20/21, which saw higher rental reliefs granted to support tenants as well as lower average rental rates at Festival Walk and Gateway Plaza.

Distribution per unit ("DPU") in FY20/21 was 13.3% lower than that in FY19/20. This was due to top-ups to the distributable income ("Festival Walk Top-ups")[2] in FY19/20 to enable a certain level of distributable income and DPU to mitigate the loss of rental during the Festival Walk Temporary Closure. The DPU decline was partially mitigated by the contribution from The Pinnacle Gangnam, acquired during the period, and lower finance costs.

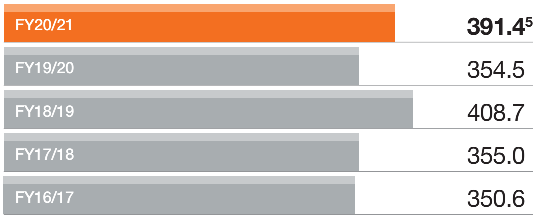
The value[3] of MNACT's portfolio (excluding The Pinnacle Gangnam) as at 31 March 2021 declined by 8.1% year-on-year, mainly due to the impact of COVID-19. Including the newly acquired The Pinnacle Gangnam, the assets under management was S$7.9 billion[4].

On the capital management front, the Manager continued to reduce finance costs with the lower interest environment and our active refinancing initiatives. We also remained prudent in mitigating the impact of interest rate and foreign exchange exposures and maintained a healthy liquidity position to meet short-to-medium term obligations as at 31 March 2021.

GROSS REVENUE

(S$M)

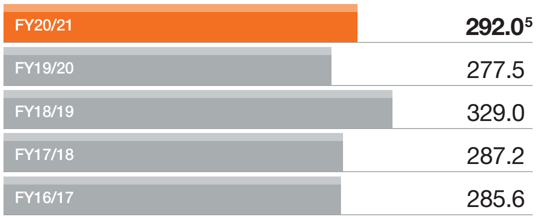
S$391.4m



NPI

(S$M)

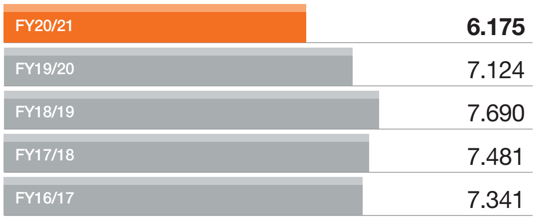
S$292.0m



DPU[6]

(CENTS)

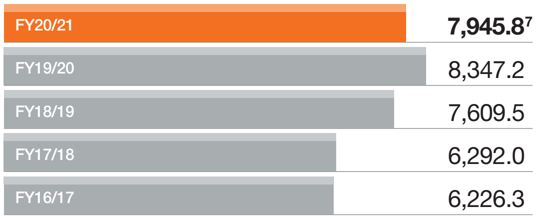
6.175 cents



ASSETS UNDER MANAGEMENT

(S$M)

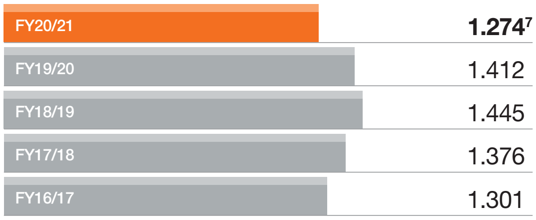
S$7,945.8m



NET ASSET VALUE ("NAV") PER UNIT

(S$)

S$1.274



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[1] Due to extensive damage incurred, Festival Walk mall was temporarily closed from 13 November 2019 to 15 January 2020 and its office tower from 13 to 25 November 2019 for major repair and recovery works. It reopened on 16 January 2020.

[2] Please refer to MNACT's SGX-ST 3Q FY19/20 Financial Results Announcements dated 17 January 2020 and SGX-ST 4Q FY19/20 Financial Results Announcements dated 29 April 2020.

[3] Please refer to the Financial Review and Capital Management section on page 22 for further information on portfolio valuation.

[4] Includes MNACT's 50.0% effective interest in The Pinnacle Gangnam.

[5] FY20/21 gross revenue and NPI do not include the contribution from The Pinnacle Gangnam, acquired on 30 October 2020. The asset's contribution is reflected as MNACT's share of profit of a joint venture, based on MNACT's 50.0% effective interest.

[6] MNACT amended its distribution policy to make distributions on a half-yearly basis starting from FY20/21.

a) For FY16/17, FY17/18 and FY20/21, MNACT's distribution policy was on a semi-annual basis. The full-year DPU is the sum of the first-half and second-half DPU paid to the Unitholders for the financial year based on the number of issued units as at the end of the respective half-year periods ended 30 September and 31 March.

b) For FY18/19 and FY19/20, MNACT's distribution policy was on a quarterly basis. The full-year DPU for both years is the sum of the 1Q, 2Q, 3Q and 4Q DPU based on the number of issued units as at the end of the respective quarters.

[7] Please refer to pages 22 and 23 in the Financial Review and Capital Management section.

CONTRIBUTION TO NPI

(FY20/21)

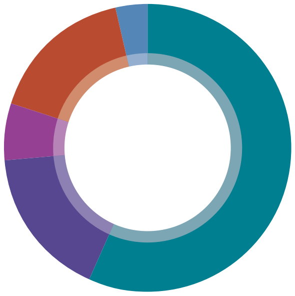
S$295.8m[1]

🟦	Festival Walk	**46.9%**
🟪	Gateway Plaza	**21.3%**
🟪	Sandhill Plaza	**8.1%**
🟥	Japan Properties	**22.4%**
🟦	The Pinnacle Gangnam	**1.3%**

CONTRIBUTION TO ASSETS UNDER MANAGEMENT[2]

(AS AT 31 MARCH 2021)

S$7,945.8m



🟦	Festival Walk	**56.9%**
🟪	Gateway Plaza	**16.8%**
🟪	Sandhill Plaza	**6.3%**
🟥	Japan Properties	**16.6%**
🟦	The Pinnacle Gangnam	**3.4%**

STATEMENT OF FINANCIAL POSITION HIGHLIGHTS

(S$M)

As at 31 March	2017	2018	2019	2020	2021
Total Assets	6,528.9	6,522.7	7,820.4	8,586.7	**8,088.7**
Total Gross Debt	2,564.7	2,368.2	2,877.7	3,383.5	**3,439.9**[3]
Net Assets Attributable to Unitholders	3,636.3	3,888.8	4,585.5[4]	4,721.5[4]	**4,375.7**[4]

KEY FINANCIAL INDICATORS

As at 31 March	2017	2018	2019	2020	2021
Distribution Yield[5] for the Financial Year (%)	7.2	6.5	5.8	8.8	**5.8**
Aggregate Leverage Ratio[6] (%)	39.2	36.2	36.6	39.3	**41.5**
Effective Interest Rate for the Financial Year (% per annum)	2.72	2.72	2.47	2.43	**1.99**
Interest Cover Ratio[7] on a Trailing 12-month Basis (times)	3.6	3.9	4.2	3.5	**3.7**
Percentage of Debt with Fixed Interest Cost (%)	71	78	86	77	**73**

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[1] As contribution from The Pinnacle Gangnam is reflected as MNACT's share of profit of a joint venture based on its 50.0% effective interest, FY20/21 NPI of S$292.0 million does not include the contribution from The Pinnacle Gangnam. On a pro-forma basis, FY20/21 NPI including MNACT's 50.0% share of the NPI from The Pinnacle Gangnam from 30 October 2020 would have been S$295.8 million.

[2] Includes MNACT's 50.0% effective interest in The Pinnacle Gangnam.

[3] Includes the proportionate share of Korean Won ("KRW") onshore borrowings in relation to The Pinnacle Gangnam.

[4] MNACT holds a 98.47% effective interest in the Japan Properties. The net assets attributable to Unitholders exclude the non-controlling interests of 1.53% held by Mapletree Investments Japan Kabushiki Kaisha ("MIJ" or the "Japan Asset Manager").

[5] Percentage of full-year DPU over closing unit price for the financial year.

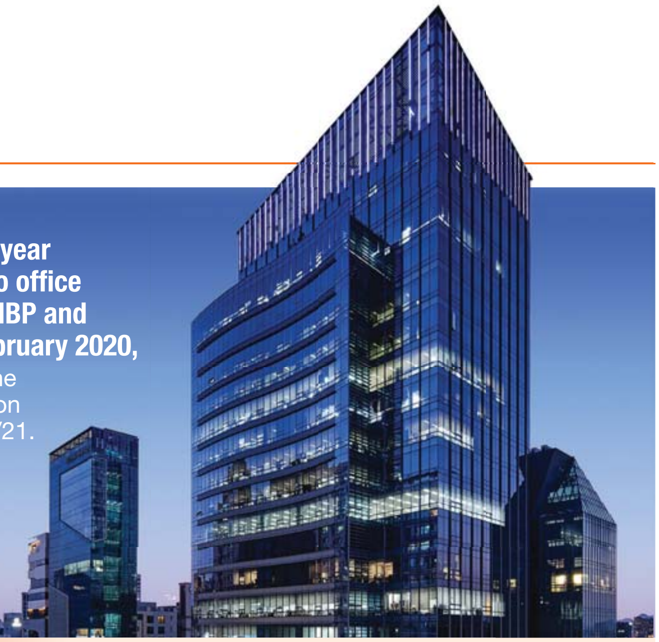
[6] In accordance with the Property Funds Guidelines, the aggregate leverage ratio includes MNACT's proportionate share of borrowings and deposited property values for the Japan Properties and The Pinnacle Gangnam.

[7] In accordance with the guidance from the Monetary Authority of Singapore, with effect from 16 April 2020, the interest coverage ratio is calculated by dividing the trailing 12 months earnings before interest, tax, depreciation and amortisation (excluding effects of any fair value changes of derivatives and investment properties, foreign exchange translation), by the trailing 12 months interest expense and borrowing-related fees.

RIDING THROUGH THE STORM

(FOR FY20/21)

DIVERSIFYING THE PORTFOLIO



Co-invested with the Sponsor in an office building,

The Pinnacle Gangnam,

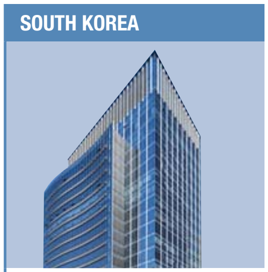
located in Seoul, South Korea at a total acquisition cost[1] (based on MNACT's 50.0% interest) of **S$276.4m**.

Together with the full-year contributions from two office properties in Japan (MBP and Omori) acquired in February 2020, these have cushioned the impact from COVID-19 on MNACT's profit in FY20/21.

FY20/21 NPI
(Excluding contributions from MBP, Omori and The Pinnacle Gangnam)
S$267.1m

FY20/21 NPI[2]
(Including contributions from MBP, Omori and The Pinnacle Gangnam)
S$295.8m

(AS AT 31 MARCH 2021)

CHINA		HONG KONG SAR	JAPAN	SOUTH KOREA
				
GATEWAY PLAZA	**SANDHILL PLAZA**	**FESTIVAL WALK**	**JAPAN PROPERTIES**	**THE PINNACLE GANGNAM**
Valuation[3] **S$1,334m**	Valuation[3] **S$501m**	Valuation[3] **S$4,520m**	Valuation[3] **S$1,319m**	Valuation[3] **S$272m** (based on MNACT's 50.0% effective interest)
Occupancy Rate **92.9%**	Occupancy Rate **97.9%**	Occupancy Rate **99.9%**	Occupancy Rate **97.8%**	Occupancy Rate **96.5%**
WALE[4] **2.2 years**	WALE[4] **2.0 years**	WALE[4] **2.0 years**	WALE[4] **3.0 years**	WALE[4] **2.8 years**
Tenants **97**	Tenants **51**	Tenants **188**	Tenants **95**	Tenants **34**

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[1] The total acquisition cost comprises the agreed property value payable by MNACT of S$272.9 million, the acquisition fee payable to the Manager of S$2.7 million as well as acquisition-related transaction costs of S$0.8 million. Please refer to MNACT's SGX-ST Announcement dated 30 October 2020 titled "Completion of Acquisition of 50.0% Interest in an Office Building Known as "The Pinnacle Gangnam" Located in Seoul, Korea".

[2] As contribution from The Pinnacle Gangnam is reflected as MNACT's share of profit of a joint venture based on its 50.0% effective interest, FY20/21 NPI of S$292.0 million does not include the contribution from The Pinnacle Gangnam. On a pro-forma basis, FY20/21 NPI including MNACT's 50.0% share of the NPI from The Pinnacle Gangnam from 30 October 2020 would have been S$295.8 million.

[3] Based on the independent valuations conducted by the valuers as at 31 March 2021. Please refer to page 22 in the Financial Review and Capital Management section for the valuations by asset.

[4] Weighted average lease expiry ("WALE") measures the remaining lease terms of the committed leases weighted by the gross rental income for the month of March 2021.

ENSURING BUSINESS CONTINUITY

Granted rental reliefs of
S$50.5m
to support our tenants amid COVID-19 in FY20/21.

Executed flexible leasing strategies to attract and retain tenants, recording a high portfolio occupancy of **97.0%.**

Deployed technology solutions such as disinfecting robots and ultraviolet ("UV") disinfection devices on escalator handrails to complement daily cleaning routines at our properties.

Facilitated remote working among employees through the use of secure information technology platforms and tools, minimising workflow disruptions.

Maintained adequate cash and bank balances, and committed and uncommitted undrawn facilities of S$766.0m to meet working capital and financial obligations.

REFINING TENANT MIX

Continued to enhance Festival Walk mall's tenant mix, recruiting resilient trades such as the food and beverage, lifestyle and services sectors.

Focused on key demand drivers for office space such as the technology, media and telecommunications ("TMT"), financial services and bio-medical sectors.

IMPLEMENTING DIGITALISATION INITIATIVES

Launched a digital loyalty programme at Festival Walk, making it more convenient for shoppers to redeem rewards for their spending at the mall.

Integrated virtual reality into MBP's leasing website, where prospective tenants are able to 'view' the amenities and common areas of the property without being physically present on site.

CONTINUING SUSTAINABLE PRACTICES

Obtained two new green loan facilities[1] of S$207.3m in FY20/21, increasing total sustainable financing secured at MNACT to **S$415.3m** as at 31 March 2021.

Conducted company-wide employee survey to provide an avenue for open feedback.

Initiated and carried out seven corporate social responsibility ("CSR") activities to support and care for the underprivileged and needy.

ALIGNING OUR INTERESTS WITH UNITHOLDERS

Waived entitlement to performance fee until such time when DPU exceeds the DPU achieved in FY19/20 (which was prior to the full-year impact of COVID-19), in consideration of the impact of COVID-19 on MNACT's distribution to the Unitholders[2].

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[1] The green loan facilities relate to Festival Walk, which has been certified a Final Platinum rating under Hong Kong Green Building Council's Building Environmental Assessment Method ("BEAM") Plus – Existing Buildings V1.2.

[2] Please refer to MNACT's SGX-ST Announcement dated 25 September 2020 titled "(A) Acquisition of 50.0% Interest in an Office Building Known as "The Pinnacle Gangnam" located in Seoul, Korea; (B) Manager to Waive Entitlement to Performance Fees".

LETTER TO UNITHOLDERS

RIDING THROUGH THE STORM

MR. PAUL MA KAH WOH
NON-EXECUTIVE CHAIRMAN AND DIRECTOR

MS. CINDY CHOW PEI PEI
EXECUTIVE DIRECTOR AND CHIEF EXECUTIVE OFFICER

Dear Unitholders,

On behalf of the Board of Directors of the Manager, we are pleased to present MNACT's Annual Report to the Unitholders for the financial year from 1 April 2020 to 31 March 2021 ("FY20/21").

FY20/21 marked a tumultuous year during which COVID-19 spread across the world after being declared a pandemic in March 2020. During the year, we witnessed lockdowns and state of emergencies being imposed across various countries as infection cases surged. Movement restrictions and mask-wearing became a norm as governments imposed these measures, amongst others, to combat the waves of infections. Globally, millions of jobs were lost as a result of the pandemic and its economic impact. To keep businesses afloat, government stimulus measures were introduced across many economies.

The availability of vaccines during the latter part of the financial year, and progressive roll-out of vaccinations across markets, was a turning point. As vaccines take hold, some markets started to show signs of hopeful recovery.

RIDING THROUGH THE STORM

For MNACT, our focus was to maintain sustainable relationships with our stakeholders while we navigated through the storm caused by COVID-19. The Manager's immediate priority in the face of the pandemic was to provide a safe environment across our properties for shoppers, tenants and employees, while implementing precautionary measures aligned to local government directives.

As COVID-19 had unleashed severe and protracted disruptions to the businesses of our tenants, we supported them with rental reliefs amounting to S$50.5 million during the year. Meanwhile, as some tenants were understandably hesitant to commit to longer-term leases, given the uncertainties in market outlook and prospects, we adopted flexible leasing strategies to retain tenants and attract new ones. These have helped us maintain a high portfolio occupancy of 97.0% at the end of March 2021.

The Manager's efforts in accelerating the acquisition growth and income diversification of MNACT had cushioned the impact of COVID-19 on MNACT's DPU and distribution to Unitholders. During the financial year, two office properties that were acquired in Greater Tokyo, Japan, in February 2020 made full-year contributions to MNACT's revenue. We also expanded MNACT's investment mandate to include South Korea and co-invested with the Sponsor in The Pinnacle Gangnam, an office building located in Seoul, which added to MNACT's profit. In further alignment of interests with Unitholders, the Manager committed to waive its entitlement to the performance fee until such time when DPU exceeds the DPU achieved in FY19/20, which was prior to the full-year impact of COVID-19.

For our employees, to help defray additional costs incurred by them for working from home or remotely, the Sponsor provided a subsidy of S$500 or equivalent to all employees worldwide across the Mapletree Group[1] in November 2020.

Beyond the immediate challenges brought about by COVID-19, we have seen how the pandemic has re-shaped the way people work, live, shop and engage in leisure in the markets we operate in.

With restrictions on travel and social distancing measures imposed by the authorities in dealing with the ebb and flow of COVID-19, consumers in Hong Kong SAR have increasingly shifted their spending towards food, lifestyle products (such as home and living and personalised products), and services (for instance, beauty treatments). The Manager had therefore accelerated the recruitment of tenants from such trades during the year to boost sales and attract footfall at the Festival Walk mall. With the increased adoption of online retail as a result of many working from home as well as seating capacity restrictions imposed on food and beverage ("F&B") outlets, we have broadened our outreach by tying up with an online platform, Deliveroo, to boost sales of takeaway and delivery orders of the F&B retailers at the mall.

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[1] Refers to the Sponsor and its subsidiaries.

Beyond bringing in the right tenant mix and partnering an online platform, we also took steps to enhance shoppers' experience through digitalisation. The Festival Walk mobile application was refreshed during the year, with a newly launched loyalty programme embedded, so that it is more convenient for shoppers to be notified of the latest happenings and promotions, and be rewarded for their spending at the mall. Moving forward, we would further leverage on technology to meet shoppers' evolving needs.

Some companies have started to incorporate decentralised and satellite offices in their workplace strategies, for cost savings and/or business continuity planning. However, the extent of how remote working will impact the demand for office spaces vary across markets. For MNACT's properties[1], we have observed that a large proportion of tenants' employees would return to work at their offices, especially with the easing of restrictive measures as infection cases subside. Even as more firms incorporate different workstyles in their future office planning, our offices in Shanghai and Japan, which are located in fringe office areas or suburban office markets, are expected to be able to capture potential demand for decentralised spaces and satellite offices.

FINANCIAL PERFORMANCE FOR FY20/21

Against this backdrop, we achieved a portfolio gross revenue[2] of S$391.4 million and NPI[2] of S$292.0 million for FY20/21 compared to S$354.5 million and S$277.5 million, respectively, for FY19/20. In addition to the full-year contributions from two office properties in Greater Tokyo (MBP and Omori), there was also a low base effect as no rentals were collected in FY19/20 during the Festival Walk Temporary Closure. However, the increases in gross revenue and NPI were partially offset by the continuing impact of COVID-19, which saw higher rental reliefs granted to support tenants as well as lower average rental rates at Festival Walk and Gateway Plaza.

On account of the lower interest environment and our active refinancing activities, we had successfully lowered the finance costs in FY20/21 compared to FY19/20, notwithstanding the incremental borrowings to partially fund the acquisitions of MBP, Omori and The Pinnacle Gangnam.

The DPU was, however, lower by 13.3% compared to FY19/20. This was due to Festival Walk Top-ups in FY19/20 to enable a certain level of distributable income and DPU to mitigate the loss of rental during the Festival Walk Temporary Closure.

Portfolio value[3] as at 31 March 2021 was lower by 8.1% compared to a year ago. This was largely due to lower market rents assumed by the valuers for Festival Walk and Gateway Plaza as a result of the impact of COVID-19 on the properties' performance, as well as the net translation loss of S$212.0 million from the weaker HKD and JPY against SGD, partially offset by the stronger RMB.

The Pinnacle Gangnam, located in Seoul, South Korea, was acquired on 30 October 2020. The valuation of the property as at 31 March 2021 was S$543.5 million[4], with MNACT's 50.0% effective interest at S$271.7 million. MNACT's portfolio valuation, including its 50.0% effective interest in The Pinnacle Gangnam, amounted to S$7,945.8 million as at 31 March 2021.

Taking into account the loss for the period mainly attributable to the lower portfolio valuation, the NAV per Unit was lower at S$1.274 as at 31 March 2021, compared to S$1.412 as at 31 March 2020.

OPERATING PERFORMANCE

In FY20/21, despite the uncertainties, we continued to register high occupancies across our assets and the portfolio had a WALE of 2.3 years as at 31 March 2021.

For Festival Walk, we focused on active leasing strategies to recruit and retain tenants and achieved a high occupancy of 99.9%. Amid the challenging retail environment, average renewed and re-let rental rates were lower, resulting in an average rental reversion[5] of negative 21%[6] for retail leases which expired in FY20/21. As a result of the social distancing measures, retail sales[7] was lower by 23.1% while footfall[7] declined by 30.9% year-on-year, though there was a gradual recovery in the second half of the year as the measures were relaxed. For the office space, it remained fully occupied.

At Gateway Plaza, we remain focused on stabilising occupancy levels to minimise downtime and the occupancy rate improved from 91.5% as at 31 March 2020 to 92.9% as at 31 March 2021. However, in view of the soft market demand and significant supply influx, leases that expired in FY20/21 were negotiated at competitive rents and resulted in an average rental reversion of negative 7%.

Tenants from growth sectors such as the TMT sectors in Shanghai were less affected by COVID-19 and continued to grow their presence in the business parks. Accordingly, Sandhill Plaza, a decentralised business park property offering high-quality specifications, maintained a high occupancy rate of 97.9% as at end March 2021 and an average rental reversion of 5% for FY20/21.

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[1] All of the properties except for four Japan Properties (MBP, MON, Omori and SMB) saw at least 70% of tenants' employees returning to their offices as at mid-April 2021.

[2] FY20/21 gross revenue and NPI do not include the contribution from The Pinnacle Gangnam, acquired on 30 October 2020. The asset's contribution is reflected as MNACT's share of profit of a joint venture, based on MNACT's 50.0% effective interest.

[3] a) For a like-for-like comparison, the portfolio valuations as at 31 March 2021 and as at 31 March 2020 refer to the valuation of MNACT's 11 properties (Festival Walk, Gateway Plaza, Sandhill Plaza and the eight Japan Properties). They do not include the valuation of The Pinnacle Gangnam, where MNACT had acquired an effective interest of 50.0% on 30 October 2020.
b) Please refer to page 22 in the Financial Review and Capital Management section on the appointed valuers and valuation methodologies used.

[4] Please refer to page 22 in the Financial Review and Capital Management section on the appointed valuers and valuation methodologies used.

[5] Average rental reversion is calculated based on the change in the effective rental rates of the new leases compared to the previous leases. It takes into account rent-free periods and step-up rental rates over the lease term (if any). It excludes rental rates for short-term leases that are less than or equal to 12 months where the rental rates are not reflective of prevailing market rents that are on normal lease tenure basis.

[6] In view of the COVID-19 situation, there has been a slight increase in the number of short term renewals with rental rates that trend lower. Taking into account these leases, the average rental reversion for Festival Walk for retail leases that were renewed or re-let in FY20/21 would have been -27%.

[7] To provide the same basis of comparison, the period of mall closure from 13 November 2019 to 15 January 2020 and the corresponding period in FY20/21 were not taken into account.

LETTER TO UNITHOLDERS

In Tokyo, as cost efficiency was a high priority for firms due to economic uncertainties, the Japan Properties, which are located in the fringe areas and suburban office hubs where rentals are more affordable, continued to attract companies who are looking to cut costs. The occupancy of the Japan Properties was 97.8% as at 31 March 2021, with an average rental reversion of 2% achieved for leases that expired in FY20/21.

In Seoul, the year saw elevated demand from the information technology ("IT"), gaming, biotech, and pharmaceutical industries. Occupancy rate at The Pinnacle Gangnam[1] improved from 89.6% as at 31 July 2020 (as reported in the acquisition announcement[2]) to 96.5% as at 31 March 2021, attesting to the quality of the asset amid market volatilities.

PRUDENT CAPITAL MANAGEMENT

The Manager is keenly aware of the need for liquidity and balance sheet resilience in times of market uncertainty, and had exercised prudent capital management in ensuring adequate cash and bank balances as well as banking facilities at MNACT. As at 31 March 2021, MNACT's cash and bank balance stood at S$252.2 million, which were further backed by S$513.8 million of committed and uncommitted undrawn bank facilities. These provided sufficient liquidity to satisfy working capital and operating requirements, meet maturing debt obligations and allow for adequate debt headroom for financial flexibility. MNACT's aggregate leverage ratio of 41.5%, which is within the regulatory limit of 50.0% set by the Monetary Authority of Singapore, also provides debt headroom of approximately S$520 million before reaching the Manager's target aggregate leverage ratio of not more than 45.0%.

The effective interest rate for FY20/21 was lower at 1.99% per annum, as compared to 2.43% per annum for FY19/20. The interest cover ratio[3], on a trailing 12-month basis, improved from 3.5 times as at 31 March 2020 to 3.7 times as at 31 March 2021.

To enhance the stability of MNACT's distributions, approximately 73% of MNACT's interest cost has been hedged into fixed rates, and about 90% of the expected distributable income for the period from 1 April 2021 to 30 September 2021 ("1H FY21/22") has been hedged into SGD as at 31 March 2021.

COMMITMENT TO SUSTAINABILITY

We remain committed towards making a positive impact to our people, tenants, investors, the community and the environment. In FY20/21, we carried out a reassessment of our material environmental, social and governance ("ESG") factors, and conducted a stakeholder survey to address additional ESG concerns, if any, of some of our stakeholders.

To further improve on our disclosures and practices, the Manager will be participating in the GRESB Real Estate Assessment 2021 that will serve as a useful benchmark on how we integrate ESG into the overall business strategy and identify areas of risks and opportunities. More information on our sustainability practices and initiatives as well as our plans for the year ahead can be found in the Sustainability Report FY20/21.

OUTLOOK

Looking ahead, while there are some early signs of a global economic recovery, the pace of recovery will depend on the progress of vaccine deployment, measures to manage infections, a decline in global infection rates as well as geopolitical developments.

For Festival Walk, the average renewal or re-let rental rate for FY21/22 is expected to be lower compared to FY20/21. The Manager will remain focused on maintaining a high occupancy rate.

For Gateway Plaza, we will continue to focus on maintaining occupancy levels and retaining tenants. Sandhill Plaza's rental performance for FY21/22 is expected to remain resilient. For the Japan Properties, the Manager will focus on tenant retention to maintain a high level of occupancy and stability. The full-year contribution from The Pinnacle Gangnam, backed by healthy rental reversions, is expected to increase MNACT's income stream.

Moving forward, managing the different impacts of COVID-19 on our stakeholders remains our key priority. To this end, we will manage our properties to ensure that there is a healthy and safe environment for our tenants, shoppers and employees. We will also continue to support our tenants with rental reliefs where necessary to navigate through this difficult period. Greater diversification of MNACT's portfolio will also be pursued through accretive acquisitions and to mitigate the financial impact of COVID-19.

ACKNOWLEDGEMENTS

We wish to extend our sincere gratitude to our tenants and business partners for their continued trust and confidence, and in working closely with us to weather the COVID-19 storm. To our Board of Directors, we would like to express our gratitude for their wise counsel and guidance. Finally, we thank each and every one of our employees for their tireless efforts and dedication in keeping our properties operational and safe and managing the many challenges faced during the year. We look forward to your continued commitment to deliver sustainable value to our tenants and Unitholders.

MR. PAUL MA KAH WOH
Non-Executive Chairman
and Director

MS. CINDY CHOW PEI PEI
Executive Director and
Chief Executive Officer

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[1] During the period from 30 October 2020 (date of completion of acquisition) to 31 March 2021, there was only one lease that expired.

[2] Please refer to MNACT's SGX-ST Announcement dated 25 September 2020 titled "(A) Acquisition of 50.0% Interest in An Office Building Known As "The Pinnacle Gangnam" Located In Seoul, Korea; (B) Manager To Waive Entitlement To Performance Fees".

[3] The interest cover ratios as at 31 March 2021 and 31 March 2020 do not take into account the interim insurance proceeds.

YEAR IN REVIEW

2020

April

- Issued 11,175,826 new units in MNACT at a price of S$1.1440 per unit pursuant to the Distribution Reinvestment Plan ("DRP")[1] in respect of MNACT's Advanced Distribution[2] for the period from 1 January 2020 to 27 February 2020. These units were listed on SGX-ST on 14 April 2020.
- Announced that following the amendments to Rule 705 of the Listing Manual of SGX-ST Listing Rules in relation to the introduction of half-yearly financial results reporting which were effective from 7 February 2020, MNACT will adopt the announcement of financial statements on a half-yearly basis and amend its distribution policy to make distributions on a half-yearly basis with effect from FY20/21.

June

- Announced[3] that as partial payment on account of the property damage sustained from the Festival Walk Incidents[4], the insurers have made a without prejudice interim payment of HK$45 million (S$8 million).
- Issued 4,264,513 new units in MNACT at a price of S$0.8752 per unit pursuant to the DRP in respect of MNACT's distribution for the period from 28 February 2020 to 31 March 2020. These units were listed on SGX-ST on 24 June 2020.

July

- Announced[5] that as partial payment on account of the estimated insurance claims for property damage and revenue loss due to business interruption, the insurers have made a further without prejudice interim payment of HK$100 million (S$18 million).
- Unitholders approved all resolutions at the virtual MNACT's 7th Annual General Meeting held on 16 July 2020.

September

- Announced that the investment mandate of MNACT will be expanded to include South Korea, effective from 25 October 2020.
- In line with the Manager's strategy to diversify MNACT's portfolio, the Manager announced a co-investment with the Sponsor in The Pinnacle Gangnam, an office building in Seoul, at an agreed property value of S$528.4 million, with MNACT holding an effective 50.0% interest.
- In consideration of the impact of COVID-19 on MNACT's distribution to the Unitholders, the Manager announced that its entitlement to any performance fee will be waived until such time when DPU exceeds 7.124 cents, which was the DPU achieved in FY19/20, prior to the full-year impact of COVID-19.

October

- Announced[6] that the insurers have made further interim payments of HK$118 million (S$21 million), as partial payments on account of the estimated insurance claims for property damage and revenue loss due to business interruption.
- MNACT's acquisition of an effective interest of 50.0% in The Pinnacle Gangnam was completed on 30 October 2020.

December

- Issued 54,689,603 new units in MNACT at a price of S$0.8574 per unit pursuant to the DRP in respect of MNACT's 1H FY20/21 Distribution. These units were listed on SGX-ST on 28 December 2020.

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[1] The DRP provides Unitholders with the option to receive their distributions declared, either in the form of units or cash or a combination of both. The issue of units in lieu of cash distributions under the DRP will strengthen MNACT's balance sheet and lower the gearing level progressively.

[2] Please refer to MNACT's SGX-ST Announcement dated 19 February 2020 titled "Notice of Advanced Distribution Books Closure Date and Distribution Payment Date, and Application of Distribution Reinvestment Plan to the Advanced Distribution".

[3] Please refer to MNACT's SGX-ST Announcement dated 17 June 2020 titled "Update on Festival Walk".

[4] Please refer to MNACT's SGX-ST Announcement dated 4 December 2019 titled "Update on Festival Walk and Impact on MNACT".

[5] Please refer to MNACT's SGX-ST Announcement dated 9 July 2020 titled "Update on Festival Walk".

[6] Please refer to MNACT's SGX-ST Announcement dated 14 October 2020 titled "Update on Festival Walk".

致信托单位持有人之信函

尊敬的信托单位持有人，

我们在此谨代表丰树北亚商业信托管理有限公司董事会，向信托单位持有人提交丰树北亚商业信托2020年4月1日至2021年3月31日（“20/21财政年度”）的年度报告。

20/21财政年度是动荡的一年。冠状病毒于2020年3月被宣布为“世界大流行病”，并在全世界蔓延开来。其间，随着感染人数激增，多个国家采取封锁措施及进入紧急状态。为了抗击一波接一波的冠病疫情，各地政府推出诸多防控措施，其中限制出行和佩戴口罩已成为一种常态。疫情的经济影响也导致全球数百万人失业。为维持经济运转，世界许多经济体都采取了刺激措施。

随着冠病疫苗于本财年的下半年度研制成功，并在各个市场逐步获批准使用与推出，疫情终于迎来转机，一些市场也开始出现复苏的迹象。

安渡难关

在渡过冠病疫情所致的难关过程中，我们集注于维护好与利益相关者持续的关系。我们在面对冠病疫情当下的首要任务是根据当地政府的指令采取相应防疫措施，为购物者、租户和员工提供一个安全的环境。

由于冠病疫情对租户的业务造成了严重且长时间的干扰，我们在年内为他们提供了5050万新元的租金减免。与此同时，由于部分租户对签长期租约有所顾虑，并且考虑到市场态势和前景的不确定性，我们采取了相较灵活的租赁策略，以留住现有租户并吸引新租户。我们因此得以维持，截止2021年3月底，97.0%的高总体出租率。

我们在加快收购增长和收入来源多样化方面作出的努力，缓解了冠病疫情对丰树北亚商业信托每单位可派发收入及信托单位持有人可派发收益的影响。我们于2020年2月在日本大东京区收购的两处办公物业，在本财政年度为丰树北亚商业信托的全年收入作出了贡献。此外我们也将投资授权范围扩展至韩国，并与保荐人共同收购位于首尔的办公楼—The Pinnacle Gangnam，从而增加了丰树北亚商业信托的利润。为了进一步加强与信托单位持有人的利益对齐，我们承诺放弃绩效报酬，直至每单位可派发收入超过19/20财年（即冠病疫情对全年带来影响）之前的水平。

员工方面，为了帮助他们支付在家或远程办公产生的额外费用，保荐人于2020年11月向全球各地的每位丰树集团[1]员工提供了500新元或等值金额的补贴。

除了带来眼前的种种挑战之外，冠病疫情在我们所营运的市场中也潜移默化地改变了人们工作、生活、购物和休闲娱乐的方式。

为了遏制冠病疫情的反复，香港特区政府推出限制出行和保持社交距离的措施。消费者因而逐渐地将其花费转向食品、生活方式产品（如家居、生活和个性化产品）及服务（如美容护理）等领域。我们因而在本财年内加快罗致此类的商户，以提高又一城的销售额及吸引人流。鉴于居家办公人数众多，且餐饮场所人数受限，越来越多商家采用在线零售的经营方式。我们通过与在线平台戶戶送合作，拓宽了经营渠道，以帮助商场的餐饮商户提高外卖和送货订单的销量。

除了引进合适的租户群和与在线平台合作，我们还以数码化的方式提升购物体验。本财年内，我们更新了又一城的移动应用程序，并加入新推出的会员计划，使购物者能更方便了解又一城的最新消息及促销活动，并从商场消费中获得奖励。接下来，我们还将进一步利用科技来满足购物者不断变化的需求。

为了节省成本、落实业务连续性规划，一些公司已开始在其工作场所策略中引入去中心化和卫星办公室的概念。然而，远程办公对办公空间需求的影响因市场而异。就丰树北亚商业信托旗下物业[2]而言，特别是随着感染病例逐渐减少，限制性措施日益放松，我们观察到大部分租户的员工仍会回到办公室工作。即使越来越多的公司在未来的办公规划中采用不同以往的方式，我们在上海和日本的办公楼均位于城市边缘地区或郊区，预计应能契合去中心化和建立卫星办公室所带来的潜在需求。

20/21财年的财务表现

在此背景下，我们实现了3.914亿新元的资产组合总营收[3]，及2.92亿新元的净房地产收入[3]；而19/20财年，这两项数字分别为3.545亿新元和2.775亿新元。除了大东京区的两处物业（MBP和Omori）20/21财年贡献全年收益，19/20财年又一城临时关闭期间并没有收取租金也造成较低基数效应。不过，因应冠病疫情在20/21财年持续带来影响，我们为租户提供了更多租金减免，同时又一城和佳程广场的平均租金也有所降低，导致总营收和净房地产收入的增长被部分抵消。

得益于较低的利率环境，以及我们积极采取再融资措施，尽管为了支付收购MBP、Omori和The Pinnacle Gangnam的部分金额而借贷额有所增加，但与19/20财年相比，我们仍成功降低了20/21财年的融资成本。

与19/20财年相比，每单位可派发收入减少了13.3%。这是归因于在19/20财政年我们承实施补充派发收入來減少又一城在年内暂時关闭导致期间未收取租金的影响程度。这也确保信托单位持有人能获得一定程度的可派发收入。

截至2021年3月31日，丰树北亚商业信托的资产组合估值[4]同比一年前下降8.1%。这主要因为估价师鉴于冠病疫情对物业表现带来的影响而调低了又一城和佳程广场的市场租金预估。此外，也因港元和日元对新元走软产生净货币兑换损失，不过相关损失因人民币走强而被部分抵消。

2020年10月30日，我们收购了位于韩国首尔的The Pinnacle Gangnam。截至2021年3月31日，该物业的估值为5.435亿新元[5]，MNACT在其中拥有50.0%的实际权益，计2.717亿新元。截至

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[1] 系指保荐人及其下属公司。

[2] 截至2021年4月中旬，除四处日本物业（MBP、MON、Omori和SMB）外，所有物业至少有70%的租户员工返回办公室。

[3] 20/21财年的总营收和净房地产收入不包括2020年10月30日收购的The Pinnacle Gangnam。根据丰树北亚商业信托50.0%的实际权益分摊，以MNACT在相关合资企业的利润份额作为该物业的收益贡献。

[4] a) 为便于进行对等同比，截至2021年3月31日和截至2020年3月31日的资产组合估值均指MNACT旗下11处物业（即又一城、佳程广场、展想广场和8处日本物业）估值；其中不包括2020年10月30日收购的The Pinnacle Gangnam的估价，丰树北亚商业信托在该处物业拥有50.0%的实际权益。

b) 关于指定估价师和相关估价方法，请参阅“Financial Review and Capital Management”（财务回顾及资本管理）章节第22页。

[5] 关于指定估价师和相关估价方法，请参阅“Financial Review and Capital Management”（财务回顾及资本管理）章节第22页。

2021年3月31日，MNACT的资产组合估值（包括在The Pinnacle Gangnam 的50.0%实际权益）总额为79.458亿新元。

在计入当期亏损（主要归因于资产组合估值降低）之后，截至2021年3月31日，每单位净资产值为1.274新元，比截至2020年3月31日的数值1.412新元有所降低。

经营业绩

尽管存在不确定性，20/21财年我们旗下所有物业仍保持高出租率。截至2021年3月31日，加权平均租期为2.3年。

在又一城，我们着重实施积极的租赁策略，以吸纳和留住租户，从而实现了99.9%的高出租率。不过，因零售环境充满挑战，续租和再租的平均费率有所降低，导致20/21财年到期租约的平均租金调升率[1] 为负21%[2]。此外，因实施保持社交距离措施，零售额[3]和客流量[3]同比分别下降23.1%和30.9%。不过，随着相关措施逐步放松，下半年零售额有所回升。又一城的办公楼依然满租。

佳程广场方面，我们继续致力于保持稳定出租率，以将空置时间降至最低。出租率已从2020年3月31日的91.5%提高至2021年3月31日的92.9%。然而，由于市场需求疲软且供应大量增加，在20/21财年到期租约的租赁谈判中，我们不得不接受更具竞争力的租金，从而导致平均租金调升率为负7%。

来自成长型行业（如上海的科技、媒体和电信行业）的租户受冠病疫情的影响较小，他们在商业园区的驻扎呈持续增长态势。相应地，展想广场作为一个去中心化，能提供优质规格的商业园区，截至2021年3月底其出租率保持在97.9%的较高水平，且20/21财年的平均租金调升率为5%。

纵观东京市场，由于经济存在不确定性，成本效益成为各大企业的首要考量。我们的日本办公物业位于城市边缘地区和郊区，租金更实惠，因此得以持续吸引想降低成本的企业。截至2021年3月31日，日本物业的出租率为97.8%，而20/21财年到期租约的平均租金调升率为2%。

首尔方面，本年度来自信息科技、游戏、生物技术和制药行业的需求呈上升态势。The Pinnacle Gangnam[4]在市场波动中证明它的优质性，出租率从截至2020年7月31日的89.6%（如收购公告所述[5]），提高到截至2021年3月31日的96.5%。

审慎的资本管理

我们清楚地意识到在市场不确定的情况下，保持流动性和资产负债表弹性的重要性，并因而进行审慎的资本管理以确保充足的现金、银行余额及贷款额度。截至2021年3月31日，丰树北亚商业信托的现金和银行余额为2.522亿新元，此外还有总额达5.138亿新元的未动用银行贷款额度（含已承诺和未承诺）。这些都为我们提供了充足的流动性，以满足营运资本和经营要求，偿还到期债务，此外也意味着充分的举债空间和财务灵活性。丰树北亚商业信托的总杠杆率为41.5%，低于新加坡金融管理局规定的50.0%上限。这也意味着，在达到我们内部限制的45.0%总杠杆率之前，尚有约5.20亿新元的举债空间。

20/21财年的实际利率为每年1.99%，比19/20财年的2.43%有所降低。利息覆盖率[6]以12个月追踪法计算的话，也从截止2020年3月31日的3.5倍，上扬至截止2020年3月31日的3.7倍。

为了提高派发的稳定性，截至2021年3月31日，丰树北亚商业信托有约73%的利息成本已通过避险操作转化为固定利率；而2021年4月1日至2021年9月30日有约90%的预期可派发收入也已通过避险操作转为新元。

致力于提高可持续性

我们一直致力于对员工、租户、投资者、社区和环境带来积极影响。在20/21财年，我们对自身在环境、社会和企业管治（ESG）等方面的重要因素进行了重新评估，并开展利益相关者调查，以了解和解决一些利益相关者在ESG方面如有的关切。

为了进一步改进披露和实践，我们将参加2021年“GRESB房地产评估”，并以此为有用基准，将ESG融入整体业务策略中以识别风险和机遇。有关我们的可持续发展实践和举措，以及来年计划的更多信息，请参阅“20/21财年可持续性报告”。

前景展望

展望未来，尽管全球经济有转暖的早期迹象，但复苏的步伐仍取决于疫苗分配的进展、防疫措施的落实、全球感染率的下降以及地缘政治的走向。

预计又一城21/22财年的续租或再租租金将比20/21财年低。我们将继续把重点放在维持高出租率上，同时持续关注零售租户的销售业绩。

对于佳程广场，我们将继续加强出租率的维护和留住租户。预计21/22财年展想广场的租赁业绩仍将保持韧性。日本物业方面，我们将着重留住现租户，以保持高水平的出租率和稳定性。此外，来自The Pinnacle Gangnam的全年收益贡献及其健康的租金调升率，预计将有助于丰树北亚商业信托提升收入来源。

接下来，我们的当务之急依然是处理好冠病疫情对利益相关者造成的不同影响。为此，我们将管理好旗下物业，确保为租户，购物者和员工创造一个健康安全的环境。此外，我们也将在必要时继续为有需要的租户提供租金减免，以帮助他们共渡时艰。我们也将继续通过增值收购令丰树北亚商业信托的资产组合更多元化，以减轻冠病疫情对财务带来的冲击。

致谢

籍此机会，我们想对租户和业务合作伙伴表达诚挚的谢意，感谢他们一直以来对我们的信任和信心，并与我们密切合作，共同抵御冠病疫情的袭击。同时，我们也想对董事会给予的宝贵建议和指导表达由衷的谢意。最后，我们感谢每位员工在本年度孜孜不倦，热忱奉献，确保旗下物业的正常运营和安全，与积极面对诸多挑战。我们期待诸位持之以恒的付出，为租户和信托单位持有人带来可持续的价值。

马家和先生
非执行主席兼董事

周佩佩女士
执行董事兼总裁

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[1] 平均租金调升率是根据新租约的实际平均租金与先前租约相比计算得出，并已将免租期和租期内的递增费率（如有）考虑在内。它不包括短于或等于12个月的短期租约，因为相关租金并不反映正常租期的市场租金水平。

[2] 鉴于疫情状况，短期续租的数量略有增加，而租金呈下降趋势。若将这些租约考虑在内，则20/21财年又一城零售空间续租或重新出租的平均租金调升率为负27%。

[3] 为提供相同的比照依据，未将2019年11月13日至2020年1月15日的商场关闭期和20/21财年的相应时期包括在内。

[4] 2020年10月30日（收购完成日期）至2021年3月31日期间，只有一份租约到期。

[5] 请参阅丰树北亚商业信托于2020年9月25日在新加坡证券交易所发布的，题为“(A) Acquisition of 50.0% Interest in An Office Building Known As “The Pinnacle Gangnam” Located In Seoul, Korea; (B) Manager To Waive Entitlement To Performance Fees”的通告。

[6] 截止2021年3月31日和截止2020年3月31日利息覆盖率均未计入临时性的保险收益。

STRATEGY

MNACT aims to be a leading commercial REIT, by portfolio value and returns, with quality assets in North Asia.

OUR MISSION

To deliver regular and stable returns to Unitholders and achieve long-term sustainable growth in DPU.

To be the landlord of choice for our tenants and be committed to the delivery of quality products and services.

To acquire high-quality assets that are yield accretive.

OUR STAKEHOLDERS

Local Communities

Shoppers

Tenants

Investors

Trustee[1]

Employees

Regulators

OUR DIFFERENTIATION AND STRENGTHS

Diversified Portfolio of High-quality Office and Retail Assets

Our focus on investing in high-quality commercial real estate (including real estate used predominantly for retail and/or office purposes) in North Asia.

Healthy Financial Position

Well-staggered debt maturity profile, with sufficient liquidity position to meet financial and operational obligations.

Fee Structure Aligned with Investors' Interest

We are the first Singapore REIT with a fee structure aligned with investors' interest where management fee is based on distributable income and DPU growth.

Experienced Manager and Property Manager

Our management team has an established track record and diverse professional backgrounds in real estate investment and asset management, and finance.

Reputable Sponsor with Aligned Interest

Our experienced Sponsor which owns and manages S$66.3 billion of real estate assets in Asia Pacific, Europe, the United Kingdom ("UK") and the United States ("US") as at 31 March 2021.

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[1] DBS Trustee Limited, in its capacity as trustee of MNACT (the "Trustee").

KEY STRATEGIES

Active Asset Management

OBJECTIVE:

Achieve organic growth in revenue and NPI

- Achieve optimal tenant mix
- Adopt proactive leasing strategies
- Introduce innovative retail and marketing concepts
- Deepen engagement with tenants to effectively customise initiatives and programmes to enhance sales and sustain long-standing relationships
  - Introduce digital apps to enhance shopper engagement
  - Adopt online marketing channels to boost tenants' sales
  - Facilitate food delivery of F&B tenants through partnership with external delivery service provider
  - Enhance tenant's experience by ensuring delivery of quality property and customer services
  - Organise networking events and activities to promote a vibrant tenant community
  - Provide financial reliefs to tenants in times of need
- Improve operational efficiency

Please refer to:
Property Portfolio Summary and Review
pages 28-39

Active Asset Enhancement

OBJECTIVE:

Improve competitiveness of properties

- Maintain the quality of assets through regular preventive maintenance
- Optimise or increase leasable area
- Offer improved amenities and facilities
- Incorporate energy-efficient and eco-friendly initiatives

Please refer to:
Property Portfolio Summary and Review
pages 28-39

Sustainability Report
pages 97-124

Value-Creating Acquisition Growth

OBJECTIVE:

Achieve inorganic growth through acquisitions

- Invest in a diversified portfolio of income-producing commercial real estate assets in Greater China, Japan and South Korea
- Source from Sponsor's pipeline and/or third-party vendors
- Adopt a disciplined approach, with focus on the following acquisition criteria:
  - Yield and DPU accretion
  - Asset enhancement potential
  - High-quality building and facilities specifications
  - Attractive tenant mix and high occupancy level

Please refer to:
Letter to Unitholders
pages 6-8

Financial Review and Capital Management
pages 16-27

Active and Prudent Capital and Risk Management

OBJECTIVE:

Maintain a strong balance sheet and ensure sufficient liquidity for working capital and acquisition needs. Implement sound risk management strategies.

- Actively monitor, manage and balance the cost of debt and debt maturity profile
- Diversify sources of funding in debt and equity capital markets
- Proactively monitor and undertake hedging strategies to minimise interest rate and foreign currency risks
- Regularly review processes and controls, and monitor key risks

Please refer to:
Financial Review and Capital Management
pages 16-27

Risk Management
pages 74-76

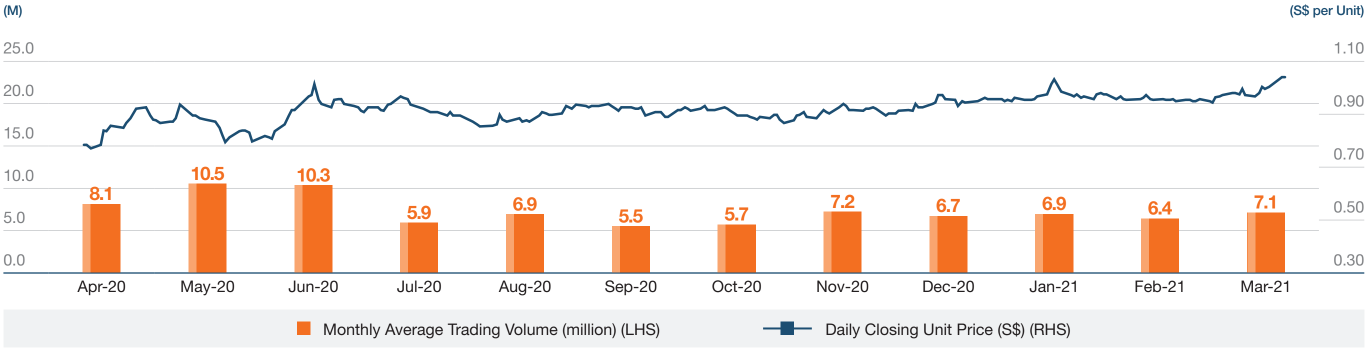
Financial Statements
pages 125-193

UNIT PRICE PERFORMANCE

During the first half of FY20/21, the equity markets were subjected to volatilities due to concerns over the economic fallout from the pandemic and geopolitical developments. However, the rollout of vaccines, the easing of lockdowns and the continued government stimulus during the second half of the financial year had fueled hopes for a global economic recovery, underpinning the gradual stability in prices.

Against this backdrop, MNACT's unit price improved to S$1.06 at the end of March 2021, 31.7% higher as compared to the closing price of S$0.805 a year ago. MNACT's trading performance outperformed FTSE Straits Times Index ("FTSE STI"), FTSE ST Real Estate Investment Trusts Index ("FTSE ST REIT Index") and Hang Seng Index ("HSI"), which gained 27.6%, 20.9% and 20.2%, respectively, as at end March 2021 compared to a year ago. Taking into account the distribution to Unitholders of 6.175 cents for FY2021, MNACT delivered a total return[1] of 39.3% for the financial year.

TRADING PERFORMANCE IN FY20/21



FIVE-YEAR TRADING PERFORMANCE

	FY16/17	FY17/18	FY18/19	FY19/20	FY20/21
Average Unit Price (S$)	1.008	1.144	1.168	1.254	**0.928**
Opening Unit Price (S$)	0.955	1.020	1.150	1.320	**0.805**
Closing Unit Price (S$)	1.020	1.150	1.320	0.805	**1.060**
Highest Unit Price (S$)	1.135	1.280	1.330	1.470	**1.060**
Lowest Unit Price (S$)	0.925	1.020	1.080	0.695	**0.765**
Total Trading Volume (million units)	1,209.3	1,233.2	1,642.2	2,776.6	**1,817.5**
Average Daily Trading Volume (million units)	4.8	5.0	6.6	11.0	**7.2**
Market Capitalisation[2] (S$ million) as at end financial year	2,851.3	3,250.2	4,189.5	2,691.0	**3,640.4**

Source: Bloomberg

RETURNS TO UNITHOLDERS

	Unit Price Appreciation		Total Distribution Yield		Total Return
1-year from 1 April 2020	**31.7%**	+	**7.6%**	→	**39.3%**
3-year from 1 April 2018	**-7.8%**	+	**18.2%**	→	**10.4%**
Since Listing on 7 March 2013	**14.0%**	+	**59.7%**	→	**73.7%**

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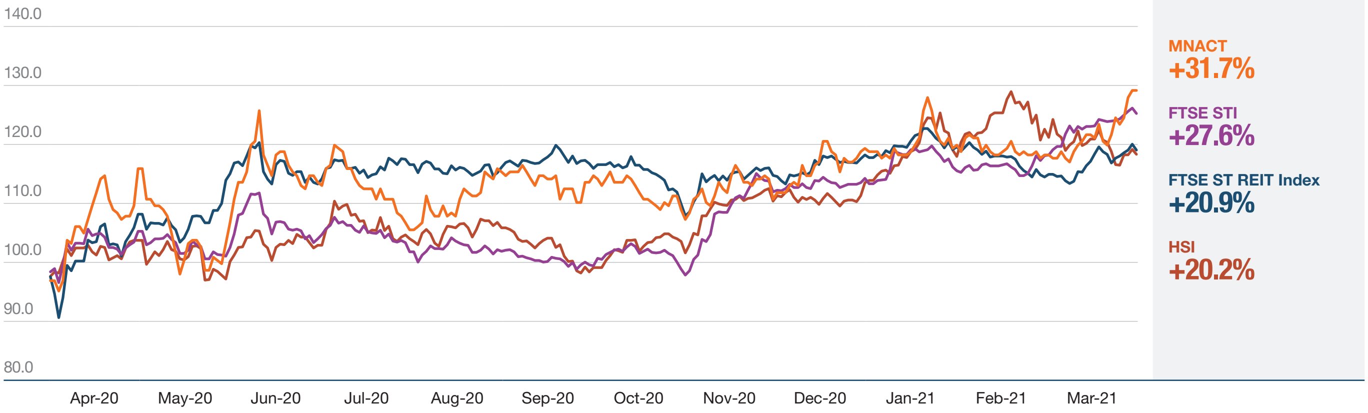
[1] Sum of the unit price appreciation ("Unit Price Appreciation") and total distribution yield ("Total Distribution Yield") for the period. Unit Price Appreciation is based on the opening unit price and the closing unit price during the period. Total distribution yield is based on DPU for the period over the opening unit price. The distribution yield since listing on 7 March 2013 excludes the stub period from 7 to 31 March 2013.

[2] Based on the closing unit price on the last trading day and number of issued units as at year-end for each financial year.

TRADING PERFORMANCE OF MNACT COMPARED TO MAJOR INDICES IN FY20/21

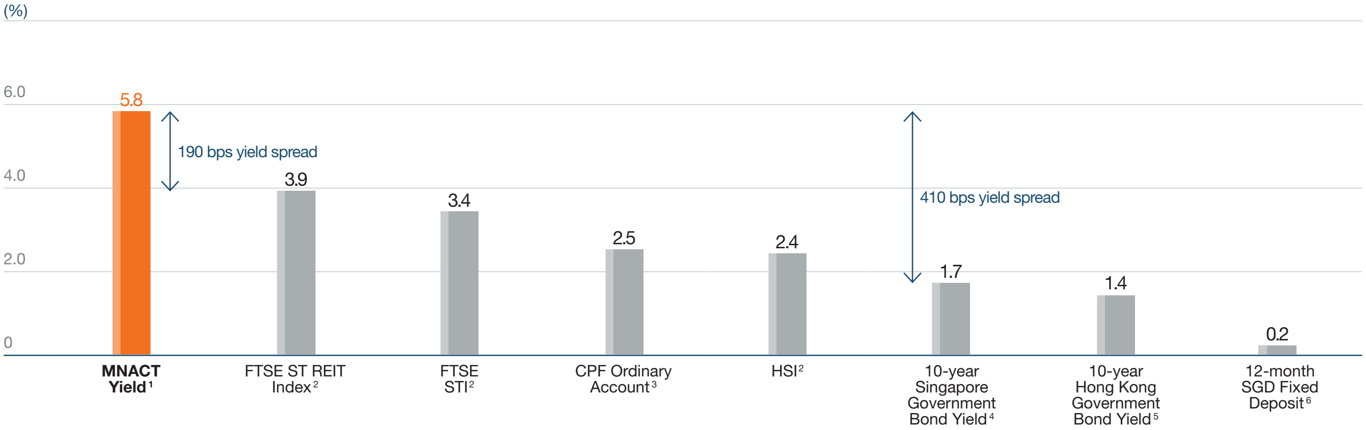
(1 April 2020 to 31 March 2021)

Rebased opening prices on 1 April 2020 to 100



MNACT OFFERS A HIGHER RETURN VS OTHER COMPARABLE INSTRUMENTS

(As at 31 March 2021)



CONSTITUENT OF SELECTED INDICES

- BI Singapore REIT Competitive Peers
- Bloomberg Asia Real Estate Investment Trust Index
- FTSE EPRA/NAREIT Global REITs Index
- FTSE Straits Times Mid-Cap Index
- FTSE Straits Times REIT Index
- GPR/APREA Composite REIT Index
- MSCI World Small Cap Index
- MSCI Singapore Small Cap Index
- iEdge S-REIT Index
- iEdge S-REIT 20 Index
- iEdge SG Real Estate 20 Index
- iEdge SG ESG Leaders Index
- Solactive CarbonCare Asia Pacific Green REIT Index
- S&P Asia Pacific BMI (US Dollar)
- S&P Developed Property Index
- S&P Developed REIT Index
- S&P Developed LargeMidCap (US Dollar)
- S&P Global Ex U.S. Property U.S. Dollar Index
- S&P Global REIT USD Index
- S&P Singapore BMI Index

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[1] Based on FY20/21 DPU to Unitholders of 6.175 cents over closing unit price of $1.06 on 31 March 2021.

[2] Trailing 12-month gross dividend yield of FTSE ST REIT Index, FTSE STI and HSI as at 31 March 2021, Bloomberg.

[3] Prevailing interest rate on Central Provident Fund ("CPF") Ordinary Account Savings from CPF Board, January to March 2021.

[4] Singapore Government Bond Yield from the Monetary Authority of Singapore ("MAS") as at 31 March 2021.

[5] Hong Kong Government Bond Yield from Hong Kong SAR Government Bond Programme website as at 31 March 2021.

[6] 12-month SGD fixed deposit savings rate from the MAS as at 31 March 2021.

FINANCIAL REVIEW AND CAPITAL MANAGEMENT

STATEMENT OF PROFIT AND LOSS AND DISTRIBUTION STATEMENT HIGHLIGHTS

Statement of Profit and Loss	FY20/21 (S$'000)	FY19/20 (S$'000)	Variance % Positive/ (Negative)
Gross Revenue[1]	391,415	354,478	10.4
Property Operating Expenses	(99,375)	(76,991)	(29.1)
Net Property Income	**292,040**	**277,487**	**5.2**
Other Non-operating Income – Interim Insurance Proceeds	46,393	-	NM
Net Foreign Exchange Gain	1,525	5,110	(70.2)
Manager's Management Fees			
- Base Fee[2]	(21,591)	(23,217)	7.0
- Performance Fee[3]	-	-	-
Trustee's Fee	(821)	(787)	(4.3)
Other Trust Expenses	(2,461)	(2,112)	(16.5)
Share of Profit of a Joint Venture	3,428	-	NM
Profit before Interest Income, Finance Cost and Net Change in Fair Value of Investment Properties and Financial Derivatives	**318,513**	**256,481**	**24.2**
Finance Costs (Net)	(69,545)	(72,787)	4.5
Profit before Net Change in Fair Value of Investment Properties and Financial Derivatives	**248,968**	**183,694**	**35.5**
Net Change in Fair Value of Investment Properties	(480,957)	(17,906)	NM
Net Change in Fair Value of Financial Derivatives	3,886	(4,070)	NM
Income Tax Expenses	(36,459)	(37,452)	2.7
(Loss)/Profit After Income Tax	**(264,562)**	**124,266**	**NM**
(Loss)/Profit Attributable to:			
Unitholders	(265,788)	123,556	NM
Non-controlling Interests[4]	1,226	710	72.7
(Loss)/Profit for the Financial Year	**(264,562)**	**124,266**	**NM**
Distribution Statement			
(Loss)/Profit for the Financial Year Attributable to Unitholders	(265,788)	123,556	NM
Distribution Adjustments	475,938	104,372	NM
Distributable Income to Unitholders	**210,150**	**227,928**	**(7.8)**

NM – Not Meaningful

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[1] Gateway Plaza and Sandhill Plaza revenue is presented net of applicable value added tax. Japan Properties revenue is presented net of consumption tax.

[2] a) The Manager's base fee is calculated based on 10.0% of the distributable income for the financial year.
b) The base fee includes the asset management fee payable to MIJ in cash in relation to the six office properties in Greater Tokyo, Japan, that were acquired on 25 May 2018 as well as MBP and Omori that were acquired on 28 February 2020. The asset management fee is calculated based on 10% of distributable income from the Japan Properties.

[3] a) Performance fee is calculated based on 25.0% of the growth on DPU in a financial year over DPU in the preceding year multiplied by the weighted average number of units in issue for such financial year. There was no performance fee for FY19/20 and FY20/21.
b) The Manager has waived its entitlement to any performance fee until such time when DPU exceeds 7.124 cents ("Threshold DPU"), which was the DPU achieved in FY19/20, prior to the full-year impact of COVID-19. Upon MNACT's DPU performance exceeding the Threshold DPU, the waiver will cease in subsequent years, and the Manager will continue to be entitled to receive the performance fee. Please refer to MNACT's SGX-ST Announcement dated 25 September 2020 titled "(A) Acquisition of 50.0% Interest in an Office Building Known as "The Pinnacle Gangnam" located in Seoul, Korea; (B) Manager to Waive Entitlement to Performance Fees".

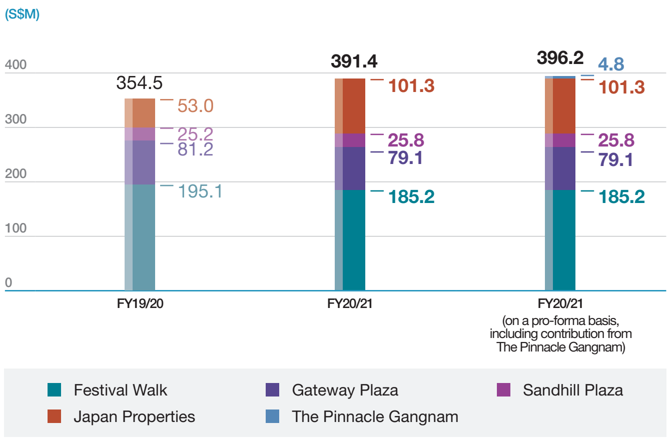
[4] Non-controlling interests refer to the 1.53% effective interest of the Japan Properties held by MIJ.

Gross Revenue[1]

S$391.4m

From **S$354.5m** in FY19/20

- Gross revenue increased by 10.4% compared to FY19/20, mainly due to the full-year contributions from MBP and Omori acquired on 28 February 2020. Additionally, there was lower revenue in FY19/20 due to the Festival Walk Temporary Closure.
- The increase in revenue was partially offset by higher rental reliefs granted to support tenants (mainly at Festival Walk) during FY20/21 as a result of the COVID-19 impact and lower average rental rates at Festival Walk and Gateway Plaza in FY20/21.
- Including MNACT's 50.0% share of revenue contribution from The Pinnacle Gangnam, the portfolio gross revenue in FY20/21 would have been S$396.2 million.



Property Operating Expenses

S$99.4m

From **S$77.0m** in FY19/20

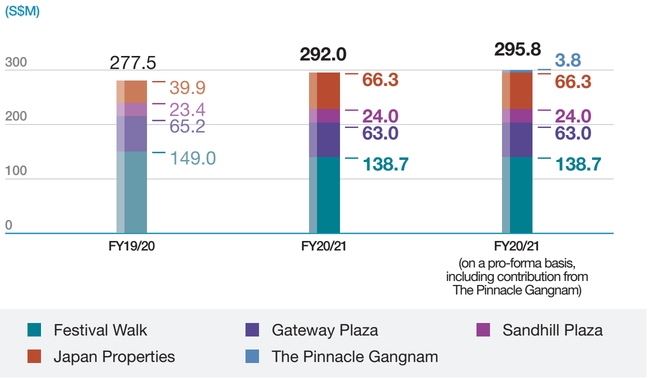
- The 29.1% increase in property operating expenses was primarily attributable to the full-year operations of MBP and Omori, and a low base effect in FY19/20 due to the Festival Walk Temporary Closure.

NPI[2]

S$292.0m

From **S$277.5m** in FY19/20

- NPI in FY20/21 increased by 5.2% year-on-year as the increase in gross revenue was partially offset by the increase in property operating expenses.
- Including MNACT's share of NPI contribution from The Pinnacle Gangnam, the portfolio NPI in FY20/21 would have been S$295.8 million.



Other Non-operating Income – Interim Insurance Proceeds

S$46.4m

Nil in FY19/20

- Other non-operating income relates to the interim payments by the insurers[3], as partial payments on account of the estimated insurance claims for property damage and revenue loss due to business interruption ("Business Interruption Insurance Amount") at Festival Walk.

- As announced on 4 December 2019[4], the Business Interruption Insurance Amount will be used to repay the external borrowings incurred to fund the Festival Walk Top-ups. Any Business Interruption Insurance Amount in excess of the Festival Walk Top-ups will be distributed to the Unitholders.

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[1] FY20/21 gross revenue does not include contribution from The Pinnacle Gangnam, acquired on 30 October 2020. The asset's contribution is reflected as MNACT's share of profit of a joint venture, based on MNACT's 50.0% effective interest.

[2] FY20/21 NPI does not include contribution from The Pinnacle Gangnam, acquired on 30 October 2020. The asset's contribution is reflected as MNACT's share of profit of a joint venture, based on MNACT's 50.0% effective interest.

[3] Please refer to MNACT's SGX-ST Announcements dated 17 June 2020, 9 July 2020 and 14 October 2020 titled "Update on Festival Walk".

[4] Please refer to MNACT's SGX-ST Announcement dated 4 December 2019 titled "Update on Festival Walk and Impact on MNACT".

FINANCIAL REVIEW AND CAPITAL MANAGEMENT

Net Foreign Exchange Gain

S$1.5m

From **S$5.1m** in FY19/20

- This was mainly due to the net realised exchange gain of S$2.4 million (FY19/20: gain of S$3.0 million) from the settlement of foreign currency contracts to hedge HKD, RMB and JPY distributable income.
- The gain was partially offset by exchange losses of S$0.9 million (FY19/20: gain of S$1.9 million) from the partial settlement of inter-company loans, which is mainly capital in nature and not distributable.

Share of Profit of a Joint Venture

S$3.4m

- Share of profit of a joint venture refers to MNACT's 50.0% effective interest in The Pinnacle Gangnam. The acquisition of The Pinnacle Gangnam was completed on 30 October 2020.
- The profit of the co-investment was equity accounted for at the MNACT Group level.

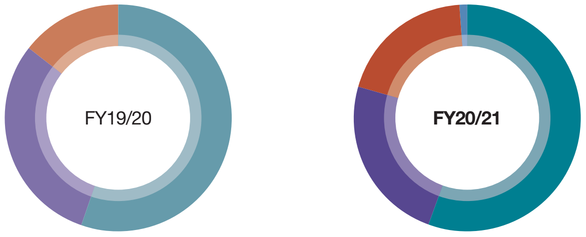
Profit Before Interest Income, Finance Cost and Net Change In Fair Value Of Investment Properties and Financial Derivatives[1]

S$318.5m

From **S$256.5m** in FY19/20

- Excluding income tax, interest income, finance cost, net change in fair value of investment properties and financial derivatives, and share of profit of a joint venture, the profit in FY20/21 increased by 24.2% year-on-year to S$318.5 million (FY19/20: S$256.5 million).

Percentage Breakdown by Geography



🟦	Hong Kong SAR	**55.4%**
🟪	China	**30.4%**
🟧	Japan	**14.2%**

🟦	Hong Kong SAR	**55.8%**
🟪	China	**23.7%**
🟥	Japan	**19.4%**
🟦	South Korea	**1.1%**

Finance Costs (Net)

S$69.5m

From **S$72.8m** in FY19/20

- Notwithstanding the incremental finance costs on borrowings to partially fund the acquisitions of MBP, Omori and The Pinnacle Gangnam (S$3.3 million), net finance costs in FY20/21 decreased by 4.5% or S$3.2 million, mainly due to lower benchmark interest rates (S$6.9 million) and interest savings from the refinancing of borrowings at a lower cost of debt (S$0.5 million).

Net Change in Fair Value of Investment Properties

Net loss of S$481.0m

From net loss of **S$17.9m** in FY19/20

- A valuation of the 11 investment properties (excluding The Pinnacle Gangnam) was conducted by Cushman & Wakefield Limited and CBRE K.K. as at 31 March 2021.
- Their valuations have resulted in revaluation losses of S$481.0 million comprising the fair value loss of Festival Walk of S$428.7 million (2020: loss of S$46.5 million), the fair value loss of Gateway Plaza of S$79.0 million (2020: gain of S$0.3 million), the fair value gain of Sandhill Plaza of S$0.2 million (2020: gain of S$14.2 million) and the fair value gain of the Japan Properties of S$26.5 million (2020: gain of S$14.1 million).
- The net fair value loss for Festival Walk and Gateway Plaza was mainly due to lower market rents assumed by the valuers due to the impact of COVID-19 on the properties' performance.
- The net fair value change is unrealised and has no impact on the distribution to Unitholders.

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[1] Please refer to Note 29 (page 190) of the Financial Statements section of this Annual Report.

Net Change in Fair Value of Financial Derivatives

Net gain of S$3.9m

From net loss of **S$4.1m** in FY19/20

- Net change in fair value of financial derivatives relates to the mark-to-market movement of currency forward contracts entered into to hedge currency exposures of future distributable income in HKD, RMB, JPY and KRW.
- Currency forward contracts are entered into to limit the impact of currency volatility on future distributable income streams.
- As these contracts are not due to be settled, they will not have an impact on current year income available for distribution to Unitholders.

Income Tax Expenses

S$36.5m

From **S$37.5m** in FY19/20

- Income tax expenses were lower on the back of lower profit and lower deferred tax attributable to the net fair value loss of the investment properties (other than Festival Walk). Fair value change of Festival Walk is not subject to deferred tax.

(Loss)/Profit after Income Tax

Loss of S$264.6m

From profit of **S$124.3m** in FY19/20

- The loss after income tax was primarily due to the loss in fair value of investment properties net of deferred tax impact, partially mitigated by the increase in NPI, interim insurance proceeds received, lower base fee and gain in fair value of financial derivatives.

Distribution Adjustments

S$475.9m

From **S$104.4m** in FY19/20

- Distribution adjustments mainly include non-cash items such as the Manager's management fees and Property Manager's management fees which are payable in the form of units, amortisation of financing fees, interim insurance proceeds, as well as the change in the fair value of financial derivatives and investment properties (net of deferred tax).
- In FY19/20, the distribution adjustments also included the Festival Walk Top-ups. These were implemented in FY19/20 to enable a certain level of distributable income and DPU to mitigate the loss of rental during the Festival Walk Temporary Closure.

Income Available for Distribution

S$210.2m

From **S$227.9m** in FY19/20

DPU (Paid)

6.175 cents

From **7.124 cents** in FY19/20

- Taking into account the lower income available for distribution and the enlarged unit base in FY20/21, DPU in FY20/21 was lower by 13.3% compared to FY19/20.
- The Manager continued to pay out 100.0% of the income available for distribution to Unitholders in FY20/21.
- Total number of units in issue as at 31 March 2021 was 3,434,336,938 (2020: 3,342,916,300).
- The increase in number of units in issue was mainly due to the issuance of 70,129,942 new units in respect of the DRP, which the Manager continued to apply during the year in line with its active capital management efforts.
- In addition, there was a payment of management fees to the Manager and the Property Manager of 21,290,696 new units during the year.

FINANCIAL REVIEW AND CAPITAL MANAGEMENT

Units Issued in FY20/21 for Base Fee and Property Manager's Fees[1]

For Period[2]	Issued Date	Number of Units	Issued Price[3] (S$)
1 January to 31 March 2020	28 May 2020	8,535,306	0.7606
1 April to 30 September 2020	27 November 2020	12,755,390	0.9150
	Total:	**21,290,696**	

Units Issued in FY20/21 for DRP

For Period	Issued Date	Number of Units	Issued Price[4] (S$)
1 January to 27 February 2020	14 April 2020	11,175,826	1.1440
28 February to 31 March 2020	24 June 2020	4,264,513	0.8752
1 April to 30 September 2020	28 December 2020	54,689,603	0.8574
	Total:	**70,129,942**	

[1] The Manager has elected to receive 100% of the Base Fee in the form of units. In relation to the Japan Properties, the asset management services are provided by the Japan Asset Manager. In view of the fees payable in cash to the Japan Asset Manager for the Japan Properties, the Manager has elected to waive the Base Fee, which it is otherwise entitled to under the Trust Deed for as long as the Manager and the Japan Asset Manager are wholly-owned by the Sponsor and the Japan Asset Manager continues to receive an asset management fee for the Japan Properties.

The Manager has elected to pay the Property Manager the Property Manager's Fees relating to Festival Walk and Gateway Plaza in the form of units. For Sandhill Plaza, the Manager has elected to pay the Property Manager's Fees in cash from the date of acquisition on 17 June 2015. For the Japan Properties, the Manager has elected to pay the fees to Mapletree Management Services Japan Kabushiki Kaisha (the "Japan Property Manager" or "MMSJ") in cash from the date of acquisition on 25 May 2018 for the six office properties and from the date of acquisition on 28 February 2020 for MBP and Omori.

[2] The Manager has elected for the Base Fee and Property Manager's Fees to be paid on a half-yearly basis instead of the quarterly basis effective from the semi-annual period ended 30 September 2020. This is in line with the amendment to MNACT's distribution policy to make distributions on a half-yearly basis from FY20/21.

[3] The issued prices were determined based on the volume weighted average prices ("VWAP") for all trades done on the SGX-ST in the ordinary course of trading for the last 10 business days of the relevant quarter on which the fees were accrued.

[4] The issued prices were determined based on the VWAP for all trades done on the SGX-ST for the period of 10 business days immediately preceding the date of issuance of these units.

Distributions to Unitholders

	Period	Distributable Income for the Period (S$'000)	Number of Issued Units as at End Period[1]	DPU (paid) (cents)	Payment Date
1H FY20/21	1 April 2020 to 30 September 2020	96,832	3,366,891,945	2.876	28 December 2020
2H FY20/21	1 October 2020 to 31 March 2021	113,318	3,434,336,938	3.299	21 June 2021

[1] There were no convertibles, treasury units and subsidiary holdings as at 31 March 2021 and 31 March 2020.

- Following the amendments to Rule 705 of the Listing Manual of the Singapore Exchange Securities Trading Limited on the introduction of half-yearly financial results reporting which has taken effect from 7 February 2020, MNACT has adopted the announcement of financial statements on a half-yearly basis and amended its distribution policy to make distributions on a half-yearly basis with effect from FY20/21.
- MNACT's distribution policy is to distribute at least 90.0% of its distributable income on a semi-annual basis.
- The DPU for each period was calculated based on the distributable income for the period over the number of issued units as at the end of the period.
- The reported number of units in issue as at the end of each period does not include the payment of the Manager's Base Fee and the Property Manager's Fees in units for the period. These units issued are included in the computation of the DPU payable (on a semi-annual basis) for the following period.

Analysis of Semi-annual DPU Paid in FY20/21

1H FY20/21	- 1H FY20/21 DPU was 2.876 cents, 26.0% lower than 1H FY19/20 DPU of 3.887 cents. - The lower DPU was mainly due to the rental reliefs granted of S$34.9 million to support retail tenants at Festival Walk mall impacted by COVID-19. There were also lower average rental rates at Festival Walk and Gateway Plaza. - The decline was partially offset by the half-year contributions from the acquisitions of MBP and Omori and higher average rates of HKD, JPY and RMB against SGD.
2H FY20/21	- 2H FY20/21 DPU of 3.299 cents was 1.9% higher than 2H FY19/20 DPU of 3.237 cents. - The increase in DPU was primarily due to the full half-year contributions from MBP and Omori and contribution from The Pinnacle Gangnam. There was also lower revenue in 2H FY19/20 due to the Festival Walk Temporary Closure. Additionally, there were lower rental reliefs granted to retail tenants at Festival Walk mall. - The increase was partially offset by lower average rental rates at Festival Walk and Gateway Plaza. In addition, there were Festival Walk Top-ups in 2H FY19/20 to enable a certain level of distributable income and DPU to mitigate the loss of rental during the Festival Walk Temporary Closure. - Compared to 1H FY20/21, DPU for 2H FY20/21 was 14.7% higher.

STATEMENT OF FINANCIAL POSITION HIGHLIGHTS

	As at 31 March 2021 (S$M)	As at 31 March 2020 (S$M)	Variance % Positive/ (Negative)
Investment Properties	**7,674.1**	8,347.2	(8.1)
Investment in a Joint Venture[1]	**116.6**	-	NM
Total Assets	**8,088.7**	8,586.7	(5.8)
Total Liabilities	**3,703.6**	3,856.0	4.0
Net Assets Attributable to Unitholders	**4,375.7**	4,721.5	(7.3)
NAV per Unit (S$)	**1.274**	1.412	(9.8)

[1] Refers to MNACT's 50.0% effective interest in The Pinnacle Gangnam.

Acquisition

S$276.4m Total Acquisition Cost

- On 30 October 2020, MNACT acquired an effective interest of 50.0% in The Pinnacle Gangnam, which was a co-investment with the Sponsor, from PICANTO Pte. Ltd. and Project Hudson Ltd. The property has a total acquisition cost of S$276.4 million, comprising 50.0% of the agreed property value payable by MNACT of approximately S$272.9 million (KRW226.0 billion), acquisition fee paid to the Manager of approximately S$2.7 million in cash (as elected by the Manager) and the estimated professional and other fees and expenses of approximately S$0.8 million.
- The agreed property value of The Pinnacle Gangnam was negotiated on a willing-buyer and willing-seller basis. It was at a discount of approximately 1.5% to the valuation[1] jointly conducted by Colliers International (Hong Kong) Limited and Colliers International (Korea) Limited.

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[1] In arriving at the valuation, the valuers relied on the discounted cash flow method and the direct comparison method.

FINANCIAL REVIEW AND CAPITAL MANAGEMENT

Valuation of Properties

S$7,674.1m

From **S$8,347.2m** as at end FY19/20

- DBS Trustee Limited, in its capacity as trustee of MNACT, had appointed Cushman and Wakefield Limited for the independent valuations of Festival Walk, Gateway Plaza and Sandhill Plaza. CBRE K.K. was the independent valuer for the Japan Properties. The joint valuers for The Pinnacle Gangnam were Colliers International (Hong Kong) Limited, Colliers International (Korea) Limited and Daeil Appraisal Board (collectively the "TPG Valuers").
- The value of MNACT's portfolio (excluding The Pinnacle Gangnam) as at 31 March 2021 declined by 8.1% year-on-year mainly due to lower market rents assumed by the valuers for Festival Walk and Gateway Plaza as a result of the impact of COVID-19 on the properties' performance. There was also net translation loss (against SGD) of S$212.0 million from the weaker HKD and JPY against SGD, partially offset by the stronger RMB. On the other hand, there was also a translation gain of S$125.5 million arising from the borrowings incurred for capital hedge purposes.
- An interim valuation of the portfolio was carried out on 30 September 2020. When compared with the interim valuation, the value of MNACT's portfolio (excluding The Pinnacle Gangnam) as at 31 March 2021 was lower by 3.5%.
- The valuation of The Pinnacle Gangnam, acquired on 30 October 2020, was S$543.5 million, where MNACT's 50.0% effective interest in the property was at S$271.7 million. MNACT's portfolio valuation, including its 50.0% effective interest in The Pinnacle Gangnam, amounted to S$7,945.8 million.

	Valuation (Local Currency/S$)				Valuation Cap Rate		
(S$M)	As at 31 Mar 2021[1]	As at 30 Sep 2020[2]	As at 31 Mar 2020[3]	% Change year-on-year	As at 31 Mar 2021	As at 30 Sep 2020	As at 31 Mar 2020
Festival Walk	**HK$26,170**	HK$27,000	HK$28,530	⬇ **8.3%**	**4.15% (Gross)**	4.15% (Gross)	4.15% (Gross)
	S$4,520	S$4,773	S$5,090	⬇ **11.2%**			
Gateway Plaza	**RMB6,460**	RMB6,553	RMB6,853	⬇ **5.7%**	**5.50% (Gross)**	5.50% (Gross)	5.50% (Gross)
	S$1,334	S$1,311	S$1,368	⬇ **2.5%**			
Sandhill Plaza	**RMB2,424**	RMB2,424	RMB2,424	**0.0%**	**5.00% (Gross)**	5.00% (Gross)	5.00% (Gross)
	S$501	S$485	S$484	⬆ **3.5%**			
Japan Properties[4]	**JPY106,750**	JPY106,750	JPY104,050	⬆ **2.6%**	**3.90%-4.70% (Net)**	3.90%-4.70% (Net)	4.10%-4.70% (Net)
	S$1,319	S$1,380	S$1,405	⬇ **6.2%**			
Portfolio *(excluding The Pinnacle Gangnam)*	**S$7,674**	S$7,948	S$8,347	⬇ 8.1% (31 March 2021 compared to 31 March 2020) ⬇ 3.5% (31 March 2021 compared to 30 September 2020)			
		Acquisition Price (30 Oct 2020)					
The Pinnacle Gangnam (50.0% interest)	**KRW229,525**	KRW226,000	–	⬆ **1.6%[6]**	**3.2% (Net)**	–	–
	S$272	S$273[5]	–	⬇ **0.4%[6]**			
Portfolio *(including The Pinnacle Gangnam)*	**S$7,946**	⬇ 4.8% (31 March 2021 compared to 31 March 2020) ⬇ 0.03% (31 March 2021 compared to 30 September 2020)					

[1] Valuation methodologies used as at 31 March 2021 by Cushman & Wakefield Limited include: income capitalisation method, discounted cash flow method and direct comparison method (for Gateway Plaza and Sandhill Plaza). Valuation methodologies used as at 31 March 2021 by CBRE K.K. include discounted cash flow method and direct capitalisation method. Valuation methodologies used as at 31 March 2021 by the TPG Valuers include: income capitalisation method, discounted cash flow method and direct comparison method.
Based on exchange rates of S$1= HK$5.7897, S$1 = RMB4.8410, S$1 = JPY80.9448 and S$1 = KRW844.6659.

[2] Based on exchange rates of S$1= HK$5.6574, S$1 = RMB4.9985 and S$1 = JPY77.3652.

[3] Based on exchange rates of S$1= HK$5.6051, S$1 = RMB5.0095 and S$1 = JPY74.0401.

[4] Based on 100% effective interest in the properties.

[5] Based on exchange rate of S$1= KRW828.01.

[6] As compared to acquisition price (30 October 2020).

Total Assets

S$8,088.7m

From **S$8,586.7m** as at end FY19/20

- The decrease in total assets was primarily a result of the decline in investment properties of S$673.2 million.
- The decline was partially offset by the addition of the investment in a joint venture (The Pinnacle Gangnam) of S$116.6 million and an increase of S$16.4 million in financial derivative assets due to the movement in fair value. Additionally, there was an increase in cash and bank balances of S$44.4 million mainly arising from higher net cash provided by operating activities.

Total Liabilities

S$3,703.6m

From **S$3,856.0m** as at end FY19/20

- The total liabilities was lower mainly due to (a) a translation gain of S$125.5 million arising from the weaker JPY and HKD offset by the stronger RMB and (b) a net repayment of borrowings and unamortised financing costs of S$87.6 million, partially offset by the borrowings of S$112.0 million undertaken to fund the acquisition of The Pinnacle Gangnam.
- Trade and other payables also decreased by S$31.9 million mainly due to the settlement of the advanced distribution for the period from 1 January to 27 February 2020[1].
- Financial derivative liabilities were also lower by S$31.0 million due to the movements in fair value.
- There was also a net increase in income and deferred tax liabilities of S$11.5 million, mainly due to the current year taxes.

Net Assets Attributable to Unitholders

S$4,375.7m

From **S$4,721.5m** as at end FY19/20

NAV per Unit

S$1.274

From **S$1.412** as at end FY19/20

- Net assets attributable to Unitholders was lower, taking into account the loss for the period of S$264.6 million, distribution payments to Unitholders, and net translation loss for the year.
- This was partially offset by the issuance of new units in lieu of management fees and DRP (net of issuance expenses).
- Accordingly, the NAV per Unit was lower at S$1.274. After taking into account distribution payments to Unitholders on 21 June 2021, NAV per unit would have been lower at S$1.241.

Project Management Fee

- Mapletree Hong Kong Management Limited, a subsidiary of the Sponsor, was contracted during the financial year to carry out project management for the recovery works of Festival Walk for the damages incurred arising from the social incidents in Hong Kong SAR. The project is scheduled to be completed by the second half of FY21/22.
- The estimated project management fee payable is HK$5.4 million (S$945,000), based on 3% of the latest estimated total construction costs of the project. This is within market norms and reasonable range as assessed by an independent quantity surveyor, Gleeds (Hong Kong) Construction Consultant Co. Ltd., on 20 November 2020. The fee and disclosure are in accordance with the Manager's undertaking as disclosed in the MNACT IPO prospectus.

CONSOLIDATED STATEMENT OF CASH FLOW HIGHLIGHTS

(S$'000)	FY20/21	FY19/20	Variance % Positive/(Negative)
Net Cash Provided by Operating Activities	**313,106**	265,768	17.8
Net Cash Used in Investing Activities	**(133,859)**	(476,250)	(71.9)
Net Cash (Used in)/Provided by Financing Activities	**(136,215)**	221,300	NM
Net Increase in Cash and Cash Equivalents Held	**43,032**	10,818	297.8
Cash and Cash Equivalents at End of the Financial Year	**229,276**	188,208	21.8

- The higher net cash provided by operating activities for FY20/21 was due to higher profit before taking into account interest income, finance cost and net change in fair value of investment properties and financial derivatives[2].
- Lower net cash used in investing activities was mainly attributed to the lower cash outflow for the acquisition of The Pinnacle Gangnam on 30 October 2020 as compared to the acquisition of MBP and Omori in FY19/20.
- The net cash used in financing activities in FY20/21 was due to new borrowings relating to the acquisition of The Pinnacle Gangnam offset by the net repayment of borrowings during the financial year. The cash provided by financing activities in FY19/20 was primarily due to the gross proceeds from the issuance of new units pursuant to the Transaction Units Agreement[3] for the acquisitions of MBP and Omori, and repayment of borrowings.

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[1] Please refer to MNACT's SGX-ST Announcement dated 27 February 2020 titled "Details of Advanced Distribution in Connection with the Issuance of the Transaction Units, and Issue Price of New Units to be Issued Pursuant to the DRP for the Advanced Distribution".

[2] Please refer to page 18 for more details.

[3] Please refer to MNACT's SGX-ST Announcement dated 4 December 2019 titled "The Proposed Acquisitions of Two Office Properties in Greater Tokyo".

FINANCIAL REVIEW AND CAPITAL MANAGEMENT

CAPITAL MANAGEMENT

The Manager takes a prudent and disciplined approach in addressing funding requirements, mitigating exposure to interest rate and foreign exchange volatilities, as well as diversifying sources of funding.

Key Financial Indicators

	As at 31 March 2021	As at 31 March 2020
Total Gross Debt Outstanding[1] (S$ million)	**3,439.9**	3,383.5
Aggregate Leverage Ratio[2] (%)	**41.5**	39.3
Average Term to Maturity for Debt (years)	**3.12**	3.35
Effective Interest Rate (% per annum) for the Financial Year	**1.99**	2.43
Interest Cover Ratio[2] (times) on a Trailing 12-month Basis	**3.7**	3.5
Unsecured Debt as a Percentage of Total Debt (%)	**75**	77

Total Gross Debt

S$3,439.9m

From **S$3,383.5m** as at end FY19/20

- MNACT's gross debt[1] as at 31 March 2021 comprised debt of S$2,641 million and bonds of S$799 million (TMK bonds and bonds issued under MNACT's Euro Medium Term Securities Programme ("Euro MTN Programme") established on 31 May 2013).
- In FY20/21, MNACT and its subsidiaries entered into nine facility agreements[3]. These include two green loan facilities which amounted to HK$1,200 million for loans relating to Festival Walk[4]. There were also new facilities including S$112 million used to fund the acquisition of The Pinnacle Gangnam, and approximately S$151 million and S$259 million utilised to refinance debt due by March 2021 and March 2022, respectively.
- MNACT continues to maintain adequate cash and bank balances of S$252.2 million and unutilised committed and uncommitted bank facilities of approximately S$513.8 million to meet working capital and financial obligations. There is also an untapped balance of approximately US$963 million from the Euro MTN Programme.
- Approximately S$199 million of refinancing requirement, representing approximately 6% of MNACT's total gross debt as at 31 March 2021, will be due by March 2022. The Manager is in active discussions with lenders to refinance these loans and has sufficient liquidity to cover its maturing debt obligations.
- About 59% of the total gross debt are denominated in HKD, providing a natural hedge up to the corresponding amount of borrowings for MNACT's property in Hong Kong SAR (Festival Walk).
- About 32% of the total gross debt is denominated in JPY[5], with the remaining denominated in KRW, SGD and RMB.

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[1] Includes the proportionate share of KRW onshore borrowings in relation to The Pinnacle Gangnam.

[2] The leverage ratio and interest cover ratio are within the financial covenants stipulated in the unsecured debt facility agreements.

[3] Please refer to MNACT's SGX-ST Announcements dated 29 May 2020, 26 June 2020, 17 August 2020, 25 August 2020, 21 September 2020, 18 November 2020, 19 November 2020 and 1 March 2021 on MNACT's disclosures pursuant to Rule 704(31) of the Listing Manual of the SGX-ST.

[4] Festival Walk has been certified a Final Platinum rating under Hong Kong Green Building Council's BEAM Plus – Existing Buildings V1.2.

[5] JPY debt relates to the debt from the acquisitions of the six office properties in Greater Tokyo, Japan in May 2018 and acquisitions of MBP and Omori in February 2020. The JPY debt also included HK$580 million Fixed Rate Notes issued in March 2019, with its HKD fixed interest rate swapped into JPY interest rate.

Aggregate Leverage Ratio

41.5%[1]

From **39.3%** as at end FY19/20

- MNACT ended the year with an aggregate leverage ratio of 41.5%, taking into account incremental borrowings to fund the acquisition of The Pinnacle Gangnam, lower portfolio value and exchange rate differences.
- Nevertheless, the resultant aggregate leverage ratio is below the MAS regulatory limit of 50.0%[2] and within the Manager's target aggregate leverage ratio of not more than 45.0%, while maintaining an interest cover ratio of at least 2.5 times at these levels.
- The ratio of 41.5% is not expected to have a material impact on MNACT's risk profile and the Manager will continue to be disciplined in managing the leverage profile of MNACT.
- The aggregate leverage ratio of 41.5% also provides ample debt headroom of approximately S$520 million before reaching 45% aggregate leverage limit. This provides the REIT with financial flexibility to fund potential acquisitions.
- As at 31 March 2021, MNACT's share of total debt to net asset value ratio and MNACT's share of total debt less cash and cash equivalents held in MNACT's functional currency (SGD) to net asset value ratio were 78.1% and 76.2%, respectively.

Average Term to Maturity for Debt

3.12 years

From **3.35 years** as at end FY19/20

- Average term to maturity for debt remained above 3 years for both FY20/21 and FY19/20.

Effective Interest Rate

1.99%

From **2.43%** for FY19/20

- The effective interest rate was lowered, reflecting lower benchmark interest rates and lower interest rates from the active refinancing activities.

Interest Cover Ratio on a Trailing 12-month Basis

3.7 times

From **3.5 times** as at end FY19/20

- The improvement in interest cover ratio was due to the full-year contributions of MBP and Omori following the completion of acquisitions on 28 February 2020 and the contribution from The Pinnacle Gangnam from 30 October 2020, as well as lower finance costs.

Unsecured Debt

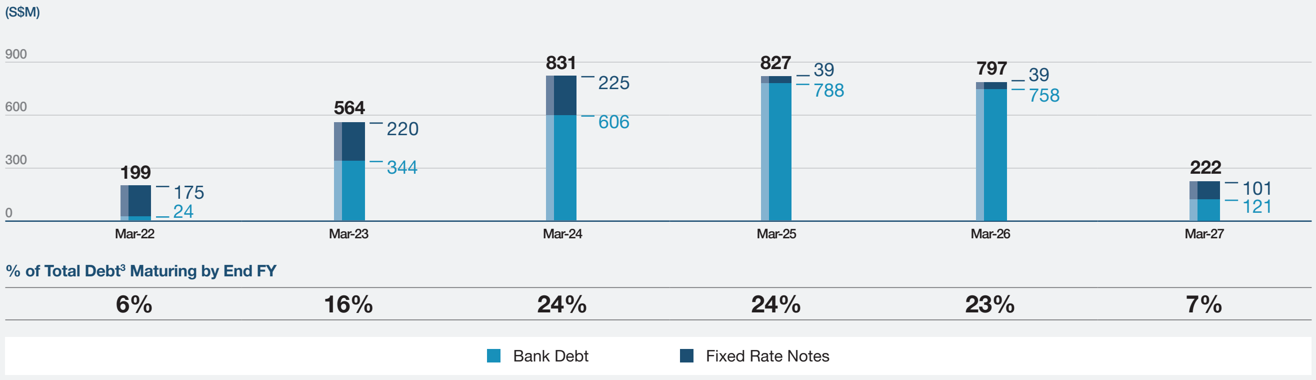
75%

From **77%** as at end FY19/20

- The percentage of unsecured debt edged down to 75% as at 31 March 2021 due to the secured onshore borrowings in KRW to partially finance the acquisition of The Pinnacle Gangnam.

Well-Staggered Debt Maturity Profile (As at 31 March 2021)

- MNACT's debt maturity profile remained well-staggered as at 31 March 2021 with no more than 24% of debt due in any financial year.



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[1] MNACT holds a 98.47% effective interest in the Japan Properties and a 50.0% effective interest in The Pinnacle Gangnam. In accordance with the Property Funds Guidelines, the aggregate leverage ratio includes MNACT's proportionate share of borrowings and deposited property values for the Japan Properties and The Pinnacle Gangnam.

[2] The MAS had on 16 April 2020 raised the aggregate leverage limit for REITs listed on the Singapore Exchange from 45% to 50% (up to 31 December 2021) and deferred to 1 January 2022, the requirement to have a minimum adjusted interest coverage ratio of 2.5 times before the aggregate leverage limit can be increased from the then prevailing 45% limit (up to a maximum of 50%).

[3] Includes the proportionate share of KRW onshore borrowings in relation to The Pinnacle Gangnam.

FINANCIAL REVIEW AND CAPITAL MANAGEMENT

Interest Rate Risk Management

- As at 31 March 2021, approximately 73% of interest cost on borrowings was fixed using interest rate swaps, cross currency interest rate swaps and fixed rate notes, which mitigates MNACT's exposure to interest rate fluctuations and provide better certainty of interest costs.

Foreign Currency Risk Management

- The Manager uses currency forwards to hedge expected portfolio distributable income.
- About 90% of the expected distributable income for 1H FY21/22 has been hedged into SGD.
- The Manager will continue to actively monitor the currency markets and progressively hedge to provide certainty over future distributions as appropriate.

ACCOUNTING POLICIES

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) ("SFRS(I)"), the applicable requirements of the Code on Collective Investment Schemes ("CCIS") issued by the MAS relating to financial reporting and the provisions of the Trust Deed[1].

These financial statements, which are expressed in Singapore Dollars and rounded to the nearest thousand, have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

On 1 April 2020, MNACT and its subsidiaries (the "Group") adopted the new or amended SFRS(I) and Interpretations of SFRS(I) ("INT SFRS(I)") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and INT SFRS(I).

The adoption of these new or amended SFRS(I) did not result in any material changes to the Group's accounting policies and has no effect on the amounts reported for the current or prior financial years.

The Group's significant accounting policies are discussed in more detail in the Notes to the Financial Statements section. The preparation of the financial statements in conformity with SFRS(I) requires the Manager to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income, expenses and disclosures made. In particular, the valuation of investment properties is one significant area which requires estimation and critical judgement in applying accounting policies. This has the most significant effect on the amounts recognised in the financial statements and is discussed in greater detail in the Notes to the Financial Statements section.

SENSITIVITY ANALYSIS

- As at 31 March 2021, interest cost on approximately 73% of the total debt was fixed, minimising exposure to interest rate volatility. It is estimated that an increase of 50 basis points in interest rate would have resulted in a reduction in FY20/21 DPU by about 0.097 cents.
- MNACT has an aggregate leverage ratio of 41.5% as at 31 March 2021. A 1.0% increase in portfolio valuation would have decreased the aggregate leverage ratio by approximately 0.4 percentage points.
- MNACT's total return for FY20/21 would decrease or increase by S$5.2 million[2] if the average rates of all of the foreign currencies (HKD, RMB, JPY and KRW) against SGD strengthened or weakened by 5%.

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[1] As a REIT established in Singapore, MNACT is constituted by the Trust Deed. A copy of the Trust Deed can be inspected at the registered office of the Manager, which is located at 10 Pasir Panjang Road, #13-01 Mapletree Business City, Singapore 117438, subject to prior appointment.

[2] The foreign currency sensitivity analysis is performed using the similar methodology of SFRS (I) 7 (Financial Instruments: Disclosures) as disclosed on page 183 in the Financial Statements section. This analysis includes financial assets and liabilities (but does not include investment properties), as well as "mark-to-market" losses/gains on currency forwards.

FIVE-YEAR FINANCIAL PERFORMANCE PROFILE[1]

	FY16/17	FY17/18	FY18/19	FY19/20	FY20/21
Gross Revenue (S$ million)	350.6	355.0	408.7	354.5	**391.4**
NPI (S$ million)	285.6	287.2	329.0	277.5	**292.0**
Distributable Income (S$ million)	204.6	210.9	240.7	227.9	**210.2**
DPU (cents)	7.341	7.481	7.690	7.124	**6.175**

FY16/17

- NPI was 2.9% higher for FY16/17 compared to FY15/16, mainly due to the increase in rental income from Festival Walk and the full-year contribution from Sandhill Plaza, partially offset by additional property tax incurred by Gateway Plaza as a result of the change in the basis of assessment of property tax, effective from July 2016.
- Income available for distribution to Unitholders for FY16/17 was 2.4% higher than last financial year. DPU for FY16/17 was 1.0% more compared to the DPU paid for FY15/16.

FY17/18

- NPI was 0.5% higher than FY16/17 NPI. This was mainly due to higher average rental rates from Festival Walk and Gateway Plaza, offset by higher property tax incurred at Gateway Plaza as a result of the change in the basis of assessment of property tax, and the lower average rates of HKD and RMB against SGD in FY17/18 compared to FY16/17.
- Available DPU for FY17/18 increased by 1.9%, compared to FY16/17, mainly due to higher NPI, the lower translated average cost of debt (post re-financing) and realised exchange gain.

FY18/19

- The 14.6% increase in NPI was mainly driven by the contribution from the six office properties in Greater Tokyo, Japan, following the completion of acquisition on 25 May 2018, and higher rental income from Festival Walk, Gateway Plaza and Sandhill Plaza, partially offset by the lower average rate of HKD and RMB during the year.
- Available DPU for FY18/19 increased by 2.8%, compared to FY17/18, mainly attributable to higher NPI at Festival Walk, Gateway Plaza, Sandhill Plaza and the new contribution from the six office properties in Greater Tokyo, Japan that were acquired on 25 May 2018, partially offset by the higher translated average cost of debt (post re-financing) and lower realised exchange gain.

FY19/20

- The decline in NPI of 15.7% was mainly due to rental reliefs granted to tenants at Festival Walk mall as a result of the social incidents prior to the Festival Walk Temporary Closure and subsequent COVID-19 impact post the re-opening of the mall. There was also loss of revenue during Festival Walk Temporary Closure, and lower average occupancy at Gateway Plaza. However, a full year's contribution from the six office properties in Greater Tokyo that were acquired on 25 May 2018 and a one month's contribution from the acquisitions of MBP and Omori on 28 February 2020 partially offset the decline.
- Available DPU for FY19/20 was lower by 7.4% compared to FY18/19, taking into account the lower NPI, partially mitigated by the Festival Walk Top-ups.

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[1] Please refer to MNACT's SGX-ST Announcements for the results announcements for the respective financial years.

PROPERTY PORTFOLIO SUMMARY AND REVIEW[1]

	HONG KONG SAR	CHINA		JAPAN	
	FESTIVAL WALK	**GATEWAY PLAZA**	**SANDHILL PLAZA**	**MON**	**HNB**
Property					
City	Hong Kong SAR	Beijing	Shanghai	Tokyo	Tokyo
Address	No. 80 Tat Chee Avenue, Kowloon Tong	No. 18 Xiaguangli, East 3rd Ring Road North, Chaoyang District	Block 1 to 5 and 7 to 9, No. 2290 Zuchongzhi Road, Zhangjiang Science City, Pudong New District	5-4, Fukuzumi 2-chome, Koto-ku	4-6, Higashi-nihonbashi 1-chome, Chuo-ku
Asset Type	Mall and Office	Office	Business Park	Office	Office
Gross Floor Area (“GFA”)[2]	Overall: 112,297 sq m Office: 21,244 sq m (19%) Retail: 91,053 sq m (81%)	Overall: 106,456 sq m Office: 94,715 sq m (89%) Podium: 11,741 sq m (11%)	83,801 sq m	8,303 sq m	3,240 sq m
Net Lettable Area (“NLA”)[2]	Overall: 74,171 sq m Office: 19,879 sq m (27%) Retail: 54,292 sq m (73%)	Overall: 106,456 sq m Office: 94,715 sq m (89%) Podium: 11,741 sq m (11%)	Overall: 63,284 sq m Office: 61,684 sq m (97%) Amenities: 1,600 sq m (3%)	6,852 sq m	2,601 sq m
No. of Storeys	7 floors (retail), 4 floors (office), 3 basement car park levels	Two 25-storey office towers, 3-storey podium area, 3 underground floors	One 20-storey tower, 7 blocks of 3-storey buildings, 2 basement car park levels	5-storey office building	8-storey office building
Carpark Lots	830	692	460	28	8
Land Use Right Expiry	30 June 2047	25 February 2053	3 February 2060	Freehold	
Remaining Term of Land Lease	26 years	32 years	39 years	Freehold	
No. of Tenants	188	97	51	95	
No. of Leases	267	100	72	108	
Tenant Type	Multi-tenanted	Multi-tenanted	Multi-tenanted	Multi-tenanted	Multi-tenanted
Year of Purchase by MNACT	2013	2013	2015	2018	2018
Purchase Price (Million)	HK$20,700 (S$3,296)[3]	RMB5,150 (S$1,013)[3]	RMB1,862 (S$407)[4]	JPY8,639 (S$105)[5]	JPY1,995 (S$24)[5]
Valuation[8] (Million)	HK$26,170 (S$4,520)	RMB6,460 (S$1,334)	RMB2,424 (S$501)	JPY8,180 (S$101)	JPY2,380 (S$29)
As % of Portfolio Valuation[9]	56.9	16.8	6.3	1.3	0.4
Cap Rate[8] (%)	4.15 (Gross)	5.5 (Gross)	5.0 (Gross)	3.9-4.7 (Net)	
Occupancy Rate[10] (%)	99.9	92.9	97.9	100	100
Major Tenants by Monthly Gross Rental Income (“GRI”) for March 2021	– TaSTe – Arup – Festival Grand	– BMW – CFLD[11] – Bank of China	– Spreadtrum – Hanwuji – Borouge	– DSV – DTS – Kadokawa	– Tender Loving Care Services (a nursery) – Advance – 10X
WALE[12] by Monthly GRI (Years)	2.0 Office: 2.9 Retail: 1.9	2.2 Office: 2.0 Podium: 3.3	2.0 Office: 2.1 Amenities: 2.6	3.0	
Average Rental Reversion in FY20/21 (%)	Retail: -21 Office: NA	-7	5	2	
Gross Revenue for FY20/21 (S$’000)	185,163	79,142	25,807	5,365	1,659
Gross Revenue for FY19/20 (S$’000)	195,091	81,174	25,243	4,356	1,652

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[1] All information and numbers presented in this section are as at 31 March 2021 unless otherwise specified.

[2] Square metre is the standard convention for area in China. While square feet (“sq ft”) is the standard convention for area in Hong Kong SAR, tsubo is the standard convention for area in Japan and pyeong is the standard convention for area in South Korea, we have standardised to square metre (“sq m”) for ease of comparison. 1 sq m = 10.7639 sq ft, 1 sq m = 0.3025 tsubo, 1 sq m = 0.3025 pyeong.

[3] Purchase price as at 7 March 2013 (listing date). Based on exchange rate: S$1 = HK$6.2803 and S$1 = RMB5.084.

[4] As at acquisition date of 17 June 2015. Based on exchange rate: S$1= RMB4.5749.

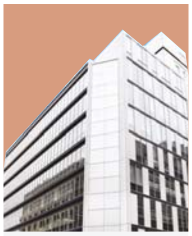
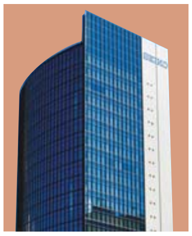
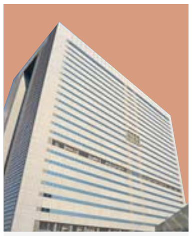
[5] As at acquisition date of 25 May 2018. Based on exchange rate: S$1 = JPY82.18.

[6] As at acquisition date of 28 February 2020. Based on exchange rate: S$1 = JPY78.9702.

[7] As at acquisition date of 30 October 2020. Based on MNACT’s 50.0% effective interest in The Pinnacle Gangnam and exchange rate: S$1 = KRW828.01.

ACQUIRED IN FY20/21

SOUTH KOREA

TSI	ASY	SMB	FJM	OMORI	MBP	THE PINNACLE GANGNAM
						
Tokyo	Yokohama	Chiba	Chiba	Tokyo	Chiba	Seoul
63-4, Higashi-Ikebukuro 2-chome, Toshima-ku	6-1, Shin-yokohama 2-chome, Kohoku-ku, Yokohama City, Kanagawa	8, Nakase 1-chome, Mihama-ku, Chiba City	9-3, Nakase 1-chome, Mihama-ku, Chiba City	21-12, Minami-oi 6-chome, Shinagawa-ku	6, Nakase 1-chome, Mihama-ku, Chiba City	119, Nonhyeon-dong Gangnam-gu, Seoul
Office	Office	Office	Office	Office	Office	Office
4,898 sq m	4,638 sq m	70,744 sq m	61,088 sq m	10,442 sq m	170,499 sq m	Overall: 44,444 sq m Office: 41,676 sq m (94%) Retail: 2,768 sq m (6%)
4,002 sq m	3,170 sq m	70,744 sq m	61,088 sq m	6,798 sq m	84,785 sq m	Overall: 24,650 sq m Office: 23,160 sq m (94%) Retail: 1,490 sq m (6%)
9-storey office building	9-storey office building, 2 basement levels	26-storey office building, 1 basement level	21-storey office building	13-storey office building, 1 basement level	26-storey office building, 1 basement level	20-storey office building; 6 basement levels
15	24	298	251	37	680	181
						Freehold
						Freehold
						34
						34
Single-tenanted	Multi-tenanted	Single-tenanted	Single-tenanted	Multi-tenanted	Multi-tenanted	Multi-tenanted
2018	2018	2018	2018	2020	2020	2020
JPY5,220 (S$64)[5]	JPY2,695 (S$33)[5]	JPY26,344 (S$321)[5]	JPY18,411 (S$224)[5]	JPY6,610 (S$84)[6]	JPY31,500 (S$398)[6]	KRW226,000 (S$273)[7]
JPY5,330 (S$66)	JPY2,820 (S$35)	JPY28,300 (S$350)	JPY19,300 (S$239)	JPY7,140 (S$88)	JPY33,300 (S$411)	KRW229,525 (S$272)[9]
0.8	0.4	4.4	3.0	1.1	5.2	3.4
						3.2 (Net)
100	100	100	100	100	93.9	96.5
– PERSOL	– Lawson – Rentas – JAPAN CREATE	– Seiko Instruments Inc.	– Fujitsu	– Eighting Co., Ltd – Brillnics – Otsuka Corporation	– NTT Urban Development Corporation ("NTT UD") – Dai Nippon Printing – AEON Credit Service	– Qualcomm – HUVIS – JustCo
						2.8 Office: 2.8 Amenities: 2.7
						n.m[13]
3,672	2,282	23,392	14,896	5,309	44,728	4,782[14]
3,590	2,225	22,768	14,506	449[15]	3,424[15]	n.a

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[8] As at 31 March 2021. Based on exchange rates: S$1= HK$5.7897, S$1 = RMB4.8410, S$1 = JPY80.9448 and S$1 = KRW844.6659. Please refer to page 22 in the Financial Review and Capital Management section on the appointed valuers and valuation methodologies used.

[9] Portfolio valuation as at 31 March 2021 was S$7,946 million. This includes MNACT's 50.0% effective interest in The Pinnacle Gangnam.

[10] Occupancy rates are based on committed leases (which include existing leases).

[11] China Fortune Land Development ("CFLD").

[12] WALE is based on the expiry dates of the committed leases (which include existing leases).

[13] n.m - not meaningful. During the period from 30 October 2020 (date of completion of acquisition) to 31 March 2021, there was only one lease that expired.

[14] Contribution from The Pinnacle Gangnam was from 30 October 2020, following the completion of the acquisition.

[15] Contributions from Omori and MBP were from 28 February 2020, following the completion of the acquisitions.

PROPERTY PORTFOLIO SUMMARY AND REVIEW

Amidst the disruptive environment in FY20/21, the Manager focused on enhancing the resilience of the portfolio through supporting our tenants and sustaining the longstanding relationships, and in maintaining a high portfolio occupancy rate. Further to our acquisitions of MBP and Omori in February 2020, we also continued our portfolio diversification with the addition of The Pinnacle Gangnam in October 2020.

Supporting our Tenants

With the adverse effect of COVID-19 on many businesses, the Manager proactively reached out to our tenants to better understand how they were managing through the pandemic. For tenants that were significantly impacted by cash flow pressures, the Manager supported them with rental reliefs amounting to S$50.5 million for FY20/21. Flexible leasing strategies were also adopted, taking into account the uneven impact of COVID-19 among the various trade sectors.

High Portfolio Occupancy

As a result of our proactive tenant management and leasing approach, the portfolio occupancy rate improved to 97.0% as at 31 March 2021, from 95.2% as at 31 March 2020. Compared to a year ago, higher occupancies were achieved at Festival Walk, Gateway Plaza, MON and MBP.

Greater Diversification of MNACT's Portfolio

The acquisition of The Pinnacle Gangnam, acquired in October 2020, and the full-year contributions from MBP and Omori, acquired in February 2020, further improved MNACT's geographical diversification by portfolio NPI[1]. Contribution from the Japan Properties increased from 14.4% in FY19/20 to 22.4% in FY20/21. Post the completion of the acquisition of The Pinnacle Gangnam, the contribution from South Korea now accounted for 1.3% of the portfolio's NPI.

Well-Diversified Tenant Base

MNACT's tenant base of 465 tenants as at 31 March 2021 continued to be well-diversified. This included 34 tenants from The Pinnacle Gangnam that are mainly established national and international tenants from the IT and Financial Institution/Insurance/Banking/Real Estate industries.

As a result, income contribution (by monthly GRI) from the Financial Institution/Insurance/Banking/Real Estate increased to 12.7% in March 2021 from 12.3% in March 2020. Contribution from the Information Technology sector was also higher at 5.1% in March 2021 compared to 4.1% a year ago.

PORTFOLIO OCCUPANCY

As at 31 March (%)	2021	2020	2019	2018	2017
Festival Walk	**99.9**	99.8	100.0	100.0	100.0
Gateway Plaza	**92.9**	91.5	99.0	96.5	96.9
Sandhill Plaza	**97.9**	98.0	99.3	100.0	100.0
MON[2]	**100.0**	80.8	100.0	n.a.[3]	→
HNB[2]	**100.0**	100.0	100.0	n.a.[3]	→
TSI[2]	**100.0**	100.0	100.0	n.a.[3]	→
ASY[2]	**100.0**	100.0	100.0	n.a.[3]	→
SMB[2]	**100.0**	100.0	100.0	n.a.[3]	→
FJM[2]	**100.0**	100.0	100.0	n.a.[3]	→
Omori[2]	**100.0**	100.0	n.a.[4]	→	
MBP[2]	**93.9**	86.6	n.a.[4]	→	
The Pinnacle Gangnam	**96.5**	n.a.[5]	→		
Portfolio	**97.0**	95.2	99.6	98.5	98.6

MNACT TRADE MIX BY MONTHLY GRI

(For the Month of March 2021)

🟦 Machinery / Equipment / Manufacturing	**14.8%**
🟥 Financial Institution / Insurance / Banking / Real Estate	**12.7%**
🟫 Apparel & Fashion Accessories	**12.6%**
🟩 Food & Beverages	**8.9%**
🟦 Automobile	**8.6%**
🟧 Departmental Store & Supermarket	**6.6%**
🟪 Professional & Business Services	**6.5%**
🟪 Services	**6.3%**
🟫 Leisure & Entertainment	**6.0%**
🟦 Information Technology	**5.1%**
🟦 Personal Cosmetics	**4.2%**
🟦 Electronics, Houseware & Furnishings	**3.9%**
🟨 Luxury Jewellery, Watches & Accessories	**2.0%**
🟪 Pharmaceutical / Medical	**1.4%**
🟩 Natural Resources	**0.2%**
⬜ Others	**0.2%**

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[1] As contribution from The Pinnacle Gangnam is reflected as MNACT's share of profit of a joint venture based on its 50.0% effective interest, FY20/21 NPI of S$292.0 million does not include the contribution from The Pinnacle Gangnam. On a pro-forma basis, FY20/21 NPI including MNACT's 50.0% share of the NPI from The Pinnacle Gangnam from 30 October 2020 would have been S$295.8 million.

[2] Please refer to page 1 of this Annual Report for the listing of the names of the Japan Properties.

[3] Acquired in May 2018.

[4] Acquired in February 2020.

[5] Acquired in October 2020.

As at 31 March 2021, the largest single tenant contributed to 8.2% of the portfolio's total monthly GRI. Collectively, MNACT's top 10 tenants accounted for 35.7% of the portfolio GRI for the month of March 2021, marginally down from 36.1% for the month of March 2020.

Well-Staggered Portfolio Lease Expiry Profile

Despite the uncertainties from the impact of COVID-19, the portfolio's WALE by GRI remains well-balanced at 2.3 years[1], with no more than 29.1% of the leases by GRI due to expire in any year. For new and renewed leases that commenced in FY20/21 and have been renewed or re-let as at 31 March 2021, the WALE of these leases as at 31 March 2021 was 2.7 years and these leases accounted for 14.8% of portfolio GRI for the month of March 2021. For leases expiring in FY21/22, approximately 2.8% have been committed for renewal or re-let, in line with the Manager's approach of engaging tenants well ahead of expiries.

By asset, the WALE by GRI for Festival Walk, Gateway Plaza and Sandhill Plaza were 2.0 years, 2.2 years and 2.0 years, respectively. For the Japan Properties, the WALE by GRI was 3.0 years, while the WALE by GRI for The Pinnacle Gangnam was 2.8 years.

Lease Structure

Most of the leases in the portfolio comprise base rent, which is less susceptible to retail sales volatility compared to turnover rent (which is pegged to tenants' retail sales).

MNACT'S TOP 10 TENANTS BY MONTHLY GRI

(For the Month of March 2021)

	Building	Tenant	Sector	Trade Sector	% of Monthly GRI
1	Gateway Plaza	BMW	Office	Automobile	8.2
2	SMB	Seiko Instruments Inc.	Office	Machinery / Equipment / Manufacturing	5.3
3	MBP	NTT UD	Office	Financial Institution / Insurance / Banking / Real Estate	4.9
4	Festival Walk	TaSTe	Retail	Departmental Store & Supermarket	3.7
5	FJM	Fujitsu	Office	Machinery / Equipment / Manufacturing	3.3
6	Festival Walk	Arup	Office	Professional & Business Services	3.3
7	Festival Walk	Festival Grand	Retail	Leisure & Entertainment	1.9
8	Festival Walk	Apple	Retail & Office	Electronics, Houseware & Furnishings	1.9
9	Gateway Plaza	CFLD	Office	Financial Institution / Insurance / Banking / Real Estate	1.8
10	Gateway Plaza	Bank of China	Office	Financial Institution / Insurance / Banking / Real Estate	1.4

Only retail leases at Festival Walk, and one[2] lease each at Sandhill Plaza and The Pinnacle Gangnam comprise base rent and turnover rent. For FY20/21, turnover rent contributed approximately 1.1% of the portfolio's gross revenue.

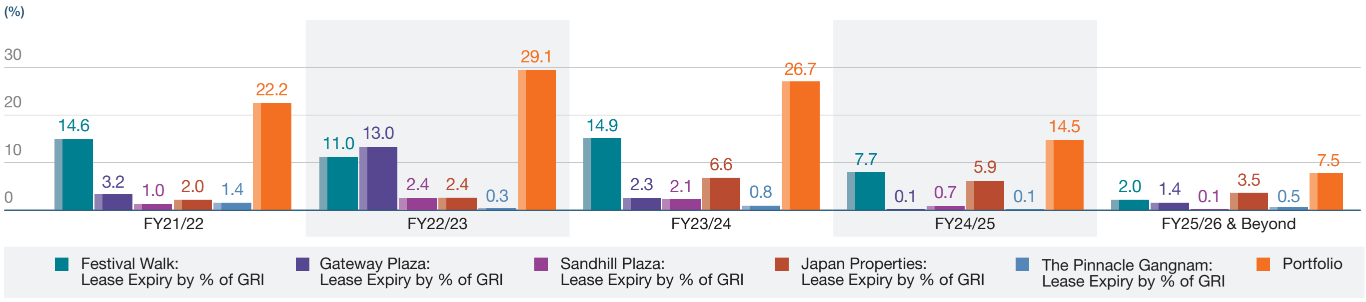
Some of the assets in the portfolio, including the newly-acquired The Pinnacle Gangnam, have leases with step-up rental structures, adding certainty to organic growth over the term of the leases. Approximately 97% of leases at Festival Walk (including both retail and office leases), 24% of leases at Gateway Plaza, 11% of leases at Sandhill Plaza, 3% of leases at the Japan Properties and 94% of leases at The Pinnacle Gangnam have step-up structures in the base rent. There have been no income support payments for MNACT since IPO.

Land Tenure

Freehold land accounted for 20.0% of assets under management[3] as at 31 March 2021. This was an increase from 16.8% as at 31 March 2020 due to the addition of The Pinnacle Gangnam, which is a freehold property.

PORTFOLIO LEASE EXPIRY PROFILE BY PERCENTAGE OF MONTHLY GRI

(As at 31 March 2021)



NO. OF LEASES EXPIRING PER YEAR

191	**190**	**143**	**33**	**24**

Note:

- Lease Expiry Profile: shows the remaining leases to be renewed or re-let as at end of financial period.

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[1] The portfolio WALE of 2.3 years as at 31 March 2021 was based on committed leases (leases which have been renewed or re-let as at 31 March 2021), with lease commencement dates before and after 31 March 2021. Excluding committed leases commencing after 31 March 2021, the portfolio WALE would have been 2.1 years as at 31 March 2021.

[2] All leases at Sandhill Plaza and The Pinnacle Gangnam comprise base rent only, except for two food & beverage leases each contributing turnover rent amounting to less than 0.1% of the portfolio's gross revenue in FY20/21.

[3] Includes MNACT's 50.0% effective interest in The Pinnacle Gangnam.

HONG KONG SAR

Festival Walk

又一城

Festival Walk comprises a four-storey office tower atop a seven-storey territorial retail mall and three underground car park levels. Situated in the residential area of Kowloon Tong, Festival Walk is directly linked to the Kowloon Tong MTR station and enjoys excellent connectivity between the underground Kwun Tong line and the overland East Rail Line which links Hong Kong SAR directly to the Shenzhen border. The property is also located close to two universities and neighbouring schools, and easily accessible by bus and road networks.

The mall is a premier one-stop shopping, dining and lifestyle destination that offers over 200 local and international brands, as well as more than 40 F&B outlets. Its wide range of amenities include a large multiplex cinema 'Festival Grand', 'FoodFest' food court and one of Hong Kong SAR's largest ice skating rinks, the 'Glacier'.

Operating Performance

FY20/21 has been a challenging year for the Hong Kong retail sector due to COVID-19. Consumers cut down on spending due to the economic downturn, and the restrictive measures introduced to combat COVID-19 kept shoppers away. As retail sales were impacted, retailers focused on cost-cutting and recalibrated their expectations on rents. Amidst the tough operating environment, we stood in support of our tenants whose businesses have been severely impacted. To aid tenants, a total of S$49.8 million of rental reliefs were granted in FY20/21 to the retail tenants. We also focused on negotiating competitive rental rates to manage the average occupancy level at Festival Walk. Accordingly, the occupancy rate at Festival Walk remained high at 99.9% while the tenant retention rate for the retail leases that expired in FY20/21 was 69%. Average renewed and re-let rental rates were however lower, resulting in an average rental reversion of negative 21%[1] for retail leases which expired in FY20/21.

TOP TENANTS BY MONTHLY GRI

(For March 2021)

Retail

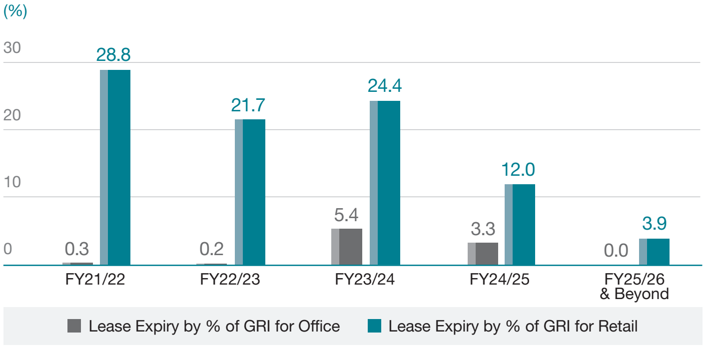
- Apple
- Festival Grand
- HSBC
- H&M
- I.T
- LOG-ON
- Marks & Spencer
- TaSTe

Office

- Arup
- City University of Hong Kong

LEASE EXPIRY PROFILE BY MONTHLY GRI

(As at 31 March 2021)



NO. OF LEASES EXPIRING PER YEAR

108	71	61	17	10

TOTAL NUMBER OF LEASES

267

TENANT MIX BY GRI

(For the Month of March 2021)

Apparel & Fashion Accessories	24.2%
Food & Beverages	17.0%
Departmental Store & Supermarket	12.4%
Leisure & Entertainment	11.1%
Personal Cosmetics	8.4%
Professional & Business Services	8.2%
Electronics, Houseware & Furnishings	7.7%
Services	7.0%
Luxury Jewellery, Watches & Accessories	4.0%

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[1] In view of the COVID-19 situation, there has been a slight increase in the number of short term renewals with rental rates that trend lower. Taking into account these leases, the average rental reversion for Festival Walk for retail leases that were renewed or re-let in FY20/21 would have been -27%.

> " Amidst the tough operating environment, we stood in support of our tenants whose businesses have been severely impacted. "

The office component of Festival Walk is leased to a total of five tenants[1]. It remained resilient, registering full occupancy as at end March 2021.

Refreshing the Shopping Experience

During the year, the Manager continued to refresh the brand offerings at the mall so that it remains appealing to shoppers. A total of 14 new F&B concepts featuring an exciting variety of culinary delights was introduced during the year. Other lifestyle and service concepts that were added to the mall include CASETiFY STUDiO, which offers stylish and custom-made tech accessories, and Saloon, a hairdressing and beauty services salon that comes with a café serving light meals to patrons and shoppers.

We also leveraged on technology to enhance overall experience for our shoppers with the launch of the '*MyFestival*' loyalty programme. Since its launch in September 2020, the membership base has increased to more than 42,000 users as at 31 March 2021.

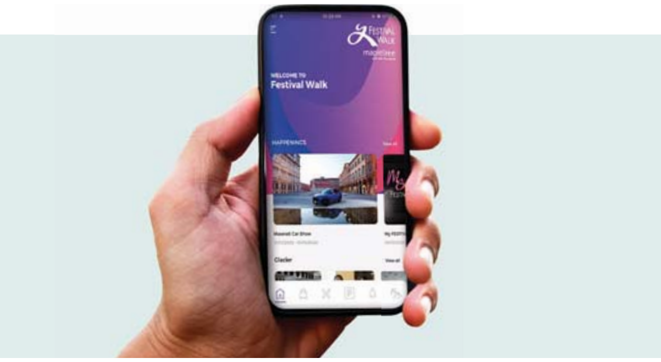
As some of the on-site marketing events were postponed or cancelled due to the restrictive measures in place, the Manager supported tenants via alternative and targeted platforms to boost their sales including a partnership with Deliveroo. Promotions featuring attractive discounts from tenants were also actively publicised via Festival Walk's social media platforms to stimulate sales.

Tenant Sales and Shopper Traffic

Shopper traffic[2] in FY20/21 at Festival Walk mall decreased by 30.9% year-on-year due to the social distancing measures and dine-in bans imposed by the authorities to contain the spread of COVID-19. This, together with lower spending by the locals during the year, had affected tenants' sales[2], which were lower in FY20/21 by 23.1% compared to the same period last year. Comparing the second half of the financial year with the first half, as the COVID-19 situation in Hong Kong SAR improved and the restrictive COVID-19 measures eased, retail sales and shopper traffic at the mall improved by 17.4% and 20.5%, respectively.

Recovery Works

Recovery works resulting from the Festival Walk Incident remained underway amid the COVID-19 period. Safety precautions are adhered to while utmost consideration is taken to minimise disruptions to shoppers. These works, which include the installation of permanent balustrades within the mall, are carried out progressively and are expected to be completed within the second half of FY21/22.



'MyFestival' loyalty programme, integrated into an enhanced Festival Walk mobile app, provides more convenience for shoppers to redeem rewards for their spending at the mall.

The promotions, in partnership with Deliveroo, offer discounts on delivery or takeaway orders from selected Festival Walk F&B outlets.

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[1] There were no leases up for renewal during FY20/21.

[2] To provide the same basis of comparison, the period of mall closure from 13 November 2019 to 15 January 2020 and the corresponding period in FY20/21 were not taken into account.

Enhancing Festival Walk as a Lifestyle Hub

KONJIKI HOTOTOGISU

Men Wah Bing Teng

Awesome

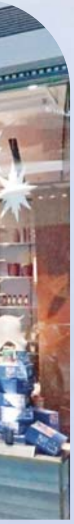
diptyque

Sanrio Gift Gate

Moon Palace

Toriten

hana-musubi



CASETiFY STUDiO

Saloon (with café)

BEIJING

Gateway Plaza

［佳程广场］

Strategically located in the well-established Lufthansa commercial hub along the Third Ring Road in Beijing, Gateway Plaza is a Grade-A office building consisting of two 25-storey towers connected by a three-storey podium area and three underground floors. Gateway Plaza is home to a diverse group of well-known multinationals and local companies including BMW, CFLD and Doosan.

Providing convenient access to major train, bus and road networks, the property is also located next to the Airport Expressway with direct access to the Beijing Capital International Airport. The building's podium area offers amenities, including Bank of China, Nanyang Commercial Bank, an eye clinic, as well as a good selection of F&B outlets.

Operating Performance

The COVID-19 outbreak severely impacted Beijing's office market. Amid the sluggish economic conditions, many companies focused on cutting costs, resulting in weak leasing demand. In addition, with new completions of office buildings especially in the CBD area, the overall vacancy rate increased from 13.2%[1] as at end March 2020 to 16.6%[2] as at end March 2021. The combination of soft market demand and significant supply influx pushed landlords to adjust leasing strategies and lower their rental expectations to secure occupancy.

In view of the market challenges, the Manager worked actively for an optimal balance between minimising downtime and negotiating competitive rental rates. Accordingly, the occupancy rate improved from 91.5% as at 31 March 2020 to 92.9% as at 31 March 2021, while average rental reversion recorded was negative 7% for leases which expired in FY20/21. Tenant retention rate for leases that expired in FY20/21 was 74%.

Supporting our Tenants

We worked closely with our tenants at Gateway Plaza to support them in these challenging times. To support tenants whose businesses were severely affected during COVID-19, the Manager continued to offer rental reliefs in FY20/21, mainly to tenants providing retail amenities and some of the small and medium enterprises ("SMEs").

Notwithstanding the disruptions brought about by COVID-19, regular meetings and dialogues were held with tenants to discuss issues relating to tenancy, COVID-19 and other updates. Tenants had also been promptly informed of changes in local authorities' directives in light of the COVID-19 situation in Beijing, as well as kept abreast of the precautionary measures taken in compliance with the advisories.

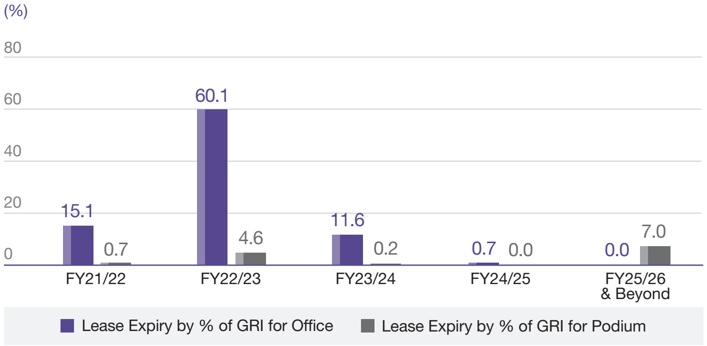
TOP TENANTS BY MONTHLY GRI

(For March 2021)

- Bank of China
- BASF
- BMW
- CFLD
- Doosan
- Hanhe Capital
- Nanyang Commercial Bank
- Terminus
- Xingya
- Zijin

LEASE EXPIRY PROFILE BY MONTHLY GRI

(As at 31 March 2021)



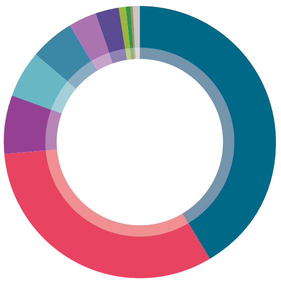
NO. OF LEASES EXPIRING PER YEAR

27	41	27	2	3

TOTAL NUMBER OF LEASES **100**

TENANT MIX BY GRI

(For the Month of March 2021)



Automobile	41.5%
Financial Institution / Insurance / Banking / Real Estate	32.1%
Professional & Business Services	6.9%
Machinery / Equipment / Manufacturing	5.7%
Information Technology	5.2%
Pharmaceutical / Medical	3.5%
Services	2.7%
Natural Resources	0.7%
Food & Beverages	0.6%
Leisure & Entertainment	0.2%
Others	0.9%

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[1] Savills, Beijing Office (April 2020).

[2] Savills, Beijing Office (April 2021).

SHANGHAI

Sandhill Plaza

展想广场

Acquired in June 2015, Sandhill Plaza is a Grade-A business park development located in the mature area of Zhangjiang Science City, part of Shanghai's Free Trade Zone. It comprises one 20-storey tower, seven blocks of 3-storey buildings[1] and two basement levels of car park. Located adjacent to the Middle Ring Expressway, it is within a 30-minute drive to Pudong International Airport, Lujiazui and People's Square in Puxi, as well as within a 5-minute walk to Metro Line 2 Guanglan Road Station.

An easily accessible location with a wide range of amenities, as well as a modern interior, the property is a choice location for leading foreign and local corporations, including Analog Devices, Axalta, Borouge, Corteva, Disney, Pixelworks and Spreadtrum.

Operating Performance

While the COVID-19 situation was largely contained in early FY20/21 in Shanghai, most of the office leasing demand was focused on cost-saving amid the slowing economy. The business park office market saw steady demand as cost-sensitive tenants were attracted to the affordability of decentralised offices. As a result, Sandhill Plaza, located in the decentralised area of Zhangjiang Science City, maintained a high occupancy rate of 97.9% as at 31 March 2021. Tenant retention rate for leases that expired in FY20/21 at Sandhill Plaza was 85%. For leases which expired in FY20/21, average rental reversion was 5%.

Supporting Tenants

The key to building and maintaining strong relationships with tenants amid COVID-19 is through regular engagement. While larger scale physical engagement events were postponed due to COVID-19, the Manager continued to ensure prompt communication with the tenants and attention to their needs via platforms such as one-on-one physical meetings and circulation of notices and bulletins.

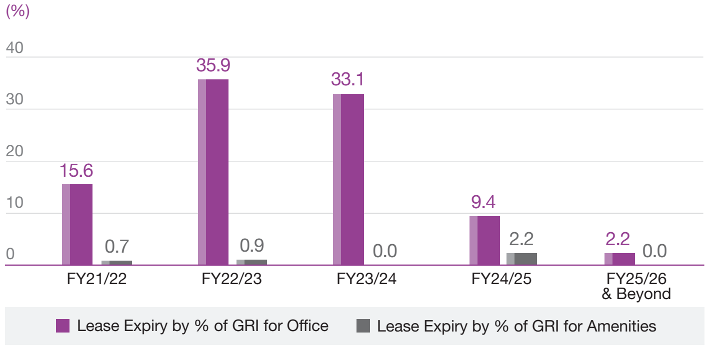
TOP TENANTS BY MONTHLY GRI

(For March 2021)

- Analog Devices
- Axalta
- Bianfeng
- Borouge
- Corteva
- Disney
- Hanwuji
- Pixelworks
- Shanzhen
- Spreadtrum

LEASE EXPIRY PROFILE BY MONTHLY GRI

(As at 31 March 2021)



NO. OF LEASES EXPIRING PER YEAR

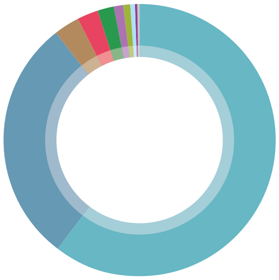
13	31	23	4	1

TOTAL NUMBER OF LEASES

72

TENANT MIX BY GRI

(For the Month of March 2021)



Machinery / Equipment / Manufacturing	60.5%
Information Technology	29.0%
Leisure & Entertainment	3.2%
Financial Institution / Insurance / Banking / Real Estate	2.2%
Food & Beverages	2.0%
Pharmaceutical / Medical	1.2%
Renewable Energy	0.8%
Culture	0.6%
Professional & Business Services	0.3%
Others	0.2%

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[1] There are eight blocks of low-rise (three-storey) buildings within the subject premises, of which one block is separately owned by a third party and does not form part of the acquisition.

GREATER TOKYO

Japan Properties

The Japan Properties[1] comprise eight freehold office buildings with good-quality specifications. Situated close to busy train stations, public transportation nodes and major arterial roads, the properties provide good connectivity for our tenants. The Japan Properties are also home to a diverse trade mix, which includes high growth sectors such as medical and healthcare, finance and insurance, information and communications, and services.

Operating Performance

Amidst economic uncertainties, tenants continued to keep an eye on costs, and remained attracted to non-core areas where rental levels are lower. The Japan Properties, which are located mainly in fringe or suburban office markets, demonstrated resilience amid the volatility in the market, achieving higher occupancy levels and positive average rental reversion. The average occupancy of the Japan Properties increased to 97.8%[2] as at 31 March 2021, from 94.7% a year ago. Tenant retention rate for leases that expired in FY20/21 at the Japan Properties was 96%. For leases which expired in FY20/21, average rental reversion was positive at 2%.

Supporting Tenants

The Manager continued to work closely with tenants at the Japan Properties during the year. A very small number of tenants, especially those in the service-related sectors, were impacted by COVID-19 and we supported them with rental reliefs to help them tide over cash flow pressures.

On the operational front, we continued to seek opportunities to innovate. During the year, the Manager launched a website for MBP, integrated with virtual reality (“VR”) technology, as an additional platform to advertise available units for lease to prospective tenants. In addition to accessing floor plans and other related property information, potential tenants can also ‘view’ amenities and common areas of the property without being physically present on site.

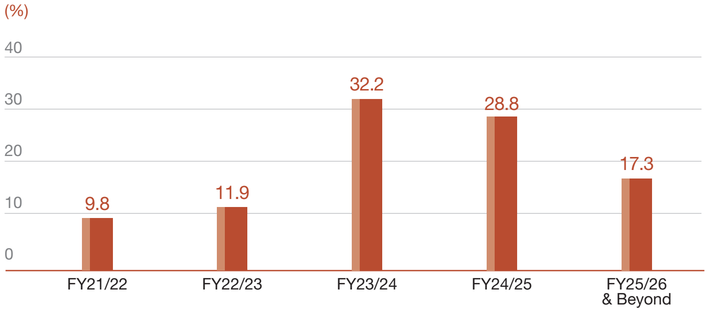
TOP TENANTS BY MONTHLY GRI

(For March 2021)

- AEON Credit Service (MBP)
- Dai Nippon Printing (MBP)
- DSV (MON)
- DTS (MON)
- Eighting Co., Ltd. (Omori)
- Fujitsu (FJM)
- Ministop (MBP)
- NTT UD (MBP)
- PERSOL (TSI)
- Seiko Instruments Inc. (SMB)

LEASE EXPIRY PROFILE BY MONTHLY GRI

(As at 31 March 2021)



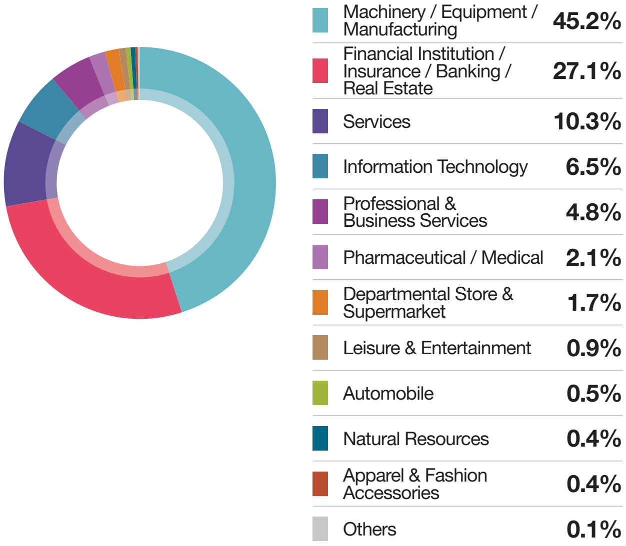
NO. OF LEASES EXPIRING PER YEAR

36	42	22	4	4

TOTAL NUMBER OF LEASES **108**

TENANT MIX BY GRI

(For the Month of March 2021)



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[1] Each of the Japan Properties has a Probable Maximum Loss (“PML”) value of less than 15%, indicative of low exposure to earthquake risks. PML is a gauge commonly used to assess a property’s seismic resistance and a PML of 15% is deemed to be sufficiently safe from earthquakes. In line with the general market practice in Japan, specific earthquake insurance coverage was not taken up by any of the properties.

[2] All Japan Properties except MBP registered full occupancy as at 31 March 2021. The occupancy rate for MBP was 93.9%.

SEOUL

The Pinnacle Gangnam

Located at 119, Nonhyeon-dong, Gangnam-gu, Seoul, The Pinnacle Gangnam is a 20-storey freehold office building with six underground floors and 181 parking lots. It has direct access to an underground subway station (Gangnam-gu Office station) and is within 10 minutes by car from Gangnam's high-end retail district (Cheongdam) and from COEX Convention & Exhibition Center.

Acquisition of The Pinnacle Gangnam

During the year, we continued to make progress in diversifying our asset base and income stream geographically. In October 2020, the Manager completed its acquisition of The Pinnacle Gangnam in Seoul. A co-investment with the Sponsor, the total acquisition cost of the property was S$276.4 million (based on MNACT's effective interest of 50.0%).

Located in the Gangnam business district ("GBD"), The Pinnacle Gangnam is a 20-storey freehold Grade-A office building with approximately 24,650 sq m of NLA. The property enjoys direct access to an underground subway station, providing excellent connectivity across the Seoul metropolitan area. Most of the leases at the property provide for annual rental escalations within the lease terms, and together with the increasing office demand from high-growth tech-based sectors attracted to the GBD, the property is expected to provide a stable and growing income stream for MNACT.

Operating Performance

Post-acquisition, the Manager focused on driving the leasing performance of the asset. The active leasing efforts by the local asset manager have resulted in an improvement in the occupancy rate of The Pinnacle Gangnam from 89.6% as at 31 July 2020 (reported in the acquisition announcement[1]) to 96.5% as at 31 March 2021. Tenant retention rate was 100% for leases[2] that expired from 30 October 2020 (date of completion of acquisition) to 31 March 2021.

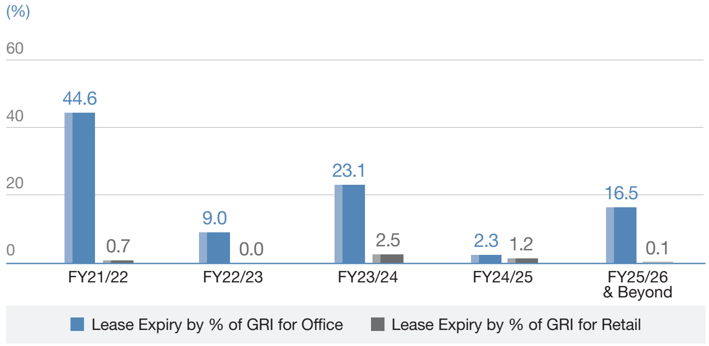
TOP TENANTS BY MONTHLY GRI

(For March 2021)

- Air Products
- Daily&Co
- Echo Marketing
- HUVIS
- JustCo
- Mirae Asset
- Qualcomm
- Ralph Lauren
- RBDK
- Volvo Cars

LEASE EXPIRY PROFILE BY MONTHLY GRI

(As at 31 March 2021)



NO. OF LEASES EXPIRING PER YEAR

7	5	10	6	6

TOTAL NUMBER OF LEASES **34**

TENANT MIX BY GRI

(For the Month of March 2021)

🟦	Information Technology	28.5%
🟥	Financial Institution / Insurance / Banking / Real Estate	21.1%
🟦	Machinery / Equipment / Manufacturing	18.6%
🟥	Apparel & Fashion Accessories	10.8%
🟪	Pharmaceutical / Medical	5.7%
🟪	Services	5.4%
🟦	Automobile	5.4%
🟩	Food & Beverages	4.5%

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[1] Please refer to MNACT's SGX-ST Announcement dated 25 September 2020 titled "(A) Acquisition of 50.0% Interest in An Office Building Known As "The Pinnacle Gangnam" Located In Seoul, Korea; (B) Manager To Waive Entitlement To Performance Fees".

[2] During the period from 30 October 2020 (date of completion of acquisition) to 31 March 2021, there was only one lease that expired.

ENGAGING WITH TENANTS

> We are appreciative of the effective and swift measures put in place by the Gateway Plaza team to ensure a COVID-safe work environment at the property as well as the prompt updates on COVID-19 related developments. As such, we were able to minimise the impact of COVID-19 and resume physical operations with ease.

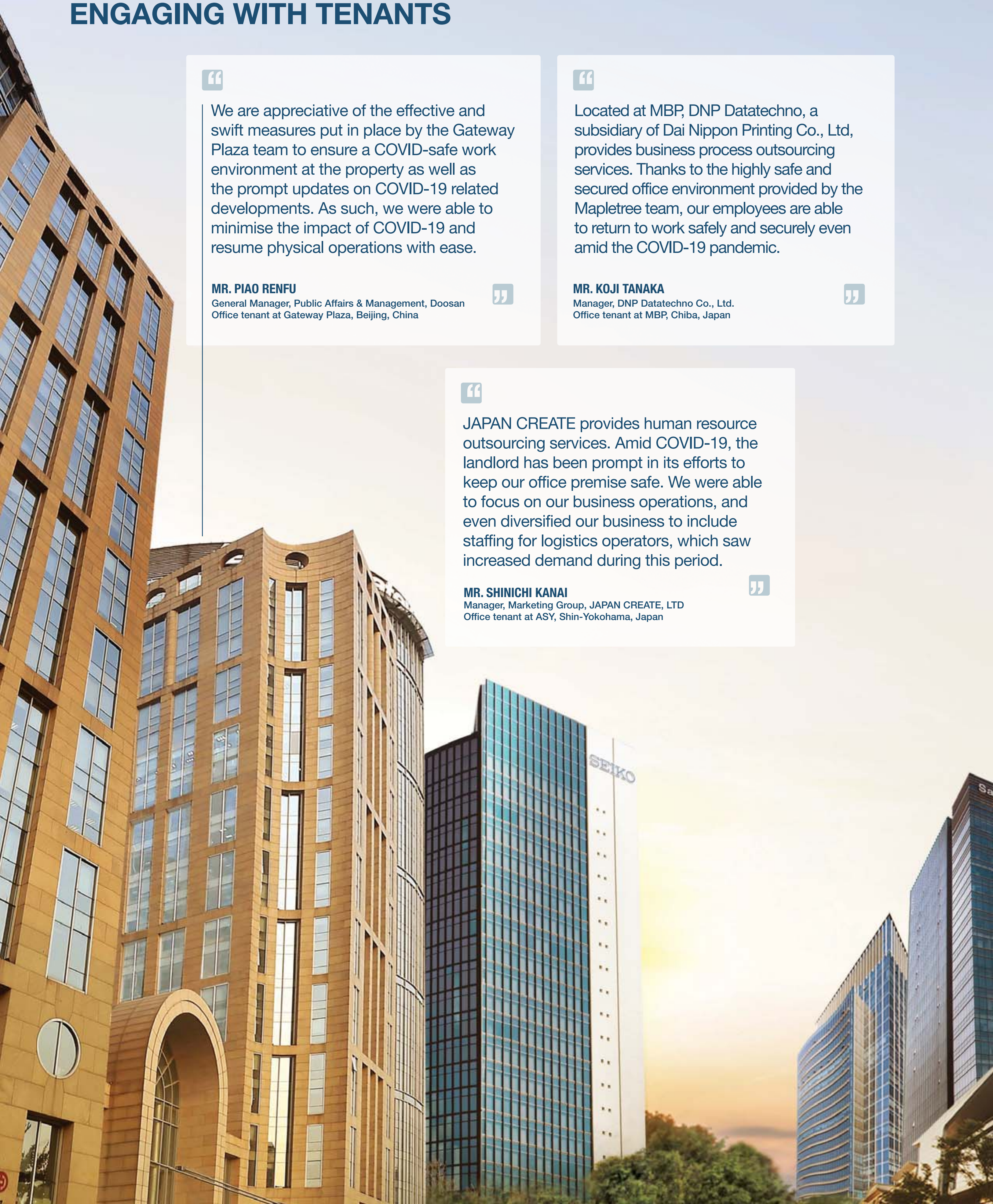
MR. PIAO RENFU
General Manager, Public Affairs & Management, Doosan
Office tenant at Gateway Plaza, Beijing, China

> Located at MBP, DNP Datatechno, a subsidiary of Dai Nippon Printing Co., Ltd, provides business process outsourcing services. Thanks to the highly safe and secured office environment provided by the Mapletree team, our employees are able to return to work safely and securely even amid the COVID-19 pandemic.

MR. KOJI TANAKA
Manager, DNP Datatechno Co., Ltd.
Office tenant at MBP, Chiba, Japan

> JAPAN CREATE provides human resource outsourcing services. Amid COVID-19, the landlord has been prompt in its efforts to keep our office premise safe. We were able to focus on our business operations, and even diversified our business to include staffing for logistics operators, which saw increased demand during this period.

MR. SHINICHI KANAI
Manager, Marketing Group, JAPAN CREATE, LTD
Office tenant at ASY, Shin-Yokohama, Japan



> During the year, we accelerated the use of technology to enable a new mode of shopping and omnichannel retail, all of which have produced impactful results. And thanks to the management of Festival Walk, their timely rental reliefs have eased much pressure for retailers. We believe that together we can thrive and come out stronger from the COVID-19 crisis.

MR. ANTHONY KEUNG
President & Chief Executive Officer, Fenix Group
Retail tenant at Festival Walk, Hong Kong SAR

> I am truly grateful for Festival Walk's continuous support during COVID-19. The mall is a great place for showcasing our brands, including Phase Eight, Hobbs and Sweaty Betty. The management team is not only responsive, but also open to new ideas. We continue to see Festival Walk as a long-term partner in our expansion plans.

MS. ARIANE ZAGURY
Chief Executive Officer & Founder, Rue Madame Fashion Group
Retail tenant at Festival Walk, Hong Kong SAR

> Shanzhen is a well-established third-party medical examination appointment platform provider in China. The safe environment provided by the Sandhill Plaza team allowed us to resume operations swiftly and launch new services such as a free online medical consultation service for patients to receive medical attention anytime, anywhere.

MR. LI HAO
Human Resource Manager, Shanzhen
Office tenant at Sandhill Plaza, Shanghai, China

> These unprecedented times have transformed our relationship from a tenant and landlord nature to close collaborators. From Arup's innovative AI-powered temperature screener deployed at Festival Walk's office entrance to effective precautionary health measures adopted by the landlord, we work seamlessly to enable safe occupation for our employees.

DR. ANDY LEE
East Asia Region COO, Arup
Office tenant at Festival Walk, Hong Kong SAR

KEY TRENDS FOR OUR MARKETS

1 CHANGING CONSUMER PREFERENCES

With restrictions on travel and international borders remaining largely closed due to COVID-19, domestic consumption has been the key driver of retail sales in Hong Kong SAR. There has been a relatively higher proportion of spending recorded in Hong Kong SAR on F&B and lifestyle products during the pandemic. COVID-19 has also accelerated the growth of online retail and digital payments.

WHAT IT MEANS TO MNACT:

To capture the trend of increased spending on F&B, lifestyle and services sectors, we have introduced more brands in these sectors[1] to Festival Walk mall, strengthening the mall's positioning as the preferred social gathering venue for families and friends. As the retail sector in Hong Kong SAR evolves, it remains important to keep up with shifts in shoppers' spending patterns. Festival Walk mall's '*MyFestival*' loyalty programme was launched during FY20/21. Increased usage and adoption of the programme would improve our understanding of shoppers' preferences, while at the same time, increase shopper engagement.

The e-commerce penetration rate in Hong Kong SAR has increased, accounting for 7.7%[2] of Hong Kong SAR's total retail sales in March 2021 compared to 3.3% at the onset of COVID-19 in January 2020. Recognising the rise of online retail, we have partnered with online platforms such as Deliveroo to boost sales of takeaway and delivery orders of the F&B retailers at Festival Walk mall. An increasing number of retailers at the mall have also embraced digital payment modes such as Alipay, UnionPay and ApplePay, providing added convenience to our shoppers.

2 INCREASING ADOPTION OF TECHNOLOGY

Technology is playing an increasing role in our everyday lives, transforming the way we live, work and play. This creates opportunities for us at MNACT to invest in technology and systems to improve efficiency in our work processes and to improve our outreach to new tenants.

WHAT IT MEANS TO MNACT:

The Manager has rolled out several technology initiatives within the MNACT portfolio during the financial year. These include deploying disinfecting robots at the Festival Walk mall to relieve manpower resources on labour-intensive cleaning tasks; and integrating virtual reality into MBP's leasing website, where prospective tenants are able to 'view' the amenities and common areas of the property without being physically present on site.

The rapid increase in the adoption of and demand for technology-enabled innovations particularly in the Asia Pacific region has fuelled the growth of industry sectors such as the TMT, semi-conductor, pharmaceutical and bio-medical sectors, in turn spurring the demand for office spaces. This trend is expected to benefit our office properties, which are located in Beijing, Shanghai, Greater Tokyo and Seoul.

3 RISE IN FLEXIBLE WORKING PRACTICES

COVID-19 has also accelerated the adoption of remote working. Some companies are now reviewing their office strategies in consideration of changes in work styles, which may involve a combination of the office headquarters, coupled with satellite offices in decentralised or suburban hubs, flexible workspaces and home offices[3].

WHAT IT MEANS TO MNACT:

The extent of how remote working will impact office markets vary across markets. In general, the shift to remote working is likely to be more profound in markets where it involves long commute between home and workplace, and/or where one has a larger personal residence or space to work from. The extent to which companies and employers require staff to return to work in the office, or work culture, would also play an important part in determining if remote working would be sustainable in these markets. In the markets where we operate in, the remote working trend remains subdued, with 70% to 100% of the tenants' employees returning to work at MNACT's offices[4].

Even as more firms incorporate satellite offices as part of their business continuity planning or shift away from centralised offices to more affordable locations, MNACT will be in a good position to meet their requirements. As some of our properties are located in the fringe office areas or suburban office markets, these are expected to be able to capture potential demand from this trend. These decentralised or satellite locations, which offer better rental affordability compared to the city centre, would in turn provide cost savings to prospective tenants.

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[1] Please refer to pages 34 to 35 for the F&B, lifestyle and services brands that were introduced at Festival Walk mall during FY20/21.

[2] Hong Kong Census and Statistics Department's Report on Monthly Survey of Retail Sales.

[3] Colliers, "The Future of the Office Space", 25 August 2020.

[4] All of the properties except for four Japan Properties (MBP, MON, Omori and SMB) saw at least 70% of tenants' employees returning to work at their offices as at mid-April 2021.

INDEPENDENT MARKET RESEARCH

BY COLLIERS INTERNATIONAL (HONG KONG) LIMITED

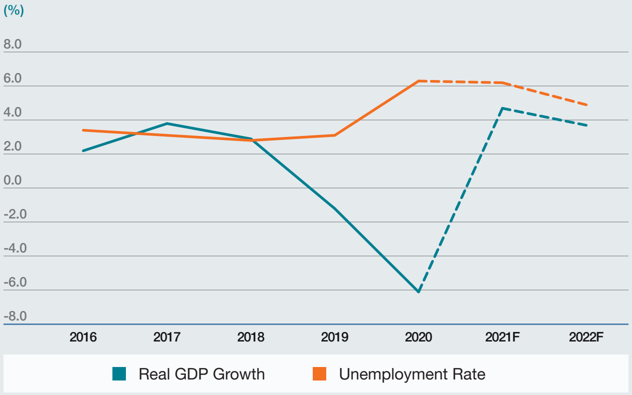
Hong Kong SAR

ECONOMY

- Hong Kong SAR's economy was significantly affected by the disruptions brought about by COVID-19, contracting by 6.1% in 2020. This marks its worst recession on record. The retail, hospitality, and leisure sectors were the hardest hit due to the restricted international travel and the implementation of social distancing measures.
- The unemployment rate at the end of December 2020 rose to 6.3%, the highest since SARS in 2003, compared to just 3.1% at the end of 2019.
- While private consumption expenditure over 2020 fell by 10.1% year-on-year ("YoY") in real terms, there were signs that consumption was gradually improving towards the end of 2020 with 4Q showing a YoY decline of 7.2% in real terms, compared to a YoY decline in 2Q of 14.2%.

OUTLOOK

- According to Oxford Economics, GDP is expected to rebound by 4.7% in 2021, as the rollout of vaccinations and a more controlled COVID-19 situation will hopefully lead to a normalisation of the economy.
- Private consumption should increase in 2021 as the economy rebounds and confidence returns to the market. After a year of living under pandemic related restrictions, we also expect to see greater adaptation to the new environment, driving a return to pre-pandemic levels of private consumption.



Source: GDP and Unemployment Rate figures from 2016 to 2020 are from Census and Statistics Department. Forecast figures from 2021 to 2022 are from Oxford Economics.

Hong Kong Retail Market[1]

Existing Shopping Mall Stock in Hong Kong SAR
(Within the Seven Key Retail Districts)

165.9m sq ft (End-2020)[2] ↑ **0.6%** YoY

- Hong Kong SAR's retail market has seven key retail districts, which can be classed into two groups – core areas which include Central, Tsim Sha Tsui, Mong Kok and Causeway Bay/Wan Chai and the non-core decentralised areas of Kowloon East, Island East and Sha Tin.
- The core areas and non-core decentralised areas comprise 43% and 57% of total shopping mall stock, respectively.
- The top 10 malls in terms of total GFA make up 10.9% of the total shopping mall stock. Festival Walk mall[3] is ranked 9th largest.
- 2020 saw relatively little new shopping mall space added to the market with only around 963,000 sq ft of new completions as there were no major re-development projects within 2020. The largest of the new shopping malls was The LOHAS by MTRC at approximately 480,000 sq ft.

Shopping Mall GFA in the Seven Key Retail Districts, End-2020

■	Kowloon East	29%
■	Tsim Sha Tsui/Mong Kok	29%
■	Sha Tin	22%
■	Central	7%
■	Causeway Bay/Wan Chai	7%
■	Island East	6%

Source: Rating and Valuation Department, Colliers International Research

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[1] All data and figures on the retail market are from Colliers International (Hong Kong) Limited and they relate to the seven key retail districts as defined on this page, unless otherwise stated. Please refer to Page 54 for the limitations of the report. All references to floor area refers to GFA, unless otherwise stated.

[2] Source: Rating & Valuation Department. Net floor area was converted to GFA for the purpose of this report.

[3] Festival Walk, situated in Kowloon Tong (Kowloon East), is owned by MNACT and has a total GFA of 980,089 sq ft of retail space.

INDEPENDENT MARKET RESEARCH

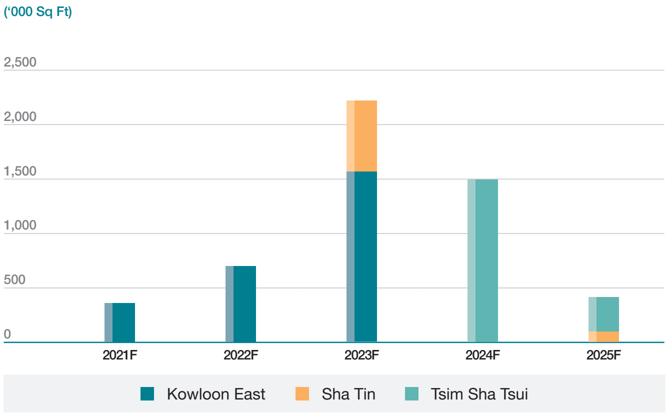
BY COLLIERS INTERNATIONAL (HONG KONG) LIMITED

Upcoming Shopping Mall Supply

(Within the Seven Key Retail Districts)

5.2m sq ft From 2021F to 2025F

- In 2021, only one new shopping mall of approximately 357,577 sq ft (Kwun Tong Town Centre Project) in Kowloon East is expected to be completed. Most of the anticipated new stock is due for completion around 2023 to 2024, including the site owned by Lifestyle International at Kai Tak (807,164 sq ft), 98 How Ming Street (500,000 sq ft) and the retail element of West Kowloon Cultural District (1,493,796 sq ft).
- In Kowloon East, there will be 2.3 million sq ft of new shopping mall stock slated for completion from 2022 to 2025, principally around Kwun Tong and Kai Tak. These new projects are some distance away from Festival Walk, which is located in Kowloon Tong.

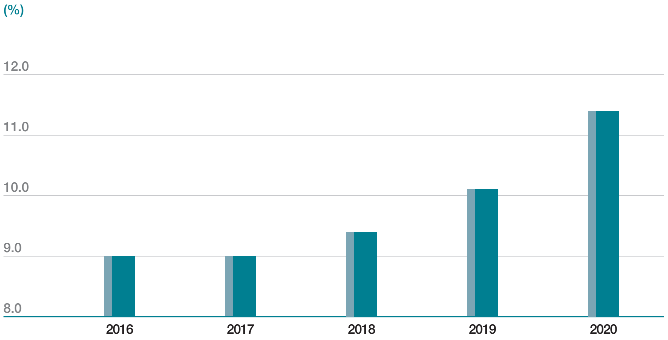


Source: Buildings Department, Colliers International Research

Vacancy Rate

11.4%[1] (End-2020) **1.3%** Percentage Points YoY

- Restrictive social distancing measures during the year such as a limit on the number of diners and reduced business hours dissuaded local shoppers from visiting shopping malls, putting pressure on retailers' businesses. Several traditional luxury retail brands and fast fashion retailers such as Victoria's Secret and Prada in Causeway Bay, and GAP and Topshop in the core areas downsized and consolidated their footprint.
- As a result, the overall vacancy rate climbed to 11.4% at the end of 2020, 1.3% percentage points higher than the year before.
- Vacancy pressures were most evident in prime high street areas where the drop in foreign tourists and retail spending forced numerous retailers to close. Non-core areas, such as Kowloon East, were less affected by rising vacancy levels as retailers in these areas did not face the same pressures as those in core areas. Vacancy rates in shopping malls also remained relatively stable as landlords offered support to tenants by way of rental relief packages.

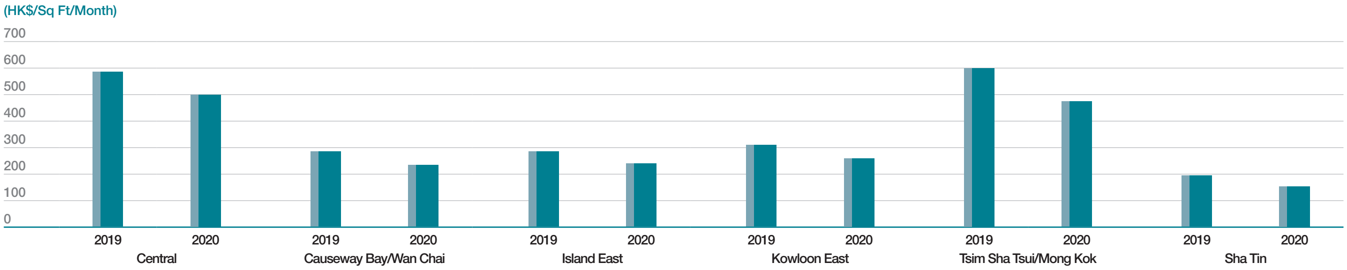


Source: Rating and Valuation Department

Shopping Mall Rents

↓17.5% YoY (Gross Effective Rate End-2020)

- Overall, shopping mall rents within the seven key retail districts were down by 17.5% across Hong Kong SAR as a combination of reduced business hours, limited overseas visitors and a deep economic recession impacted sales at physical stores for most trades.
- Many landlords offered tenants temporary rental relief packages, alongside a rise in the number of landlords offering turnover based rental leases.
- In 1Q 2021, overall rents in the seven key retail districts continued to record a decline of 4.9% compared to 4Q 2020, as tight social distancing measures remained in place for most part of the quarter, impacting footfall and sales volume.



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[1] This refers to the average vacancy rate of all retail properties across Hong Kong SAR, including shopping malls, high street shops and retail podiums and is published by the Rating and Valuation Department.

Total Retail Sales

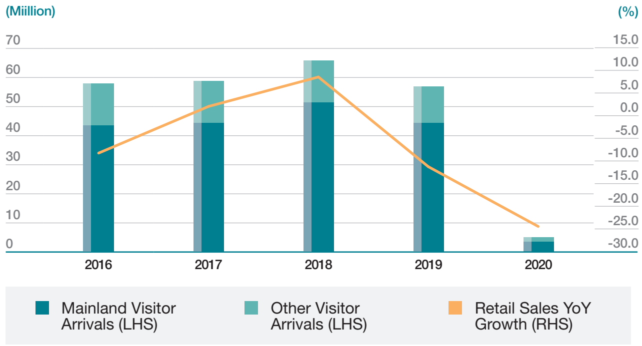
HK$326.5b (in 2020) **24.3%** YoY

- Retail sales in terms of value recorded a 24.3% YoY drop.
- During the year, retail sales were highly sensitive to the situation of COVID-19 in the city; though, there were moderate periods of recovery in consumption as the social distancing measures were loosened.
- With virtually no tourist arrivals, sales were driven by local demand, resulting in demand for luxury goods, medicines & cosmetics and apparel declining by 54.0%, 50.0% and 41.3% YoY, respectively. Meanwhile, supermarket sales and furniture & fixtures saw retail sales increase by 9.7% and 0.4% YoY, respectively, as local demand focused on food products, furniture, and household goods.
- In 1Q 2021, retail sales posted an increase of 7.5% YoY as restrictions were eased from around mid-February 2021. There was also a low base effect as 1Q 2020 was heavily impacted by the onset of COVID-19.

Tourist Arrivals

3.6m (in 2020) **93.6%** YoY

- The number of overseas visitors in 2020 reduced to a record low, falling by 93.6% YoY. Mainland Chinese visitor arrivals fell to 2.7 million, a drop of 93.8% compared to 2019.
- While domestic consumption can support some retail sectors, tourist arrivals are essential for leading the recovery. It is hoped that the mass vaccination roll-out will enable plans for travel bubbles to progress and for an increased opening of the border between Hong Kong SAR and Mainland China.



Source: Census and Statistics Department, Hong Kong Tourism Board

Online Retail Sales[1]

7.7% of Total Hong Kong SAR Retail Sales in March 2021

- Driven by social distancing measures, consumers increasingly turned to online shopping in 2020. The online retail sales penetration rate has witnessed significant growth since the start of COVID-19, with the value of online sales making up 7.7% of total Hong Kong SAR retail sales in March 2021 compared to 3.3% at the start of COVID-19 in January 2020.
- The value of online retail sales typically decreased during months where social distancing restrictions were relaxed, with online sales in June 2020 only accounting for 5.2% of total retail sales, compared to December 2020 where online sales represented 8.7% of total retail sales in terms of value.
- This has also prompted a shift by shopping mall landlords to enhance their retail mix by offering more experiential and F&B brands which provide experiences that cannot be replicated online. Some have also introduced more reward-based programmes and aggressive promotions to enrich digital touchpoints and entice purchases.

Leasing Demand

- Soft leasing demand in 2020 continued, with most tenants focusing on existing stores rather than seeking new premises as expansion plans were paused and the capital expenditure costs associated with moving became prohibitive.
- Some sectors performed more strongly than others such as retailers targeting local consumption and non-discretionary spending. This was most evident with F&B operators, supermarkets (especially those offering Japanese and Korean food products) and home living trades, which helped to drive leasing momentum.
- Shopping malls remain a top priority for retail tenants as they are able to attract better footfall than prime high streets and are supported by their tenant mix and various promotional events such as discount coupons and loyalty programmes.

Key Retail Trends

- While e-commerce penetration in Hong Kong SAR lagged behind other peer cities in Asia, more retailers are recognising the need to invest in digital and e-commerce business lines, accelerated by COVID-19 through necessity. Retailers will look at ways they can interweave their physical stores with their online presence with options such as 'click and collect' and offering in-store discounts to retain footfall.
- Landlords will revise their retail portfolio strategies to be more flexible, such as accepting shorter-term leases, subdivided units, pop-up stores, or leases focused on turnover rents to keep anchor tenants. In particular, short-term pop-up stores will continue to be popular as retailers look at ways of minimising capex and maintaining business flexibility.
- New F&B retailers will also leverage on the currently affordable rents to expand their footprint in Hong Kong.

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[1] Source: Census and Statistics Department.

INDEPENDENT MARKET RESEARCH

BY COLLIERS INTERNATIONAL (HONG KONG) LIMITED

Average Retail Property Price

↓**5.6%** (End-2020)

Average Retail Yield[1] (Citywide)

2.6% (End-2020)

↓ **0.1** Percentage Points YoY

- Ongoing tensions between the US and China, the implementation of the national security legislation along with the continuation of the COVID-19 weighed on the real estate market, hurting transaction volumes, which witnessed a drop of 14.4% YoY in 2020. However, the situation improved in the final months of the year. As China's economy began to recover, there was growing participation by Mainland Chinese investors keen to buy into one of the world's hottest property markets at relatively attractive prices.
- Retail property prices contracted by 5.6% YoY at the end of 2020 in tandem with the decline in average rentals.
- The retail yield slightly compressed to 2.6% at the end of 2020, compared to 2.7% in 2019 mainly due to the increased participation by Mainland Chinese investors towards the end of the year.
- As at end 1Q 2021, the average retail property price increased slightly by 2.9% compared to end December 2020, while the average retail yield compressed slightly to 2.5%. This was due to the progressive easing of restrictions and consequential recovery in retail sales leading to improved investment sentiment.

Outlook

- While the impact of COVID-19 will continue to weigh on the performance of the retail sector in 2021, the retail market is not expected to deteriorate further as the retailers and consumers are becoming more used to the COVID-19 situation and restrictive measures in place. The mass vaccination campaign should also stimulate economic recovery and boost the retail sector. However, a return to pre-COVID-19 retail sales will still largely be dependent upon the re-opening of international borders.
- Sales will still be largely dependent on local consumption with travel curtailments still likely in place for the most part of 2021.
- Limited new retail supply is expected in 2021 which will help to mitigate against further downward rental pressure. Overall rents should bottom out and stabilise around the middle of 2021.
- With the initial impact of COVID-19 now passed, further rental reliefs from shopping mall landlords are not expected to continue after mid-2021, although the number of tenants on turnover based rents is likely to increase as retailers seek greater levels of flexibility.
- We expect a higher deal flow for retail assets on the back of quantitative easing and the abolition of double stamp duty on non-residential properties.

Hong Kong Office Market[2]

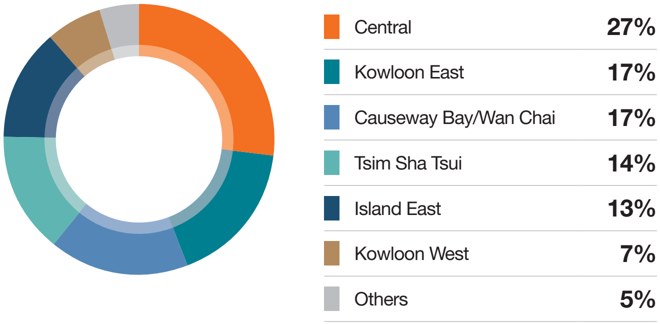
Existing Grade-A Office Supply[3]

86.8m sq ft (Net) (End-2020)

↑ **0.6%** YoY

- The Hong Kong SAR office market is divided into core and non-core areas. The core areas include Central[4], Tsim Sha Tsui and Causeway Bay/Wan Chai, whereas the non-core areas include the emerging office sub-markets of Island East, Kowloon East[5] and Kowloon West.
- Only a total of 498,373 sq ft (net) (0.6% of total Grade-A stock) of Grade-A office space was completed in 2020, concentrated in the non-core areas of Tsuen Wan and Tuen Mun in the New Territories. The tight new supply is due to land shortages and a lack of land sales, restricting office development activities.

Total Grade-A Office GFA by District, End-2020



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[1] Information published by the Rating and Valuation Department and includes shopping malls, high street shops and retail podiums across Hong Kong SAR.

[2] All data and figures on the office market are from Colliers International (Hong Kong) Limited, unless otherwise stated. Please refer to Page 54 for the limitations of the report.

[3] Source: Rating and Valuation Department and Colliers International Research.

[4] For the purpose of this report, Central refers to the Central, Sheung Wan and Admiralty sub-markets which are generally considered the Central Business District.

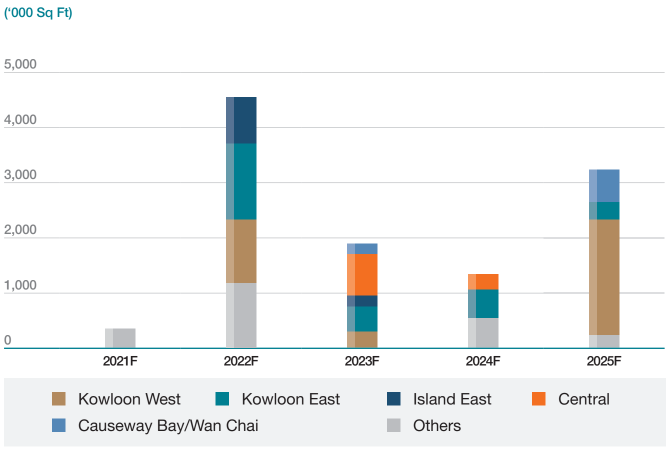
[5] MNACT's Hong Kong SAR property, Festival Walk, is located in Kowloon Tong, within the Kowloon East area and it has 228,665 sq ft (GFA) of office space.

Potential Grade-A Office Supply

11.2m sq ft (GFA)

From 2021F to 2025F in Total

- Grade-A office supply in 2021 will be limited to two small-scale office buildings in the non-core area of Wong Chuk Hang amounting to approximately 329,000 sq ft (GFA) in total. Given the current weak office market performance, landlords are not inclined to push for faster office completions.
- From 2022 to 2025, approximately 3.5 million sq ft (GFA) of new office supply is planned on Hong Kong Island, while only approximately 1.0 million sq ft (GFA) is expected in the core Central office district.
- Kowloon East is set for approximately 2.6 million sq ft (GFA) of new Grade-A office supply by 2025, which may create further pressure on both rents and occupancy levels in the district.



Source: Buildings Department, Colliers International Research

Vacancy Rate

9.4% (City-wide)(End-2020)

↑ **2.8** Percentage Points YoY

- The overall vacancy rate increased from 6.6% at the end of 2019 to 9.4% at the end of 2020. The worldwide economic recession led to many businesses surrendering part or all of their existing space, as downsizing and cost savings took priority.
- Coupled with concerns over lingering geopolitical tensions and the aftershocks of 2019's social incidents, international financial institutions and multinational corporations ("MNCs") were taking a wait-and-see approach in lease renewals or expansion in the city. In addition, travel restrictions imposed as a result of COVID-19 slowed down the entry of Mainland Chinese businesses to the city, pushing up vacancy rates, particularly in core office submarkets.
- For Kowloon East, the vacancy rate at the end of 2020 remained relatively stable at 13.6% compared to 13.4% a year ago, showing resilience due to the relatively affordable rental levels in the sub-market.
- For 1Q 2021, the overall vacancy rate increased slightly to 10.1% due to overall negative net absorption recorded for the quarter.

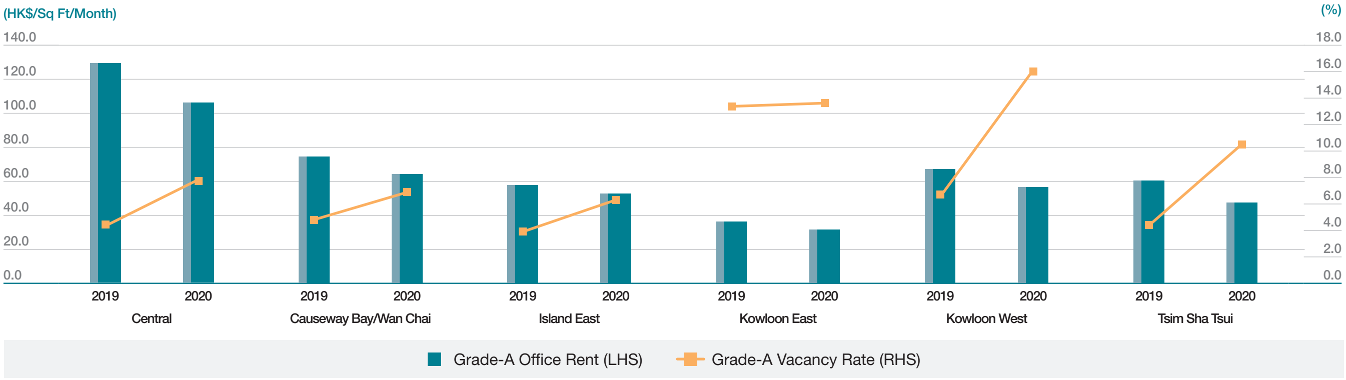
Grade-A Office Rents

(Effective Rent Based on Net Floor Area)

HK$62.3 **per sq ft per month** (End-2020)

↓ **15.9%** YoY

- The higher vacancy rate of Grade-A office buildings, cost-savings prioritisation for businesses and the surrendering of a significant amount of space within the more expensive office districts resulted in an overall rental decline of 15.9% YoY.
- The districts which saw the biggest declines in rent over 2020 were Central (-17.9%), Tsim Sha Tsui (-21.7%) and Kowloon West (-15.7%), as falling demand in these districts created downward rental pressure. Some non-core decentralised districts such as Island East (-8.7%) and Kowloon East (-12.9%) fared slightly better as these decentralised locations offered cheaper rental rates, which were seen as a more affordable rental proposition for some corporates.
- As tenants focused on saving costs, there were also more landlords contributing towards initial capital expenditure or providing extended rent-free periods.
- For 1Q 2021, the Grade-A office rents declined slightly by 1.9% quarter-on-quarter ("QoQ") to HK$61.1 per sq ft per month as the rising vacancy rates continued to create downward rental pressure.



INDEPENDENT MARKET RESEARCH

BY COLLIERS INTERNATIONAL (HONG KONG) LIMITED

Net Take Up[1]

-1.5m sq ft (in 2020)

- Overall net take-up for 2020 was negative for the first time since 2013. The weaker leasing demand reflects the significant impact that COVID-19 had on businesses, in particular for tenants associated with tourism, retail and aviation.
- In addition, concerns over economic uncertainties, geopolitical tensions and travel restrictions also caused many Mainland Chinese corporates and MNCs to pause their expansion and lease renewal plans.

Key Office Trends

- COVID-19 has accelerated the adoption of remote working, which may decrease workspace requirements in the future. Larger businesses are also considering flex and core models, partnering with co-working operators for greater office space flexibility. There is some anecdotal evidence of an increasing number of smaller businesses re-locating into co-working spaces.
- However, as social distancing requirements become important for workspace considerations, tenants might be required to allocate larger spaces between desks, which could offset the space reduction needs arising from remote working or flexible working.
- Most businesses and employees would argue that it is still important to have a physical office space as productivity can suffer when working from home for extended periods due to the small apartment size and the lack of social interaction with colleagues. Therefore, the longer term impact of COVID-19 will be seen more in how we work, with greater flexibility to choose to work from the office, home or elsewhere.
- One key leasing priority for tenants is cost optimisation. Hence, the decentralisation trend is expected to prevail as the rental gap between core and non-core districts remains significant.

Average Grade-A Office Capital Value

HK$20,202 per sq ft[2] (End of 2020)

▼ **17.0%** YoY

Average Grade-A Office Yield

2.3% (End-2020)

▼ **0.1** Percentage Points YoY

- While the overall volume of investment transactions for 2020 was down by 20.3%[3] YoY, the sale of Cityplaza One for HK$7.3 billion in 4Q 2020 reflects that there is still liquidity and investor interest.
- Capital values across Hong Kong SAR saw a decrease of 17.0% at the end of 2020 compared to a year ago as both office rents and transaction volume decreased. As some strata-titled office units were transacted at relatively low prices, this also accelerated the price decline. The average Grade-A office yield at the end of 2020 remained relatively resilient, compressing by 0.1 percentage points, indicating that investors have not significantly adjusted their yield expectations despite the rental decline and vacancy pressure.
- As at end 1Q 2021, average Grade-A office capital value lowered slightly by 2.3% QoQ due to the drop in average rent, while average Grade-A office yield remained stable at 2.3% as investor sentiment held firm.

Outlook

- We expect rents to fall by a further 7.0% in 2021, and the vacancy rate to continue rising given sluggish leasing activity and 329,000 sq ft of new supply due to complete in 2021. However, rents and vacancy rates may stabilise in 2H 2021 depending on the implementation of the vaccination programme and the status of cross-border restrictions.
- Hong Kong SAR remains among the top three global IPO markets in the world and has recently seen a number of high-profile Mainland firms' listings. Office demand is also expected to come from these listed companies, as well as financial institutions related to the IPO process. As the negative impacts from the pandemic are reduced, other Mainland corporates will likely return to take up space.
- As Mainland firms traditionally prefer core office sub-markets such as Central, if there is another round of Mainland firms moving into the city, then the decentralisation trend may gather increased momentum as existing tenants move out to non-core areas like Kowloon East, similar to what was seen between 2015 and 2018.
- Capital values are forecast to further decline by 5% to 10% with market rents likely to fall further during 2021. Yields are likely to remain stable as investors have not materially changed their expectations.
- In the longer term, the National Security law is expected to create a more stable business environment in Hong Kong SAR and attract more Mainland Chinese companies to Hong Kong SAR.

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[1] Net take up is the sum of space that became occupied during the year minus the sum of space that was vacated over the course of the year.

[2] Based on GFA.

[3] Source: Rating and Valuation Department.

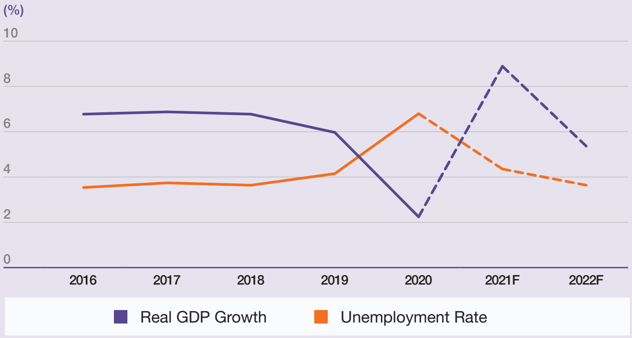
China

ECONOMY

- Despite the global economic recession caused by the impact of the COVID-19 pandemic, China outperformed major global economies in 2020 and was the only large economy to see positive GDP[1] YoY growth of 2.3% for 2020. This can largely be attributed to COVID-19 being mostly brought under control across the country by 1Q 2020, enabling businesses to continue without significant restrictions for most of the year.
- The unemployment rate across the country increased to reach 6.8% at the end of 2020 (compared to 4.2% at the end of 2019) as manufacturing businesses were affected by the reduction in international demand.

OUTLOOK

- The China National Bureau of Statistics forecast the economy to grow by 8.9% in 2021 as the country continues its post COVID-19 recovery.
- With the economy still dependent on manufacturing, future policy decisions by the new US administration on its China trade policy could have a bearing upon economic performance, although the EU-China trade deal could help to mitigate to a certain extent against future trade tensions with the US.
- Over the next few years, China's 'Dual Circulation' policy is expected to spur growth in technology-focused and innovation-led manufacturing and bring about more reliance upon domestic consumption and technological innovation, further boosting economic development.



Source: Oxford Economics

Beijing Office Market[2]

Existing Grade-A Office Supply

10.3m sq m (End-2020) | ⇧ **5.9%** YoY

- The Beijing office market consists of eight major sub-markets, comprising the Central Business District ("CBD"), Beijing Financial Street ("BFS"), Zhongguancun ("ZGC"), Dongcheng[3], Lufthansa[4], Wangjing, Asia-Olympic and Lize[5].
- In 2020, six major projects were completed, adding 604,950 sq m of new supply to the overall market.
- The total new supply for 2020 was less than initially predicted as construction delays in 1Q 2020 caused by COVID-19 resulted in three project completions being deferred to 2021.
- 16% of the new supply was concentrated in the CBD with the completion of Samsung Tower adding 100,000 sq m of new stock. Elsewhere, the new supply was distributed across Lize (51%), Dongcheng (18%), Lufthansa (7%), with the remaining 8% in other locations.

Beijing Grade-A Office Supply by Sub-market as at End-2020

■	CBD	**31%**
■	Dongcheng	**11%**
■	Asia-Olympic	**11%**
■	Lufthansa	**11%**
■	BFS	**9%**
■	Wangjing	**8%**
■	ZGC	**8%**
■	Lize	**7%**
■	Others	**4%**

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[1] GDP and unemployment rate figures are from Oxford Economics.

[2] All data and figures on the office market are from Colliers International (Hong Kong) Limited, unless otherwise stated. They relate to the eight office submarkets as outlined on this page. Unless otherwise stated, all area measurements are based on GFA. Please refer to Page 54 for the limitations of the report.

[3] The Dongcheng Business District comprises East Chang'an Avenue and East 2nd Ring.

[4] MNACT owns Gateway Plaza which is situated in the Lufthansa district with a GFA of 106,456 sq m.

[5] Lize is now included as one of the major office sub-markets as 307,950 sq m of new supply has been added in 2020.

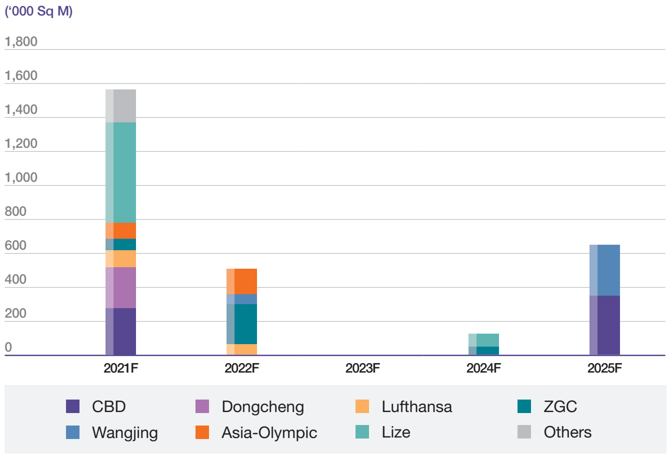
INDEPENDENT MARKET RESEARCH

BY COLLIERS INTERNATIONAL (HONG KONG) LIMITED

Potential Grade-A Office Supply

2.9m sq m From 2021F to 2025F in Total

- As some projects in 2020 were delayed by COVID-19, it is expected that 1,569,000 sq m of new completions, more than twice the new supply in 2020, will take place in 2021, with 38% of it occurring in the Lize sub-market.
- Over the next 5 years, the CBD is forecast to add another 625,000 sq m (22%) of new stock, while ZGC will add approximately 357,000 sq m (12%) of new stock. Lufthansa will add approximately 165,000 sq m (6%) of new stock with approximately 100,000 sq m (World Innovation Fusion Centre) due in 2021 and approximately 65,000 sq m (Zhong Tou on Xiao Yun Road) due in 2022. For Wangjing, approximately 360,000 sq m (13%) is expected to be completed by 2025.



Vacancy Rate

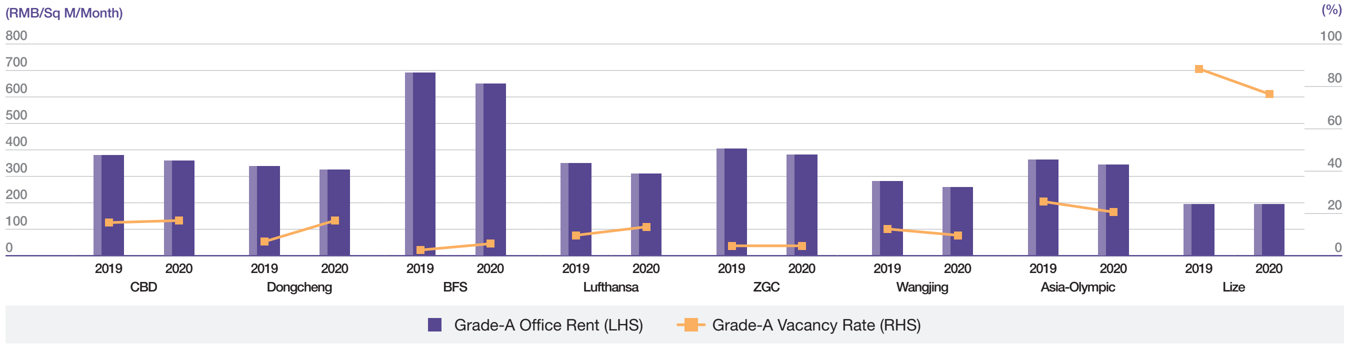
19.4% (Citywide)(End-2020) ↑ **3.5** Percentage Points YoY

- Despite the lower than expected level of new supply in 2020, the citywide vacancy rate increased by 3.5 percentage points YoY as net take-up hit its lowest level since 2015.
- This was driven by the waning of the demand for office space from IT and co-working companies. Increased uncertainty about the short-to mid-term outlook also forced some companies in other sectors to scale back expansion plans and reduce operational costs.
- All sub-markets except for Wangjing, Asia-Olympic and Lize saw increases in vacancy rates. Wangjing in particular, saw vacancy decrease due to strong demand from technology companies, while Asia-Olympic and Lize saw vacancy fall as a result of limited new supply compared to previous years and the further absorption of existing stock. A number of tenants have also moved to Lize to take advantage of the lower rental levels.
- The vacancy rate in Lufthansa at the end of 2020 stood at 14.0%, up from 9.8% at the end of 2019. The government takeover of HNA Group resulted in some tenants moving out of HNA Plaza, which is located in the area. Some tenants also relocated to CBD and Wangjing, attracted by the new supply and lower rents, respectively.
- In 1Q 2021, Grade-A office vacancy improved by 0.6 percentage points QoQ to 18.8% as demand continued to gradually recover.

Grade-A Office Rents

RMB350.6 **per sq m per month** (Net Effective Rent End-2020) ↓ **8.4** YoY

- Most landlords lowered their rents to attract tenants and accelerate absorption in response to the high vacancy rates caused by weak demand and new supply. Consequently, Grade A rentals fell by 8.4% YoY, representing the biggest annual rental decrease since 2010.
- The Lufthansa sub-market saw the biggest decline in rent of 11.8% over 2019, in part due to the pressure of new projects offering lower rentals in the southern CBD area. There was also a price gap between Lufthansa and the increasingly popular Wangjing sub-market, serving as a push-pull factor between the sub-markets and creating downward rental pressure in Lufthansa.
- For 1Q 2021, the average Grade-A office rent fell 1.2% to RMB 346.4 per sq m per month compared to 4Q 2020. While demand has started to gradually pick up, rents remain under pressure from the high level of supply coming on stream in 2021 and the existing high vacancy rate.



Net Take-up[1]

123,257 sq m (in 2020)

- While the COVID-19 pandemic has undoubtedly accelerated the slowdown in net take-up, demand had actually been dropping since 2H 2019 due to reduced levels of demand from IT and co-working companies as a result of the economic slowdown and trade tensions.
- Net take-up in 2020 fell by 66.8% as both the domestic and global economy felt the impacts of COVID-19. Whilst leasing activity began to pick up again towards the end of the year, led by a resurgent domestic IT sector, reduced activity in the first part of the year and continuing weaker demand from MNCs and co-working companies resulted in an overall negative figure for net take-up.
- Although current market conditions held back demand, domestic companies still formed the bulk of leasing demand, making up almost 80% of leasing transactions. Demand from foreign tenants was weak as many of their headquarters continued to face market uncertainties abroad.

Net take-up of Grade-A Office Space (GFA) by Industry in 2020[2]

■	Internet Technology	**37%**
■	Finance	**30%**
■	Manufacturing	**7%**
■	Professional Services	**7%**
■	Real Estate	**6%**
■	Medical and Healthcare	**5%**
■	Consumption Goods	**5%**
■	Others	**3%**

Key Office Trends

- One of the ongoing effects of COVID-19 is the rise in flexible working practices and home working, which may dent expansion plans of some companies and therefore, may have a slight impact on demand. However, the need for social distancing in offices, including placing desks further apart, may also offset the impact on demand. In the short term, however, the shift in working habits is likely to be more profound in other countries where cultural preferences, larger personal residences and working styles may be better suited to remote working.
- In September 2020, the State Council announced the formation of Beijing Free Trade Zone ("FTZ") and rolled out policies relating to tax deduction and talent introduction to attract high-end technology and services sector companies to expand or setup new offices in Beijing within the FTZ. This should effectively stimulate market demand for office space, reducing the vacancy rate.

Average Grade-A Office Capital Value

RMB68,350 **per sq m** (End-2020)

⬇ **15.6%** YoY

Average Grade-A Office Gross Yield[3]

5.1% (End-2020)

⬆ **0.4** Percentage Points YoY

- Following on from a small drop in 2019, capital values in 2020 continued to fall as the combined impact of tighter financing conditions, a global economic recession and rising vacancy rates tempered investor appetite, resulting in the average capital value falling by 15.6% YoY.
- The increase in Grade-A office yields by 0.4 percentage points over 2020 illustrated the reduced levels of investors' demand and risk appetite.
- As at end 1Q 2021, capital value increased by 2.8%, while gross yield contracted by 0.2 percentage points to 4.9% due to the slight improvement in investor sentiment and the continued economic recovery.

Outlook

- With a forecast 1.6 million sq m of new stock anticipated for 2021, the supply and demand imbalance should continue in the short term, which in turn should result in a decline in office rents and an increase in vacancy rate to around 23%.
- In the near term, as China's economy continues to recover and demand from IT and foreign companies begins to return, rents should start to bottom out by the second half of 2021 and recover gradually thereafter.
- In the longer-term, renewed leasing demand from the financial, IT and co-working sectors are expected to be seen from Beijing's opening-up of the services industry, development of the Beijing Free Trade Zone and the implementation of a digital trade pilot zone[4] within the ZGC submarket.
- There are a number of assets available for sale in Beijing and greater room for negotiation which should help to stimulate increased activity in 2021. Investment activities are also expected to increase with the introduction of the Three Red Lines policy[5] which will result in developers having to offload assets in order to help ease gearing ratios.

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[1] Net take up is the sum of space that became occupied during the year minus the sum of space that was vacated over the course of the year.

[2] Based on leasing transactions of 5,000 sq m or greater.

[3] Gross yields assume 100% occupancy.

[4] This zone will focus on digital trade and big data exchange, boosting the city's digital economy by improving the digital infrastructure. Its six key areas are namely construction, digital industrialisation, industry digitalisation, digital governance, data valuation, and digital trade development.

[5] China imposed the Three Red Lines guidance on developers against a backdrop of growing debt levels and rising land prices. Specifically, developers will have to meet three requirements before they can increase their debt levels. These include a ceiling on liabilities to assets ratio, a cap on net debt to equity and a minimum cash to short term borrowing ratio.

INDEPENDENT MARKET RESEARCH

BY COLLIERS INTERNATIONAL (HONG KONG) LIMITED

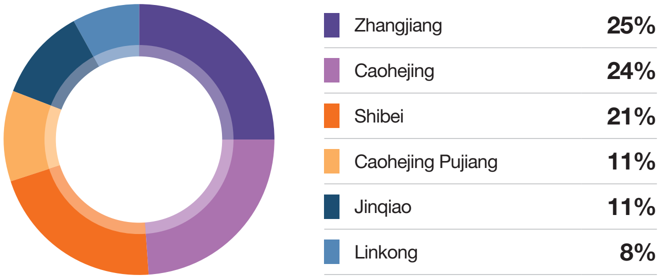
Shanghai Business Park Market[1]

Existing Grade-A Business Park Office Supply

11.2m sq m (End-2020)[2] | ⬆ **4.7%** YoY

- The six key business parks in Shanghai are Zhangjiang Science City[3] ("Zhangjiang"), Caohejing, Jinqiao, Linkong, Shibei and Caohejing Pujiang which have a total GFA of around 11.2 million sq m as at the end of 2020.
- As a result of weakened leasing demand and lockdown induced construction delays, new supply in 2020 was down by 18.3% compared to 2019, with around 530,000 sq m of new supply being added to the market.
- Of the new stock added in 2020, the majority was in Caohejing which added 213,000 sq m, followed by Jinqiao which added 156,000 sq m. There was only 74,000 sq m of new supply added in Zhangjiang in 2020.

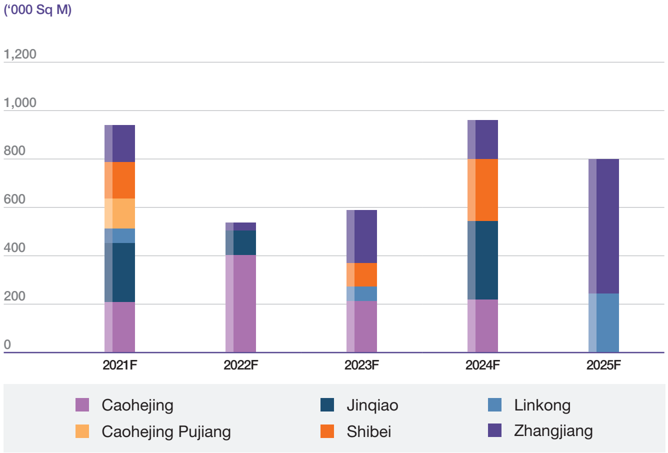
Grade-A Office Stock by Six Business Parks as at End-2020



Potential Grade-A Office Supply

Around 3.8m sq m | From 2021F to 2025F in Total

- By the end of 2025, the total Grade-A office supply across the six key business parks is expected to reach approximately 15 million sq m.
- The majority of future supply over the next five years (approximately 3.8 million sq m) will be located in Zhangjiang (29%), Caohejing (27%), Jinqiao (18%) and Shibei (13%).
- In 2021, about 941,000 sq m of new stock will be added.
- Zhangjiang is expected to receive five new projects in 2021, totalling approximately 154,000 sq m. The largest of which is a retail and office composite scheme comprising 86,500 sq m of office space near to Guanglan Road Station on Line 2.



Vacancy Rate

20.6% (End-2020) | ⬇ **1.1** Percentage Points YoY

- At the end of 2020, the average vacancy rate in the six key business parks of 20.6% was lower by 1.1 percentage points YoY, aided by the reduced new supply over the year and helped in part by the government's supportive stimulus plan and the relatively short lockdown period for COVID-19.
- Zhangjiang's vacancy rate dropped by 6.9 percentage points at the end of 2020 to reach 18.0%, the best performing business park in terms of reduction in vacancy, attributable to a healthy net take-up and reduced level of new supply in 2020 relative to previous years.
- For the other markets, all except for Shibei and Caohejing Pujiang saw increases in vacancy rates. The lower vacancy rates for the two markets were mainly due to lower than usual levels of new supply in 2020.
- For 1Q 2021, the average vacancy rate in the six business parks saw a slight increase of 0.3 percentage points to 20.9% compared to 4Q 2020 due to new supply in Caohejing and negative take-up for the quarter in Linkong and Jinqiao.

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[1] All data and figures are from Colliers International (Hong Kong) Limited and they relate to the six business parks as outlined on this page, unless otherwise stated. Please refer to page 54 on the limitations of the report.

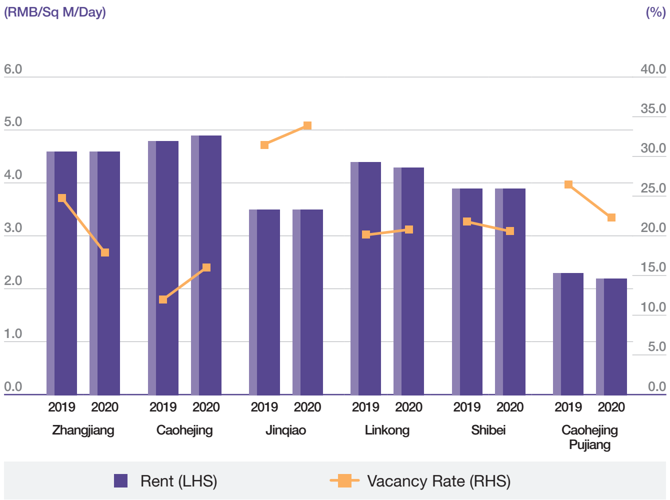
[2] Unless stated otherwise, all measurements are based on GFA.

[3] MNACT owns Sandhill Plaza located in Zhangjiang which has a total GFA of 83,801 sq m.

Grade-A Business Park Office Rents

RMB3.9 per sq m per day (End-2020) ⬇ **0.3%** YoY

- The average rent for Grade-A office space in the six key business parks stood at RMB3.9 per sq m per day, which is well below the RMB9.9 per sq m per day average for the prime high-rise office district of Lujiazui.
- The average rent was relatively resilient despite COVID-19 and only fell by 0.3%. While leasing improved over the course of the year, many firms focused on conservative strategies like renewals or cost-saving options.
- Zhangjiang Grade-A office rents increased by 0.7% as it continued to benefit from the further expansion of the technology and medical sectors, which have proven to be more resilient to COVID-19. In fact, Zhangjiang recorded the highest level of net take-up over 2020 compared to the other business parks.
- For the other business parks, only Linkong and Caoheijng Pujiang saw rents decline, decreasing by 3.0% and 3.3%, respectively. Both markets have been driven by vacancy pressures and negative take-ups, which exacerbated during COVID-19.
- For 1Q 2021, the average rents of the six key business parks edged up by 1.2% to RMB4.0 per sq m per day, supported by stronger demand as tenants continued to be attracted to the affordability of business parks compared to the CBD.



Net Take-up[1]

544,797 sq m (in 2020)

- Net take-up in 2020 recorded its lowest figure since 2016. At the onset of COVID-19, many tenants postponed expansion plans and instead looked to downsize. Demand did somewhat recover as the COVID-19 situation eased.
- The share of take-up from domestic companies continued to rise, fuelled in particular by e-commerce, IT and medical tenants who have continued to grow despite COVID-19 and trade tensions.
- By sector, IT companies continued to drive demand during 2020, accounting for 48.0% of take-up. This sector provided a boost to business parks such as Zhangjiang which are popular with the IT sector companies due to the pool of high-quality properties when compared to other business parks.

Net Take-up of Business Park Grade-A Office Space (GFA) in 2020 by Industry

■	Software Services	48%
■	Medical & Health	12%
■	Electronics	8%
■	Professional Services	5%
■	Finance & Insurance	4%
■	Real Estate	3%
■	Machinery	3%
■	Consumption	3%
■	Telecommunications	2%
■	Energy	2%
■	Chemicals	2%
■	Others	8%

Key Office Trends

- With office rents in CBD locations still averaging close to RMB10 per sq m per day, the decentralisation trend is set to continue as there remains significant value for tenants to decentralise to business park locations.
- The relatively short and successful lockdown in Shanghai allowed for a quick return to the offices with little time to fundamentally change working habits. Domestic corporates also have a cultural and business preference to work in the office, which is believed to maximise productivity as well as collaboration. Hence, the reduction of space in general in Shanghai due to remote working policies should be limited.
- Shanghai aims to be a global centre of science and technology by 2035 and the business parks are key to achieving this goal. We expect technology tenants will lead demand and dominate markets, helping determine rents, incentives, and deal structures. Specifically, the electronics hardware, pharmaceuticals and TMT sectors have shown resilient demand during COVID-19 and should support Shanghai's industry transformation in the long run.

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[1] Net take up is the sum of space that became occupied during the year minus the sum of space that was vacated over the course of the year.

INDEPENDENT MARKET RESEARCH

BY COLLIERS INTERNATIONAL (HONG KONG) LIMITED

Average Grade-A Business Park Office Capital Value

RMB24,980 per sq m (End-2020)

⬇ **9.5%** YoY (estimate[1])

Average Grade-A Business Park Office Gross Yield[2]

5.5% (End-2020)

⬆ **0.5** Percentage Points YoY

- The average yield edged up 0.5 percentage points at the end of 2020, primarily as a result of investors' expectations based on the market conditions. Based on the yield of 5.5%, it would imply that the average Grade-A capital value could fall by 9.5%.
- As at end 1Q 2021, average capital value increased slightly by 1.0% QoQ following the increase in average rent while the average gross yield remained stable.

Outlook

- Rents should increase across most business parks in 2021, supported by the expansion demand from the IT, medical and integrated circuits sectors. Given these tenants' preference for high quality properties, core business parks with higher quality space will outperform the emerging parks.
- With the addition of new supply in 2021, the overall vacancy rate is expected to increase slightly.
- Yields are expected to remain stable as institutional investors are expected to place greater emphasis on business parks which are seen as providing more sustainable and stable cashflows.
- Under the Yangtze River Delta Master Plan, Shanghai will lead the region's technology innovation and promote the growth of two major science corridors, encouraging more advanced technology industries to congregate in the major business parks.
- The C-REIT pilot scheme was launched in early June 2021 and initially comprises nine REITs which have been approved to list. Of the nine, six of them predominantly own infrastructure assets, while three have business park assets in Shanghai, Suzhou and Shenzhen. The nine REITs will be listed on the Shanghai and Shenzhen Exchanges with a total fund raising of RMB31.4 billion. We may expect more launches of C-REITs with business park assets.

LIMITATIONS ON THE REPORT

This report is based upon Colliers' ("The Consultant") analysis, opinions and conclusions regarding market movement and trends. In making the assessment, the Consultant has relied to a considerable extent on the statistics and data that is available from third parties. The Consultant has not undertaken any independent verification of this data or information, and is unable to warrant the veracity or accuracy of the information.

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This report is based on what is known at the date of writing. Any unforeseen future events or changes in any of the variables considered could significantly affect the outlook and the reader should be aware of this possibility.

All references to measurements are approximate only and the Consultant has not independently verified any measurements referred to in the report. Colliers International (Hong Kong) Limited can accept no liability to any third party who relies upon this information.

HANNAH JEONG
Head, Valuation & Advisory Services,
Colliers Hong Kong

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[1] As there were limited transactions during the year, the capital value was computed based on the citywide average rents for business parks of RMB3.8 per sq m per day and average yield of 5.5%.

[2] Average yields assume 100% occupancy.

INDEPENDENT MARKET RESEARCH

BY CBRE K.K.

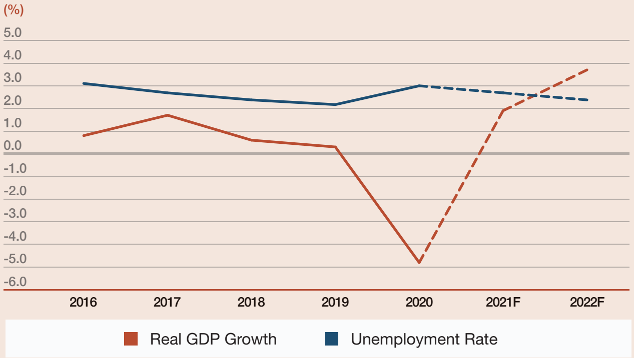
Japan

ECONOMY

- The Japanese economy sharply contracted following the onset of the COVID-19 pandemic and the government's declaration of a nationwide state of emergency during April and May 2020. Real GDP fell by 4.8% yoy in 2020, the first contraction since 2009.
- While the contraction in the economy has affected the labour market which saw an increase in unemployment rate from 2.2% at the end of 2019 to 3.0% at the end of 2020, the impact has been relatively limited, thanks to the emergency economic measures by the government, including enhanced subsidy for leave allowance, provision of zero interest non-collateral loan, and cash payments to small and medium enterprises. The projected size of the stimulus measures totalled JPY307 trillion, equivalent to approximately 55% of 2019 real GDP.

OUTLOOK

- For 2021, while CBRE expects the GDP to recover YoY by 1.9% due to the dissemination of COVID-19 vaccines starting from February 2021 and an increase in personal consumption and manufacturing activity, the resurgence of infections and emergency measures to curb economic activities are likely to impact the economic recovery.
- The Tokyo Olympics/Paralympics will be held as planned. However, the likely restrictions on audiences and no foreign audiences would mean that the economic benefits of the Tokyo Olympics/Paralympics would be considerably smaller than initially expected.



Source: 2016 – 2020 GDP growth figures from the Cabinet Office of Japan, while 2021 and 2022 GDP forecasts are from CBRE. 2016 to 2020 unemployment figures are year-end figures from Ministry of Internal Affairs and Communications while the 2021 and 2022 forecasts are from Oxford Economics.

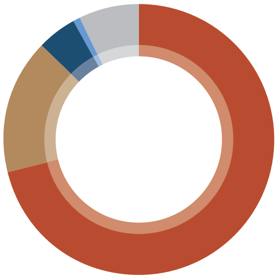
Greater Tokyo Office Market[1]

Existing All-Grade Office Supply

8.6m tsubo[2] (End-2020) ⇧ 3.4% YoY

- The Greater Tokyo Area's office market[3] comprises Tokyo Metropolis (including the 23 wards of Tokyo), Chiba Prefecture, Kanagawa Prefecture (with Yokohama City as the capital) and Saitama Prefecture.
- As at 4Q 2020, existing All-Grade office supply in the Greater Tokyo Area is 8.6 million tsubo. A majority of the office stock in Greater Tokyo is concentrated in the central five wards (Chiyoda, Chuo, Minato, Shinjuku and Shibuya), accounting for 71% of the stock by net lettable area. The outer 18 wards make up another 16% of total office stock in Greater Tokyo, with the remaining in suburban Tokyo and the other prefectures.
- New supply of office space of approximately 0.3 million tsubo in 2020 increased the overall supply by 3.4% YoY. 77% of the new supply in 2020 was in the central five wards, reflecting high demand for the area. New additions included Grade-A buildings[4] such as Otemachi One Tower in Chiyoda ward and Kamiyacho Trust Tower in Minato ward.
- In Ikebukuro where one of MNACT's Japan Properties, TS Ikebukuro Building, is located, Hareza Tower, a Grade-A minus building with approximately 12,000 tsubo of net lettable area, was completed.

Existing All-Grade Office Supply by Area



🟥	Central Five Wards	71%
■	Outer 18 Wards	16%
■	Yokohama	5%
■	Chiba/Funabashi	1%
■	Others	7%

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[1] All data and figures on the office market are from CBRE K.K., unless otherwise stated. Please refer to page 58 for the limitations of the report.

[2] The data covers office buildings for lease in office markets in 13 major cities nationwide with GFA of 1,000 tsubo or more, and compliant with Japan's 1981 earthquake resistance standards. 1 tsubo = 3.3058 sq m = 35.58 sq ft.

[3] The office areas in each city/ward are classified based on CBRE's internal specifications.

[4] Grade-A buildings are located in the central five wards, have GFA of more than 10,000 tsubo, NLA of more than 6,500 tsubo with typical floor plates of more than 500 tsubo and are less than 11 years of building age.

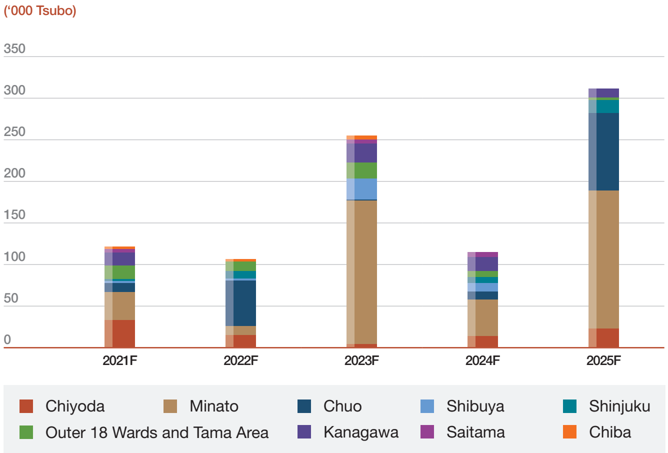
INDEPENDENT MARKET RESEARCH

BY CBRE K.K.

Potential Office Supply[1] in Greater Tokyo

0.9m tsubo From 2021F to 2025F in Total

- The volumes of new supply planned for 2021, 2022 and 2024 are relatively limited. However, supply volumes in 2023 (at 27.7%) and 2025 (at 34.0%) are expected to far exceed the average, impacting the supply-demand balance.
- Upcoming office supply over the next five years will be concentrated in the central five wards (at 83.3%). The outer 18 wards of Tokyo will only receive 6.8% of the new office supply over the next five years, while Yokohama will receive 7.4% of the new office supply.
- There is no identified supply in Makuhari, Chiba from 2021 to 2025.



All-Grade Vacancy Rate

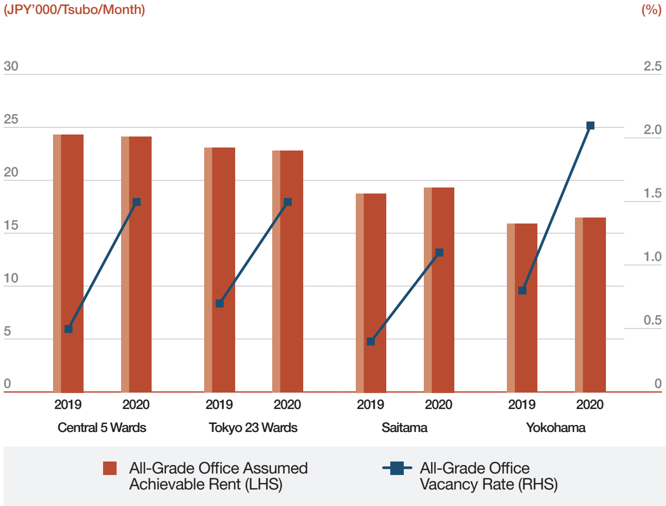
1.5% (Tokyo 23 Wards, End-2020)[2] ▲ **0.8** Percentage Points YoY

- 2020 saw the downsizing of some office space for the purposes of cost cutting as well as due to changes in work styles promoted by COVID-19 (such as telecommuting), particularly among small-to-medium-sized buildings. Moreover, the take-up of secondary vacancies in existing buildings caused by new buildings that came onstream during the year was slow due to weakened demand. As a result, the all-grade vacancy rate for Tokyo 23 wards ticked up from an all-time low of 0.7% to 1.5% at the end of 2020.
- For the central five wards, vacancy rate increased from 0.5% at the end of 2019 to 1.5% at the end of 2020.
- For Yokohama, vacancy rate rose to 2.1%. This was not due to negative net absorption, however, but due to a secondary vacancy which was belatedly actualised in 2020, a few years after a large-scale tenant's relocation.
- In the Chiba/Funabashi market, the impact of the pandemic was not noticeably observed. Conversely, due to no new supply and positive demand for decentralised office space during the year, vacancy rate improved from 3.5% to 1.3%[3].

All-Grade Office Rents[4]

JPY22,870 **per tsubo per month** (Tokyo 23 Wards)(End-2020) ▼ **1.2%** YoY

- Cancellations and contractions in floor space due to cost cutting and changes in office strategy which was relatively frequent in small-to-mid scale buildings at the beginning of 2020 began to be more evident in larger properties, leading to asking rents being slightly lowered in several Grade-A buildings. As a result, rents for the central five wards and Tokyo 23 wards slightly fell, by 0.9% and 1.2%, at the end of 2020, respectively.
- On the other hand, Yokohama saw a rise by 3.4% in rentals in 2020. In addition to the steady office demand, the higher rentals secured by a newly delivered building, which is competitive in both location and building specifications, contributed to the positive trend.
- In 1Q 2021, rents for the central five wards and Tokyo 23 wards fell by 1.2% and 1.3%, respectively, while rents for the Yokohama area also followed the trend with a slight drop by 0.3%.



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[1] The data covers identified pipelines of new office buildings for lease in office markets set by CBRE, with more than 2,000 tsubo of GFA.
[2] Only units that are available for immediate occupancy are included.
[3] CBRE's vacancy rate data for the Chiba/Funabashi market covers 53 buildings that are reasonably similar in terms of locations and specifications.
[4] Assumed achievable rent estimated by CBRE (face rent including common area maintenance ("CAM")). CBRE does not have data available for the Chiba/Funabashi Area.

Net Take-up[1]

210,000 tsubo (in 2020)(Greater Tokyo Area)

- There was a positive net absorption of approximately 210,000 tsubo in the Greater Tokyo Area, the lowest level over the past five years.
- Concerns over the economic outlook have made many corporations cautious about capital expenditure, leading to a decrease in new office openings or expansions. Spaces sought after have become smaller compared to pre-pandemic. This has led to several larger buildings currently under construction, located mostly in the central five wards, taking longer to secure pre-leased tenants.

Key Office Trends

- In addition to economic stagnation, the pandemic has also served as a catalyst in changing the role of the office. Many companies are now reviewing their office strategies in consideration of changes in work styles. Although small-to-mid size buildings have experienced vacancy increases due to downsizing and cancellations, the outlook for office demand will be more certain, be it contraction or expansion, as larger-scale tenants fix their office strategies.
- Although cost cutting and contraction are trends in the current market, the role of the office may be more important in a different way than in pre-pandemic times. In addition, satellite office is expected to expand its market presence as more satellite offices were opened in 2020 than ever before. According to CBRE's Occupier Survey[2], occupiers experience a number of issues in implementing remote working. The most commonly raised issues in the survey were "communication among employees" and "management of team and subordinates", both of which were identified by more than 70% of respondents. In future, offices are likely to be required to take on a more prominent role as facilitators of communication than they have in the past. The volume and quality of communication are considered to impact efficiency and productivity of work. This renewed focus on the importance of the office's role in communication may even lead to increased office occupancy rates with the return of workers to the office in the post-pandemic market.

Average Prime Office Capital Value[3]

JPY17.4m per tsubo (End-2020)

↓ **3.0%** YoY

Average Prime Office Yield

2.6% (End-2020)

No Change YoY

- Office investment volume increased slightly in 2020 compared to 2019, which suggests that investors' appetite for offices is still steady from a long-term perspective, with a view to post COVID-19, although there is uncertainty about the demand outlook due to changes in work styles.
- However, average capital value of Grade-A buildings was lower by 3.0% in 2020 compared to 2019, due to a more cautious attitude among investors in response to the uncertainty wrought by the pandemic and a decline in rents.
- Average prime office yield in the central five wards hovered at 2.6%, the same level as 2019. The flat cap rate reflects the tight demand-supply balance in the real estate investment market in Tokyo, as investors' appetite for real estate remains high amidst the low interest rate environment.
- The outer 18 wards and Yokohama area saw slight decompression in their prime cap rates at 3.9% and 3.9%, respectively, while Chiba/Funabashi area saw more decompression to 4.8%.
- At the end of 1Q 2021, average capital values (based on CBRE's assumed achievable rent and estimated prime cap rate) of Grade-A office buildings was down 1% QoQ, while average prime cap rate remained flat QoQ at 2.6%.

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[1] Net take up is the sum of space that became occupied during the year minus the sum of space that was vacated over the course of the year.

[2] Conducted in October 2020.

[3] CBRE estimates are based on Grade-A assumed achievable office rents as well as cost assumptions.

INDEPENDENT MARKET RESEARCH

BY CBRE K.K.

Outlook

- While CBRE forecasts that GDP will recover by 1.9% in 2021, the rebound in real estate occupier market is likely to lag that of the overall economy because many companies are in the midst of reviewing their office strategies. Because those strategies are likely to be formulated at the start of the new fiscal year in April, office leasing activity is not likely to materialize until mid-2021.
- A noticeable increase in vacancy rate is anticipated in 2021. The increase is likely to be more severe in the central five wards compared to the other 18 wards with more large-scale tenants who will formulate office strategies and move forward.
- The downward rent adjustment will become more evident in 2021. Downsizing of office space as a cost-cutting measure, as well as due to changes in work styles is more likely to be apparent in large-scale buildings, which will lead to the slower take-up of new Grade-A office spaces.
- The above trend is expected to be moderate in the other 18 wards and areas surrounding Tokyo 23 wards such as Yokohama and Chiba/Funabashi areas. Due to the higher concentration of headquarters of large companies within the central five wards, the negative impact on vacancy rate caused by contractions/move-outs by these tenants is anticipated to be much larger compared to other areas. The decentralised and suburban areas, on the other hand, have relatively smaller tenants, and thus, the above trend has less impact on the market. In addition, these areas have a potential to absorb needs for cost cutting with their relatively affordable rental levels.
- As for real estate investments, CBRE estimates the total volume for 2021 to be about the same as in 2020. Since loose monetary policy is likely to continue, interest rates should remain low for longer, keeping the cost of capital low, while also ensuring real estate continues to attract investors. Given the unclear outlook for office demand due to the introduction of remote working, investors are likely to become more selective with regard to offices. Expecting further decline in rents and the above-average new supply in 2023 and 2025, a slight increase in prime office yield is anticipated.

LIMITATIONS ON THE REPORT

CBRE K.K. (“CBRE”) prepared this market report with data from the Government of Japan, reliable research institutions and CBRE proprietary databases. CBRE does not perform any independent verification for data or information provided by external third-party and does not warrant its accuracy or completeness.

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水谷

SHIGEKO MIZUTANI
Executive Director
Head of Valuation Advisory & Consulting Services

INDEPENDENT MARKET RESEARCH

BY COLLIERS INTERNATIONAL (HONG KONG) LIMITED AND COLLIERS INTERNATIONAL (KOREA) LIMITED

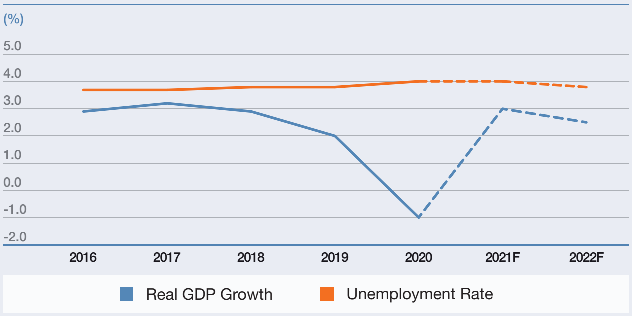
South Korea

ECONOMY

- South Korea recorded a marginal negative growth of 1.0% YoY in 2020, representing one of the best performances among major economies, second to China, as its large manufacturing industry, well-established online shopping base and pandemic-response measures buoyed its economy.
- The country's unemployment rate remained subdued at 4.0% at the end of 2020 amid the economic fallout from COVID-19. Nonetheless, South Korea's unemployment rate is still significantly lower than other major economies.

OUTLOOK

- The country's economy is expected to pick up with real GDP growth forecasts at 3.0% in 2021 and 2.5% in 2022, according to the Bank of Korea, led by recovery in exports and investments.
- The unemployment rate is expected to remain at 4.0% in 2021. This is due to restrictive measures to contain a resurgence in COVID-19 infections, partially mitigated by the government's KRW3.06 trillion budget to create job opportunities and support employment.



Note: Real GDP and YoY variance represents chained 2015 year prices, seasonally adjusted.

Source: Real GDP and unemployment rate figures from 2016 and 2022F are from the Bank of Korea (based on February 2021 estimates).

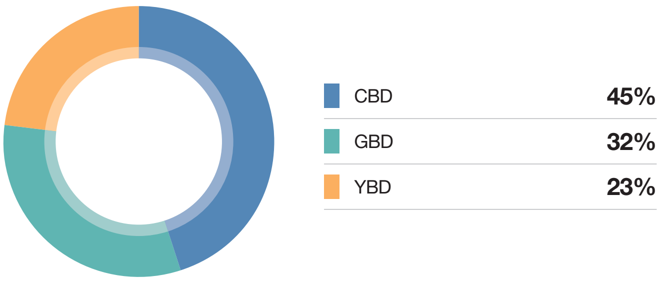
Seoul Office Market[1]

Existing Grade-A Office Supply
(Within the Three Core Business Districts)

2.6m py (End-2020) ⬆ **8.1%** YoY

- The Seoul office market consists of three core business districts: the Central Business District ("CBD"), the Gangnam Business District ("GBD")[2] and the Yeouido Business District ("YBD").
- The CBD, being the historical centre of Seoul, is home to many headquarters of multinational companies and Korean conglomerates. The GBD is the second largest business district in Korea, known to be the preferred location for IT, technology, media, fashion and pharmaceutical corporates. The YBD is a financial hub housing financial and business services firms and major securities firms.
- There are also several secondary business districts including Bundang and Pangyo Business Districts ("BBD") spread across Seoul.
- A total of 194,000 py of space was completed in 2020, the highest level over the past ten years.
- In the GBD, new supply remained limited with only one Grade-A office building added in 2020, namely the HJ Tower (12,700 py).

Grade-A Office Supply by the Three Business Districts in Seoul, as at End-2020[3]



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[1] All data and figures on the office market are from Colliers International (Hong Kong) Limited and Colliers International (Korea) Limited and relates to the three core business districts outlined on this page, unless otherwise stated. 1 pyeong ("py") = 3.30579 sq m. Please refer to page 62 for the limitations of the report.

[2] MNACT has an effective interest of 50.0% in one office property – The Pinnacle Gangnam – in GBD, Seoul with a GFA of 44,444 sq m.

[3] This pie chart includes new and existing office supply stock as at end-2020.

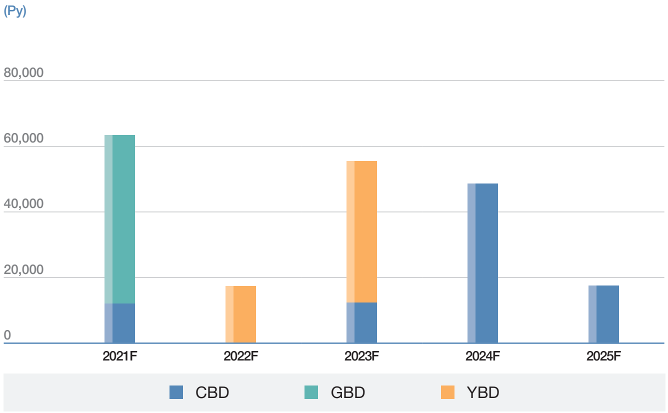
INDEPENDENT MARKET RESEARCH

BY COLLIERS INTERNATIONAL (HONG KONG) LIMITED AND COLLIERS INTERNATIONAL (KOREA) LIMITED

Potential Grade-A Office Supply

0.2m py From 2021F to 2025F in Total

- In 2021, office supply in Seoul will be limited to two new Grade-A office buildings in the CBD and the GBD, totalling 63,100 py. Located in the GBD, Centerfield (formally Renaissance Parc) was completed in January 2021 and occupies a total GFA of 51,100 py.
- From 2022 to 2025, approximately 138,600 py of new Grade-A office stock is expected to come onstream in Seoul, of which approximately 57% and 43% will be located in the CBD and the YBD, respectively, with no new supply in the GBD area.



Vacancy Rate

(For the Three Core Business Districts)

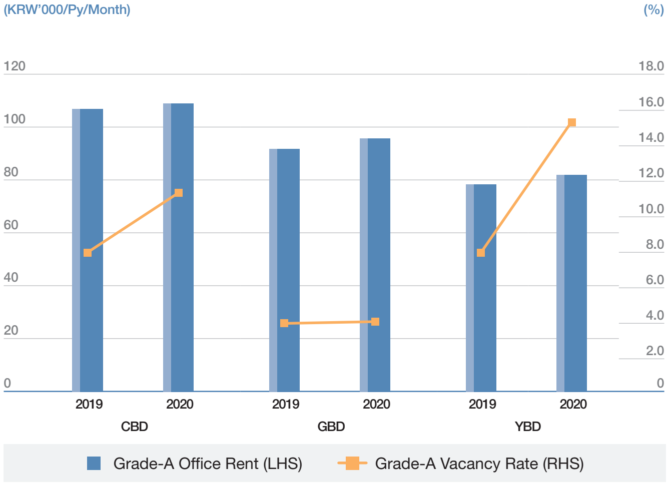
9.9% (End-2020) ⬆ **3.4** Percentage Points YoY

- The overall Seoul Grade-A office vacancy rate increased by 3.4 percentage points, as leasing demand tapered due to the recession induced by COVID-19. Vacancy was also driven up by the launch of new buildings particularly in the YBD.
- In the CBD, the average vacancy rate was 11.3% (+3.4 percentage points YoY) while the average vacancy rate was 15.3% (+7.4 percentage points YoY) in the YBD.
- In the GBD, however, the average vacancy rate recorded only a slight increase to 4.0%, from 3.9% at the end of 2019 due mainly to strong resiliency in leasing demand from the manufacturing, banking and finance services and IT sectors.
- Overall, the Seoul Grade-A office vacancy rate at the end of 1Q 2021 edged up slightly by 0.2 percentage points to 10.1%, mainly driven by the relocation of some major tenants from the GBD to other districts and the completion of Centerfield in the GBD.

Grade-A Office Rents

KRW98,800 **per py per month** (Net Effective Rate End-2020) ⬆ **2.6** YoY

- Average Grade-A office net effective rent in the three key submarkets in Seoul increased 2.6% YoY despite COVID-19. In general, tenants of Grade-A office buildings in the three core business districts are subject to step-up rents during their lease terms, ranging from 2% to 3% per annum.
- By district, the GBD saw a 4.4% YoY increase to about KRW96,000 per py per month by the end of 2020, reflecting continued demand from the manufacturing, banking and finance services and IT sectors amid limited new supply. The average net effective rent in the CBD grew by 2.1% YoY due to step-up rents in most lease terms and higher rents achieved from new office completions, despite a notable increase in new supply. Buoyed by the high rentals of new prime buildings such as Parc 1 Tower 1 and 2, the YBD enjoyed a notable rental growth of 4.5% YoY by the end of 2020.
- For 1Q 2021, the average Grade-A office net effective rent edged up by 1.1% QoQ, supported by the higher rents achieved for new Grade-A office spaces. This was particularly noted in the GBD, which saw the highest growth (+2.4% QoQ) in net effective rent among the three core business districts.



Net Take-Up[1]

46,900 py (in 2020)

- Net-take up fell by 48.8% in 2020 from 91,600 py recorded in 2019. The impact of COVID-19 materialised in the form of space reductions, relocations to cheaper secondary office buildings and even business shutdowns, especially for industries hard-hit by the pandemic.
- Similarly in the GBD, the net-take up declined significantly due to several large-scale tenant relocations seen throughout 2020. Nonetheless, upgrade demand from IT, banking and financial services sector as well as new demand from flexible workspaces partially mitigated such negative absorption. As a result, the net take-up was 7,400 py, down 57.5% YoY from 17,500 py in the previous year.
- The CBD was the most impacted district, with net take-up of 8,300 py, declining by 87.5% from 2019.
- However, for the YBD, net take-up increased by 310.5% to 31,100 py mainly due to low-base effect of lower absorption in 2019, higher take-up of new leases at newly completed buildings and expansion needs of existing tenants.
- Overall, Seoul's net take-up in 2020 was led by Banking, Finance & Insurance (35%), Manufacturing & Energy (20%) and IT (11%) sectors.
- Sectors which saw elevated demand during 2020 were the IT, gaming, biotech, and pharmaceutical industries, while industries directly affected by COVID-19 include overseas construction and international consumer brand sectors.

Net Take-up of Grade-A Office Space in 2020 by Industry

■	Banking, Finance & Insurance	35%
■	Manufacturing & Energy	20%
■	Information Technology	11%
■	Professional Services	11%
■	Public, Government & Non-profit	6%
■	Telecommunications, Media & Communication	4%
■	Construction & Engineering	4%
■	Flexible Workspace	3%
■	Others	6%

Key Office Trends

- 2020 saw several large corporates consolidate all of their dispersed subsidiaries in their headquarter buildings to increase productivity and inter-departmental synergies.
- Attracted by newer supplies and lower-cost options, companies are now increasingly considering other submarkets and emerging business districts like BBD in addition to the three key submarkets of the CBD, GBD and YBD.
- Nonetheless, demand for office space in the three key submarkets in Seoul remains strong with continued expansion plans mainly from large IT companies.
- In addition to the consolidation initiatives to traditional office spaces, companies are also increasingly adopting flexible working policies and satellite offices as part of their business continuity plans and social distancing measures. This has resulted in increasing demand for distributed and shared offices within the major business districts as well as outer Seoul.

Average Grade-A Office Capital Value

KRW23.2m per py (End-2020) ⇧ **5.4%** YoY

Average Grade-A Office Net Yield

3.8% (End-2020) ⇩ **0.4** Percentage Points YoY

- In 2020, Seoul's office investment market remained active, recording KRW12.9 trillion, and Grade-A office capital value saw a 5.4% YoY increase at the end of 2020.
- The resilient investment activity and prices were a result of South Korea's effective control measures during COVID-19, low interest rates and the government's decision to expand already accommodative fiscal policies put in place to offset the effects of COVID-19. The GBD remains a popular submarket for office space due to the scarcity of offerings in the area, constantly achieving record-high transactions throughout 2020.
- Accordingly, the average net market yield for the overall Seoul Grade-A office market, as at 4Q 2020, compressed by 0.4 percentage points to 3.8% on the back of strong investor sentiment. By submarket, the net market yield for the CBD remained the most compressed ranging between 3.25% to 4.0%, followed by the GBD (3.5%-4.0%) and the YBD (3.75%-4.25%).
- At the end of 1Q 2021, the average capital values of transacted Grade-A office buildings in Seoul fell slightly by 0.9% QoQ, as the majority of the assets transacted were situated in non-core locations and/or of lower specifications compared to those transacted in 4Q 2020. The average Grade-A office net market yield, however, further compressed to 3.5% on the back of robust investment sentiment.

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[1] Net take up is the sum of space that became occupied during the year minus the sum of space that was vacated over the course of the year.

INDEPENDENT MARKET RESEARCH

BY COLLIERS INTERNATIONAL (HONG KONG) LIMITED AND COLLIERS INTERNATIONAL (KOREA) LIMITED

Outlook

- In line with the economic recovery in 2021, the average performance of the Grade-A office market in Seoul is expected to improve.
- Average net effective rent of the Grade-A office market in Seoul is forecast to see continuous growth, increasing by approximately 1.1% to KRW99,900 per py per month in 2021 and further to KRW100,800 per py per month in 2022.
- The overall Grade-A office stock supply in Seoul is expected to be limited from 2021 to 2023, growing at approximately 2% per annum, one of the lowest rates in Asia Pacific. In the GBD, the average vacancy rate is expected to rise slightly to 6% mainly due to the recent new supply in the short term but gradually decline to around 4% by 2024, supported by the stable demand from the IT industry and no new supply until 2025.
- The investment market outlook for Grade-A offices in Seoul remains positive, fuelled by both domestic and international players looking for opportunities in a stable yet growing market. In addition, given abundant liquidity and low interest rates, there is incentive to invest in Grade-A offices in Seoul, where the average net market yield as at 1Q 2021 is considered relatively high at 3.5% compared to other developed cities in Asia Pacific.
- With the recent announcement of the K-New Deal, a KRW160 trillion spending programme by the government in response to the COVID-19 induced recession, the GBD is expected to strengthen its position as the IT hub, acting as the main base for the Digital New Deal programme aimed at accelerating Seoul's transition towards a digital economy.

LIMITATIONS ON THE REPORT

This report is based upon Colliers' ("The Consultant") analysis, opinions and conclusions regarding market movement and trends. In making the assessment, the Consultant has relied to a considerable extent on the statistics and data that is available from third parties. The Consultant has not undertaken any independent verification of this data or information, and is unable to warrant the veracity or accuracy of the information.

The outlook, forecasts and opinions provided by the Consultant are based on events that have not yet happened and should therefore be regarded as a best guess projection, rather than a statement of fact.

Market evidence is, by its very nature, subject to a time lag and an element of projection is necessary in providing any outlook. Any market projections incorporated within this report are projections only and must be viewed as such, rather than as certainty.

The Consultant is unable to provide any warranty or assurance that any of the forecasts provided within the report will happen and the reader should not place any reliance upon the information provided.

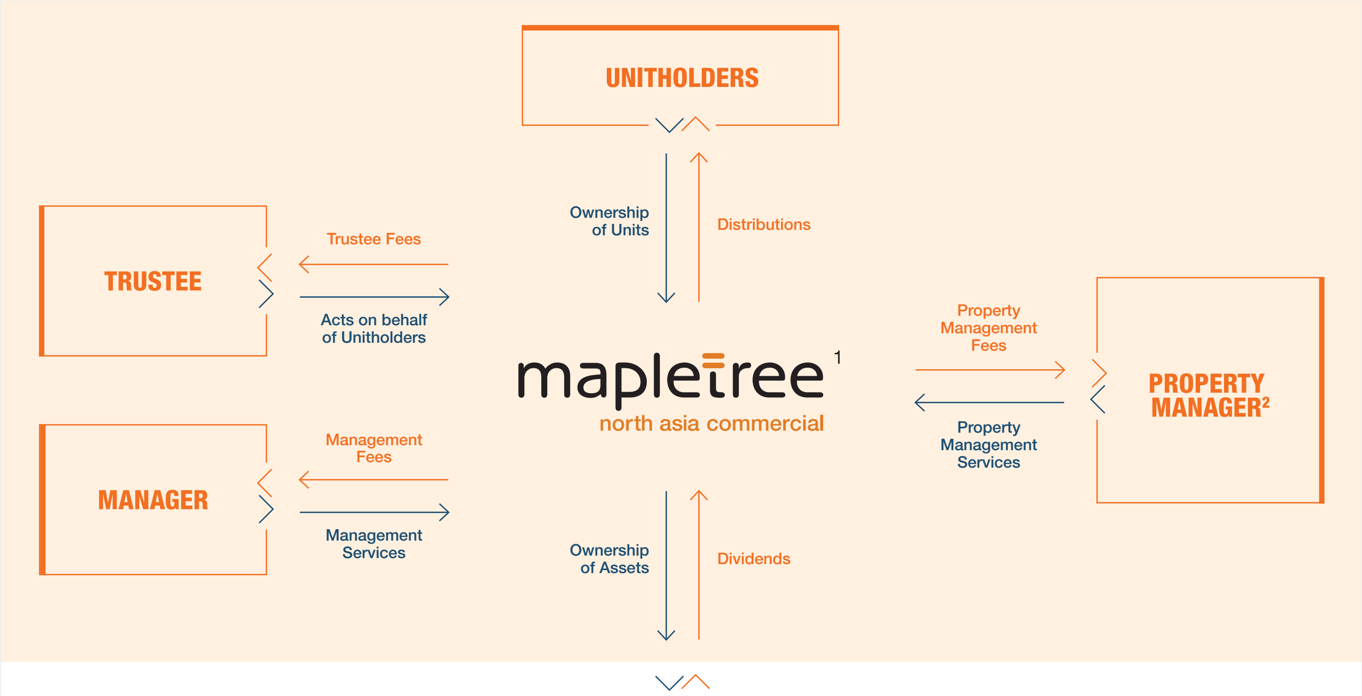
This report is based on what is known at the date of writing. Any unforeseen future events or changes in any of the variables considered could significantly affect the outlook and the reader should be aware of this possibility.

All references to measurements are approximate only and the Consultant has not independently verified any measurements referred to in the report. Colliers International (Hong Kong) Limited can accept no liability to any third party who relies upon this information.

Hannah

HANNAH JEONG
Head, Valuation & Advisory Services,
Colliers Hong Kong

TRUST STRUCTURE



First-level subsidiaries	**CLAYMORE LIMITED** (incorporated in Cayman Islands)	**BEIJING GATEWAY PLAZA (CAYMAN) LTD.** (incorporated in Cayman Islands)	**GLAMOUR II LIMITED** (incorporated in Cayman Islands)	**TSUBAKI 1 PTE. LTD.** (incorporated in Singapore)	**PINNACLE KR ASSET PTE. LTD.**[5] (incorporated in Singapore)
Second-level subsidiaries	**FESTIVAL WALK HOLDINGS LIMITED** (incorporated in Hong Kong SAR) **FESTIVAL WALK (2011) LIMITED** (incorporated in Hong Kong SAR)	**HK GATEWAY PLAZA COMPANY LIMITED**[3] (incorporated in Hong Kong SAR)	**CHINA ORIENT LIMITED** (incorporated in Hong Kong SAR)	**TSUBAKI 2 PTE. LTD.** (incorporated in Singapore)	
Third-level subsidiaries			**SHANGHAI ZHAN XIANG REAL ESTATE COMPANY LIMITED** (incorporated in Shanghai)	**TSUBAKI TMK**[4] (incorporated in Japan)	
	FESTIVAL WALK	**GATEWAY PLAZA**	**SANDHILL PLAZA**	**JAPAN PROPERTIES**	**THE PINNACLE GANGNAM**

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[1] The Trustee holds 100.0% of Mapletree North Asia Commercial Trust Treasury Company (S) Pte. Ltd., which holds 100.0% of Mapletree North Asia Commercial Treasury Company (HKSAR) Limited (the “Hong Kong Treasury Company”). The Hong Kong Treasury Company is a special purpose vehicle incorporated in Hong Kong SAR and owned by MNACT for the purposes of (i) lending, borrowing or raising money, (ii) carrying out foreign exchange and interest rate hedging activities, financial futures trading, financial derivatives trading and other risk management activities in foreign currency or (iii) any other treasury management functions for and on behalf of MNACT.

[2] The Property Manager was appointed pursuant to the Master Property Management agreement entered into between the Manager, the Trustee and the Property Manager. Both the Manager and the Property Manager are wholly-owned subsidiaries of the Sponsor.

[3] HK Gateway Plaza Company Limited holds 100.0% of Gateway Plaza Property Operations (Beijing) Limited, a company incorporated in China. Gateway Plaza Property Operations (Beijing) Limited was established to facilitate the registration of tenancy agreements between HK Gateway Plaza Company Limited and tenants of Gateway Plaza. HK Gateway Plaza Company Limited pays Gateway Plaza Property Operations (Beijing) Limited the costs incurred in rendering such services, and an administrative cost equivalent to 5.0% of such costs.

[4] All subsidiaries are 100% wholly-owned except for Tsubaki Tokutei Mokuteki Kaisha (“Tsubaki TMK”), in which MNACT holds an effective interest of 98.47%. The remaining effective interest of 1.53% is held by MIJ. Tsubaki TMK is the beneficial owner of the Japan Properties.

[5] Pinnacle KR Asset Pte. Ltd. holds a 50.0% interest in IGIS Qualified Investment Type Private Placement Real Estate Investment Trust No.6, which beneficially owns The Pinnacle Gangnam, while Gangnam Asset Pte. Ltd., an indirect wholly-owned subsidiary of MIPL, holds a 49.95% interest. The remaining interest of 0.05% is held by an unrelated third-party investor.

ORGANISATION STRUCTURE

THE MANAGER

Mapletree North Asia Commercial Trust Management Ltd. ("MNACTM")

BOARD OF DIRECTORS

MR. PAUL MA KAH WOH
Non-Executive Chairman
and Director

MR. LOK VI MING
Lead Independent Non-Executive Director
and Chairman of the Nominating
and Remuneration Committee

MR. KEVIN KWOK
Independent Non-Executive Director
and Chairman of the Audit
and Risk Committee

MR. LAWRENCE WONG LIANG YING
Independent Non-Executive Director
and Member of the Audit
and Risk Committee

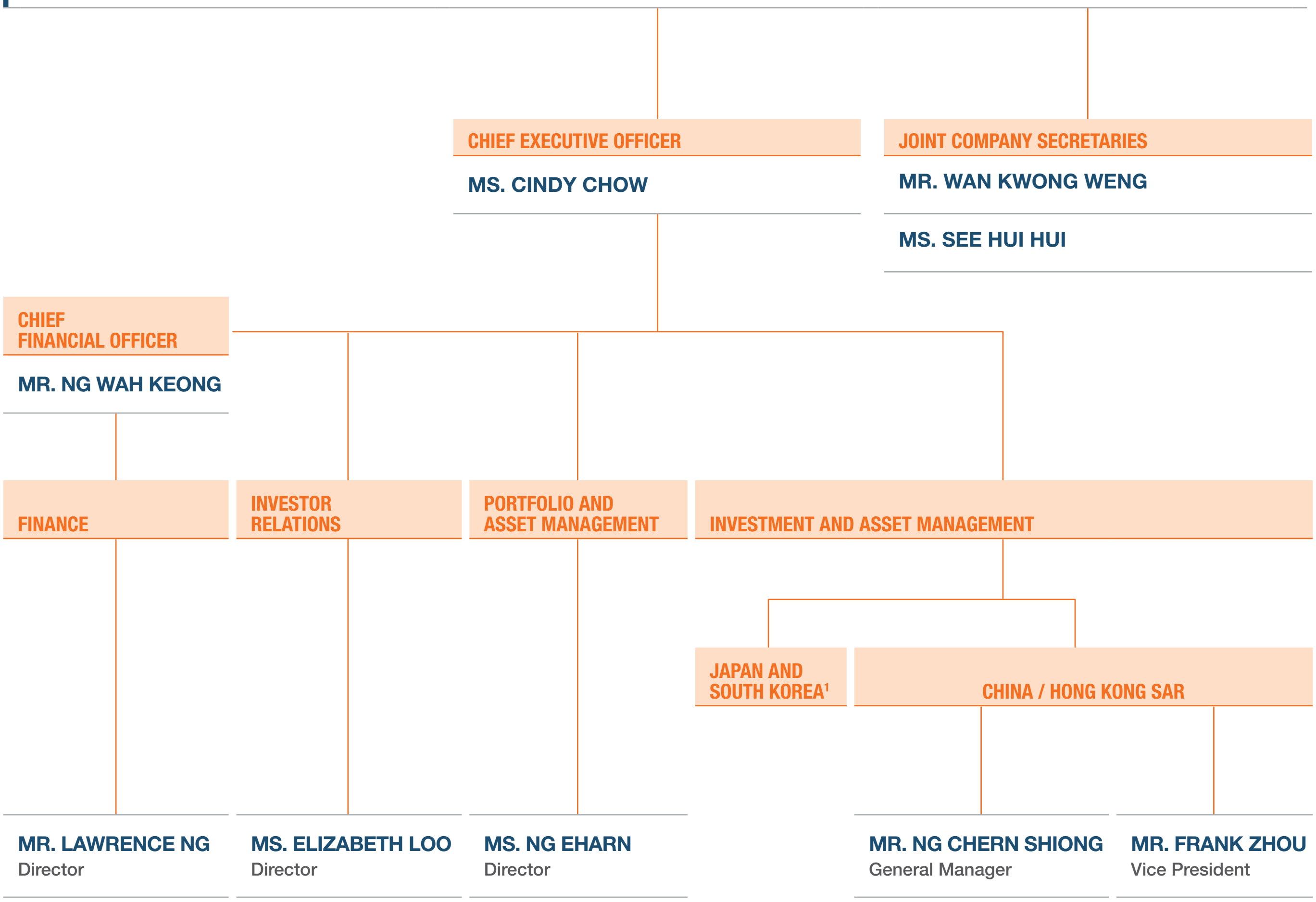
MR. MICHAEL KOK PAK KUAN
Independent Non-Executive Director
and Member of the Audit
and Risk Committee

MS. TAN SU SHAN
Independent Non-Executive Director
and Member of the Nominating
and Remuneration Committee

MR. CHUA TIOW CHYE
Non-Executive Director
and Member of the Nominating
and Remuneration Committee

MS. KOH MUI AI WENDY
Non-Executive Director

MS. CINDY CHOW PEI PEI
Executive Director
and Chief Executive Officer



CHIEF EXECUTIVE OFFICER
MS. CINDY CHOW

JOINT COMPANY SECRETARIES
MR. WAN KWONG WENG
MS. SEE HUI HUI

CHIEF FINANCIAL OFFICER
MR. NG WAH KEONG

FINANCE
MR. LAWRENCE NG
Director

INVESTOR RELATIONS
MS. ELIZABETH LOO
Director

PORTFOLIO AND ASSET MANAGEMENT
MS. NG EHARN
Director

INVESTMENT AND ASSET MANAGEMENT

JAPAN AND SOUTH KOREA[1]

CHINA / HONG KONG SAR
MR. NG CHERN SHIONG
General Manager
MR. FRANK ZHOU
Vice President

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[1] The Japan Properties are managed by the local management team from MIJ, an indirect wholly-owned subsidiary of the Sponsor. The Pinnacle Gangnam is managed by IGIS Asset Management Co., Ltd., a licensed asset management company in South Korea.

THE PROPERTY MANAGER

Mapletree North Asia Property Management Limited ("MNAPM")

DIRECTORS

MR. TAN WEE SENG

MS. LEE SHIAU FEI

MS. CHRISTINE KANG HWEE

MR. MICHAEL WU

HONG KONG SAR

MS. SANDRA CHENG
General Manager

MS. CAROL CHAN
Head
Marketing and Promotions

MR. SIMON LAM
Head
Finance

MS. WENDY LEE
Head
Lease Management and Tenant Relations

MR. ERIC WONG
Head
Operations

MR. PAUL WONG
Head
Ice Rink

MR. MICHAEL WU
Head
Property Management and Technical Services

BEIJING

MS. SYLVIA SHANG
Senior Manager
Property Management

MR. LEO LIU
Manager
Property Management and Technical Services

MS. DORA YAN
Senior Manager
Finance

SHANGHAI

MS. SANDY CHEN
Senior Manager
Finance

MS. VILA YE
Senior Manager
Leasing

MR. ALVIN ZHU
Manager
Property Management

BOARD OF DIRECTORS

MR. PAUL MA KAH WOH

MR. LOK VI MING

MR. KEVIN KWOK

MR. LAWRENCE WONG LIANG YING

MR. MICHAEL KOK PAK KUAN

MS. TAN SU SHAN

MR. CHUA TIOW CHYE

MS. KOH MUI AI WENDY

MS. CINDY CHOW PEI PEI

MR. PAUL MA KAH WOH

Non-Executive Chairman and Director

Mr. Paul Ma Kah Woh is the Non-Executive Chairman and a Director of the Manager.

Mr. Ma is also a Non-Executive Director of the Sponsor, and a member of its Audit and Risk Committee and Executive Resource and Compensation Committee, and Investment Committee. Concurrently, Mr. Ma is a Director of StarHub Ltd (a company listed on the Main Board of the Singapore Exchange). In addition, Mr. Ma is a member of the Advisory Board of the Asian Civilisations Museum.

Until 29 February 2020, Mr. Ma was also a Director of PACC Offshore Services Holdings Ltd.

Mr. Ma was previously the Chairman and Non-Executive Director of Mapletree Logistics Trust Management Ltd. (the Manager of Mapletree Logistics Trust), from 2005 to July 2016, and a member of the Transaction Review Committee of the Sponsor until June 2016.

Mr. Ma is a Fellow of the Institute of Chartered Accountants in England and Wales as well as a Member of the Institute of Singapore Chartered Accountants.

Past Directorships of Listed Entities over the Last Three Years:

- PACC Offshore Services Holdings Ltd.

MR. LOK VI MING

Lead Independent Non-Executive Director and Chairman of the Nominating and Remuneration Committee

Mr. Lok Vi Ming, Senior Counsel, is the Lead Independent Non-Executive Director of the Manager and is the Chairman of the Nominating and Remuneration Committee. He stepped down as a Member of the Audit and Risk Committee on 15 January 2019.

Mr. Lok is the founding partner of LVM Law Chambers LLC. Prior to LVM Law Chambers LLC, Mr. Lok was with Dentons Rodyk & Davidson LLP since the start of his legal career 34 years ago. He was appointed Senior Counsel in 2005.

A Fellow of the Singapore Institute of Arbitrators, Mr. Lok is an established arbitration practitioner and arbitrator. He has been appointed to the Regional Panel of Arbitrators with the Singapore International Arbitration Centre, Commercial Arbitration Board, the Asian International Arbitration Centre (Malaysia), CIETAC Beijing and Shanghai, the Shenzhen Court of International Arbitration and with numerous other Arbitration Commissions in China.

Mr. Lok holds a Bachelor of Law degree from the National University of Singapore. He is currently a Fellow of the Singapore Academy of Law and the Vice Chairman of the Singapore International Mediation Centre. He is also a Principal Mediator with the Singapore Mediation Centre. Concurrently, Mr. Lok is also a member of the Board of Trustees of the Singapore University of Social Sciences.

In 2021, Mr. Lok was appointed a Justice of the Peace by the President of the Republic of Singapore.

Past Directorships of Listed Entities over the Last Three Years:

Nil

MR. KEVIN KWOK

Independent Non-Executive Director and Chairman of the Audit and Risk Committee

Mr. Kevin Kwok is an Independent Non-Executive Director of the Manager and is the Chairman of the Audit and Risk Committee.

Mr. Kwok is an Independent Non-Executive Director and Chairman of the Audit Committee of the Singapore Exchange Ltd. He is also a director of Sentosa Development Corporation.

He is the immediate past Chairman of the Accounting Standards Council of Singapore.

He was a Senior Partner of Ernst & Young LLP and retired after 35 years with the firm. He was the Head of the firm's Assurance and Business Advisory Services in Singapore and ASEAN.

Mr. Kwok holds a Bachelor of Arts (Second Class Upper Honours, with Dual Honours in Economics and Accounting & Financial Management). He is qualified as a Chartered Accountant and is a Fellow of the Institute of Chartered Accountants in England & Wales. He is also a Chartered Accountant of the Malaysian Institute of Accountants and a Fellow of the Chartered Malaysian Institute of Taxation.

Mr. Kwok is a Fellow of the Institute of Singapore Chartered Accountants and also a Fellow of the Singapore Institute of Directors.

Past Directorships of Listed Entities over the Last Three Years:

- Wheelock Properties (Singapore) Ltd. (now known as Wharf Estates Singapore Pte. Ltd.)
- Keppel Offshore & Marine Ltd

BOARD OF DIRECTORS

MR. LAWRENCE WONG LIANG YING

Independent Non-Executive Director and Member of the Audit and Risk Committee

Mr. Lawrence Wong Liang Ying is an Independent Non-Executive Director of the Manager and is a Member of the Audit and Risk Committee.

Mr. Wong is currently a Non-Executive Independent Director, and a Member of the Audit, Nominating and Remuneration Committees of Hotel Properties Limited. Previously, Mr. Wong was with the Singapore Exchange Limited ("SGX") first as Head of Listings and then Head of China until his retirement in March 2018. In his role with SGX, Mr. Wong was also a member of various collaboration councils set up by Singapore with various provinces in China to promote economic trade and investment activities.

Prior to joining SGX in April 2006, Mr. Wong was part of the senior management team at OCBC Bank. Before OCBC Bank, Mr. Wong held several senior positions in the Schroders Group ("Schroders"), including Head of Corporate Finance for South East Asia and Head of Financial Institutions Group, Asia Pacific. His assignments also included an overseas posting to Shanghai, as General Manager of Schroders' joint venture and Head of Corporate Finance for Greater China.

Mr. Wong holds a Bachelor's degree in Business Administration from the University of Singapore.

Past Directorships of Listed Entities over the Last Three Years:

Nil

MR. MICHAEL KOK PAK KUAN

Independent Non-Executive Director and Member of the Audit and Risk Committee

Mr. Michael Kok Pak Kuan is an Independent Non-Executive Director of the Manager and is a Member of the Audit and Risk Committee.

Mr. Kok is currently a Non-Executive Director of Jardine Cycle and Carriage Limited and Chairman of the Remuneration Committee. He is concurrently a Non-Executive Director of SATS Ltd.

Prior to his retirement in May 2019, Mr. Kok was a Non-Executive Director of Dairy Farm International Holdings Limited ("Dairy Farm"), a leading pan-Asian retailer listed on the London Stock Exchange and the SGX-ST and a member of the Jardine Matheson Group. From April 2007 to December 2012, he was an Executive Director and Group Chief Executive Officer of Dairy Farm, and was responsible for over 5,400 outlets in the region, operating under various well-known brands in the area of supermarkets, hypermarkets, health and beauty stores, convenience stores and home furnishings stores. Under his watch, Dairy Farm employed over 85,000 people and annual sales grew from US$6.8 billion in 2007 up to US$10 billion in 2011.

Mr. Kok joined Dairy Farm in 1987, and has over 30 years' experience in retailing in Asia. He also resided in Hong Kong SAR from 2007 to 2012. He attended the Senior Executive Programme at London Business School and the Advanced Management Program at Harvard Business School.

Past Directorships of Listed Entities over the Last Three Years:

- Dairy Farm International Holdings Limited

MS. TAN SU SHAN

Independent Non-Executive Director and Member of the Nominating and Remuneration Committee

Ms. Tan Su Shan is an Independent Non-Executive Director of the Manager and a Member of the Nominating and Remuneration Committee.

Ms. Tan is currently the Group Head of Institutional Banking of DBS Bank Ltd. ("DBS"). In addition, she is currently also a Board Member of Central Provident Fund Board and Chairman of its Audit Committee.

Prior to joining DBS in June 2010, Ms. Tan was Morgan Stanley's Head of Private Wealth Management for Southeast Asia. Before re-joining Morgan Stanley in May 2008, she was a Region Head for Singapore, Malaysia and Brunei for Citi Private Bank. She was also the Singapore Investment Centre Head.

Ms. Tan was the founder and past president of the Financial Women's Association in Singapore. She sits on the investment committee of MOH Holdings Pte Ltd and was a Nominated Member of Parliament from 2012 to 2014.

Ms. Tan graduated with a Master of Arts from Oxford University in the United Kingdom, where she studied Politics, Philosophy and Economics. In May 2012, she was awarded the Distinguished Financial Industry Competent Professional title, which is the highest certification mark for a financial practitioner in Singapore, by the Institute of Banking and Finance.

Past Directorships of Listed Entities over the Last Three Years:

Nil

MR. CHUA TIOW CHYE

Non-Executive Director and Member of the Nominating and Remuneration Committee

Mr. Chua Tiow Chye is a Non-Executive Director of the Manager and a Member of the Nominating and Remuneration Committee.

Mr. Chua is the Deputy Group Chief Executive Officer of the Sponsor. He focuses on driving the Sponsor's strategic initiatives including expanding and directing the Mapletree Group's international real estate investments and developments. He also directly oversees the Group's Global Lodging sector as well as the Private Capital Management function of the Sponsor. Previously, Mr. Chua was the Group Chief Investment Officer and Regional Chief Executive Officer of North Asia & New Markets of the Sponsor.

Mr. Chua concurrently serves as a Non-Executive Director of Mapletree Industrial Trust Management Ltd. (the Manager of Mapletree Industrial Trust). He was also previously the Chief Executive Officer of Mapletree Logistics Trust Management Ltd.

Prior to joining the Sponsor in 2002, Mr. Chua held senior positions with various companies including Vision Century Corporation Ltd, Ascendas Pte Ltd, Singapore Food Industries Pte Ltd and United Overseas Bank Ltd.

Mr. Chua holds a Master of Business Administration from the University of Strathclyde and graduated with a Bachelor of Regional and Town Planning (1st Class Honours) from the University of Queensland in 1982.

Past Directorships of Listed Entities over the Last Three Years:

- Mapletree Logistics Trust Management Ltd. (the Manager of Mapletree Logistics Trust)

MS. KOH MUI AI WENDY

Non-Executive Director

Ms. Koh Mui Ai Wendy is a Non-Executive Director of the Manager.

Ms. Koh is concurrently the Group Chief Financial Officer of the Sponsor. She oversees the Finance, Tax, and Treasury functions of the Sponsor. She holds various appointments within the Sponsor group including as the Non-Executive Director of Mapletree Logistics Trust Management Ltd. (the Manager of Mapletree Logistics Trust), Mapletree Industrial Trust Management Ltd. (the Manager of Mapletree Industrial Trust) and Mapletree Commercial Trust Management Ltd. (the Manager of Mapletree Commercial Trust).

Prior to this, she was the Regional Chief Executive Officer, South East Asia of the Sponsor from August 2014 to July 2019, heading the Sponsor's business in South East Asia and Head, Strategy and Research in 2014, overseeing strategy, planning and research for the Sponsor. She was also previously engaged by the Sponsor as an advisor to review the Sponsor's strategy implementation from FY09/10 to FY13/14, and was involved in the formulation of the Sponsor's second five-year strategic plan. Before joining the Sponsor, Ms. Koh was Co-head, Asia-Pacific Property Research, at Citi Investment Research.

Ms. Koh holds a Bachelor of Business (Honours) degree specialising in Financial Analysis from the Nanyang Technological University, Singapore and the professional designation of Chartered Financial Analyst from the CFA Institute.

Past Directorships of Listed Entities over the Last Three Years:

Nil

MS. CINDY CHOW PEI PEI

Executive Director and Chief Executive Officer

Ms. Cindy Chow Pei Pei is both an Executive Director and the Chief Executive Officer of the Manager.

She has more than 23 years of investment experience in the region, including China, Hong Kong SAR, India, Japan, Singapore, Thailand and Vietnam. Prior to joining the Manager, Ms. Chow was Chief Executive Officer, India with the Sponsor, where she was instrumental in establishing the Sponsor's investments in India.

Ms. Chow joined the Sponsor in 2002 as a Business Development Manager. She later became the Senior Vice President and Head of Investment for Mapletree Logistics Trust Management Ltd.

Ms. Chow holds a Master of Science in Real Estate and a Bachelor of Science (Estate Management) (Second Upper Class Honours) from the National University of Singapore.

Past Directorships of Listed Entities over the Last Three Years:

Nil

MANAGEMENT TEAM
(CORPORATE)

MS. CINDY CHOW

MR. NG WAH KEONG

MR. NG CHERN SHIONG

MR. LAWRENCE NG

MS. NG EHARN

MS. ELIZABETH LOO

MR. FRANK ZHOU

MR. MIGUEL SU

MR. WAN KWONG WENG

MS. SEE HUI HUI

MS. CINDY CHOW

Executive Director and
Chief Executive Officer

Ms. Chow's experience is detailed in the Board of Directors section.

MR. NG WAH KEONG

Chief Financial Officer

Mr. Ng has more than 22 years of auditing, financial and management reporting experience.

Before joining the Manager, Mr. Ng was with Keppel Infrastructure Holdings Pte. Ltd. as Financial Controller. Prior to that, he was the Director (Finance) of the Sponsor. Mr. Ng started as an Audit Manager with Deloitte KassimChan Malaysia, before relocating to Singapore to join KPMG LLP.

Mr. Ng holds a Master of Business Administration (Finance) from University of Lincoln (UK). He is also a member of the Association of Chartered Certified Accountants.

MR. NG CHERN SHIONG

General Manager,
Investment and Asset Management

Based in Shanghai, Mr. Ng has 19 years of experience in the real estate business focusing on investment and asset management work.

Prior to joining the Manager, he held various positions including Director of Business Development at Keppel Land China Limited, and Senior Investment Manager and Associate Director of Asset Management at Mapletree Industrial Fund.

Mr. Ng holds a Bachelor of Science (Real Estate) (Second Upper Class Honours) from the National University of Singapore and a Graduate Diploma in Financial Management from the Association of Chartered Certified Accountants.

MR. LAWRENCE NG

Director,
Finance

Mr. Ng has 22 years of experience in financial and management reporting, auditing and finance related work. His previous employment was with the Sponsor, Pan-United Corporation Ltd and Ernst & Young LLP.

Mr. Ng holds an Association of Chartered Certified Accountants professional qualification and is also a non-practising member of the Institute of Singapore Chartered Accountants.

MS. NG EHARN

Director,
Portfolio and Asset Management

Ms. Ng has over 15 years of experience in consulting, investment, treasury and risk management.

Prior to joining the Manager, Ms. Ng had worked in Singapore Power and Dragonfly Consultancy.

Ms. Ng holds a Master of Business Administration from the Columbia Business School, the London Business School and the University of Hong Kong ("EMBA Global Asia") and a Bachelor of Accountancy with an additional major in Finance, with Magna Cum Laude, from the Singapore Management University.

MS. ELIZABETH LOO

Director,
Investor Relations

With more than 20 years of experience in communications and investor relations, Ms. Loo has held various senior positions at Sembcorp Marine Ltd, SMRT Corporation Ltd and Creative Technology Ltd.

Ms. Loo obtained a Master of Science in Industrial Administration from Carnegie Mellon University and a Bachelor of Science (Computer Science & Information Systems) (Second Upper Class Honours) from the National University of Singapore. She is also a Chartered Financial Analyst.

MANAGEMENT TEAM
(CORPORATE)

MR. FRANK ZHOU

Vice President,
Investment

Based in Shanghai, Mr. Zhou has more than 18 years of experience in real estate investment with developers, foreign real estate funds and asset management companies. Prior to joining the Manager, Mr. Zhou held positions at Taiping Asset Management and Forte Land Co., Ltd.

Mr. Zhou holds a Master of Business Administration from the University of Hong Kong and a Bachelor in Economics from Fudan University.

MR. MIGUEL SU

Senior Manager,
Investment and Asset Management

Based in Shanghai, Mr. Su has over 13 years of experience in investment, asset management, consulting, business development, and research.

Prior to joining the Manager, Mr. Su held positions in Ascendas and CBRE. Mr Su started his career as a consultant at KPMG LLP in Los Angeles.

Mr. Su holds a Bachelor of Science in Industrial Engineering from Purdue University.

MR. WAN KWONG WENG

Joint Company Secretary

Mr. Wan is the Joint Company Secretary of the Manager as well as the other three Mapletree REIT Managers. He is concurrently Group Chief Corporate Officer of the Sponsor, where he is responsible for all of legal, compliance, corporate secretarial, human resource as well as corporate communications and administration matters across all business units and countries. In addition, Mr Wan is the Secretary and a Member of the Singapore Management University Real Estate Programme Advisory Board.

Prior to joining the Sponsor, Mr. Wan was Group General Counsel – Asia at Infineon Technologies for seven years where he was a key member of its Asia Pacific management team. He started his career as a litigation lawyer with one of the oldest law firms in Singapore, Wee Swee Teow & Co., and was subsequently with the Corporate & Commercial/Private Equity practice group of Baker & McKenzie in Singapore and Sydney.

Mr. Wan has an LL.B. (Honours) (Newcastle upon Tyne), where he was conferred the Wise Speke Prize, as well as an LL.M. (Merit) (London). He also attended the London Business School Senior Executive Programme. Mr. Wan is called to the Singapore Bar, where he was conferred the Justice FA Chua Memorial Prize, and is also on the Rolls of Solicitors (England & Wales). He was conferred the Public Service Medal (P.B.M.) in 2012 and Public Service Star (B.B.M.) in 2017 for his contributions to Central Singapore CDC.

MS. SEE HUI HUI

Joint Company Secretary

Ms. See is the Joint Company Secretary of the Manager as well as Director, Legal of the Sponsor.

Prior to joining the Sponsor in 2010, Ms. See was in the Corporate/Mergers & Acquisitions practice group of WongPartnership LLP, one of the leading law firms in Singapore. She started her career as a litigation lawyer with Tan Kok Quan Partnership.

Ms. See holds an LL.B. (Honours) from the National University of Singapore, and is admitted to the Singapore Bar.

PROPERTY MANAGEMENT TEAM
(OVERSEAS)

HONG KONG SAR
Festival Walk

1 **MS. SANDRA CHENG**
General Manager

2 **MR. MICHAEL WU**
Head, Property Management and Technical Services

3 **MR. ERIC WONG**
Head, Operations

4 **MS. CAROL CHAN**
Head, Marketing and Promotions

5 **MR. PAUL WONG**
Head, Ice Rink

6 **MR. SIMON LAM**
Head, Finance

7 **MS. WENDY LEE**
Head, Lease Management and Tenant Relations

BEIJING
Gateway Plaza

1 **MS. DORA YAN**
Senior Manager, Finance

2 **MS. SYLVIA SHANG**
Senior Manager, Property Management

3 **MR. LEO LIU**
Manager, Property Management and Technical Services

SHANGHAI
Sandhill Plaza

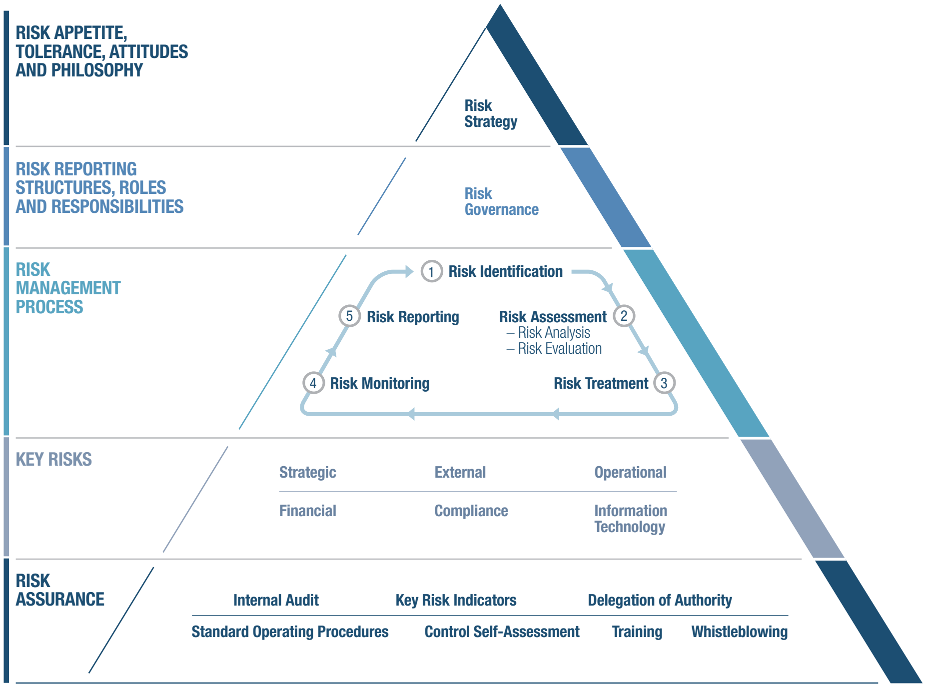
1 **MS. VILA YE**
Senior Manager, Leasing

2 **MS. SANDY CHEN**
Senior Manager, Finance

3 **MR. ALVIN ZHU**
Manager, Property Management

RISK MANAGEMENT

Risk Management is an integral part of the Manager's business strategy in order to deliver regular and stable returns. To safeguard and create value for Unitholders, the Manager proactively manages risks and embeds risk management into the planning and decision-making process.



STRONG OVERSIGHT AND GOVERNANCE

The Board of Directors ("Board") is responsible for determining overall risk strategy and risk governance as well as ensuring that the Manager implements sound risk management and internal control practices. The Board also approves the risk appetite and tolerance statements, which set out the nature and extent of risks that can be taken to achieve the Manager's business objectives. The Board, which is supported by the Audit and Risk Committee ("AC"), comprises directors whose collective diverse experience and knowledge serve to give guidance and provide strategic insights to the Manager. The AC has direct access to the risk management function that is outsourced to the Sponsor's Risk Management ("RM") department, and engages with the RM department on a quarterly basis as part of its review of MNACT's portfolio risks.

At the Manager, the risk management culture involves both top-down oversight and bottom-up engagement from all employees. This ensures a risk approach that is aligned with the business objectives and strategies for MNACT, which is also integrated with operational processes for effectiveness and accountability.

The Manager's Enterprise Risk Management ("ERM") framework is adapted from the International Organisation for Standardisation ("ISO") 31000 Risk Management. It is dynamic and evolves with the business, thus providing the Manager with a holistic and consistent process for the identification, assessment, monitoring and reporting of risks. The RM department works closely with the Manager to continually review and enhance the risk management system in accordance with market practices and regulatory requirements, under the guidance and direction of the AC and the Board. A control self-assessment ("CSA") framework further reinforces risk awareness by fostering accountability, control and risk ownership as well as provides additional assurance to the Manager and the Board that operational risks (including financial, compliance and IT risks) are being effectively and adequately managed and controlled.

ROBUST MEASUREMENT

The Manager's risk measurement framework is based on Value-at-Risk ("VaR"), a methodology which measures the volatilities of market and property risk drivers such as rental rates, occupancy rates, capital values, interest rates and foreign exchange rates. It takes into consideration changes in market environment and asset cash flows. To complement the VaR methodology, other risks such as refinancing and tenant-related risks are also assessed, monitored and measured as part of the framework where feasible.

The VaR methodology measures the risks consistently across the portfolio. It enables the Manager to quantify the benefits that arise from diversification across the portfolio and to assess risk by country, asset and risk type. The Manager recognises the limitations of any statistically based analysis that relies on historical data. Therefore, MNACT's portfolio is subject to stress test and scenario analyses to ensure that the business remains resilient in the event of unexpected market shocks.

RISK IDENTIFICATION AND ASSESSMENT

The Manager identifies key risks, assesses their likelihood and impact on the business, as well as establishes corresponding mitigating controls. The information is maintained in a risk register that is reviewed and updated regularly. The key risks identified include but are not limited to:

Strategic Risks

Market Risk

MNACT's portfolio is subject to real estate market risks such as rental rate and occupancy volatilities and country specific factors including competition, supply and demand, as well as local regulations. Such risks are quantified, aggregated and monitored for existing assets and prospective acquisitions. Significant risk profile changes or emerging trends are reported for assessment and/or action.

Investment Risk

The risks arising from investment activities are managed through a rigorous and disciplined investment approach, particularly in the area of asset evaluation and pricing. All acquisitions are aligned with MNACT's investment strategy to enhance returns to Unitholders and improve future income and capital growth. Sensitivity analysis is also performed for each acquisition on all key project variables to test the robustness of the assumptions used. For significant acquisitions, independent risk assessments are conducted by the RM department and included in the investment proposals submitted to the Board for approval. All investment proposals are subject to rigorous scrutiny by the Board.

Upon receiving approval from the Board, the investment proposals are then submitted to the Trustee, who is the final approving authority for all investment decisions.

The Trustee also monitors the compliance of the Manager's executed investment transactions with the Listing Manual of the Singapore Exchange Securities Trading Limited, MAS Property Funds Appendix and the provisions in the Trust Deed.

External Risks

Economic and Geopolitical Risks

To manage economic and geopolitical risks, the Manager conducts rigorous country and real estate market research and monitors the economic, geopolitical and political developments closely. The emergence of COVID-19 in early 2020 has heightened the economic uncertainties globally.

To mitigate the adverse impact from COVID-19 on the financial performance of MNACT's properties, the Manager has extended rental reliefs to support tenants, where necessary, and also adopted flexible leasing strategies to maintain a high portfolio occupancy. The Manager will continue to monitor closely economic and geopolitical developments across the North Asia markets that it operates in as part of its active asset management strategy. Additionally, the Manager will seek suitable acquisition opportunities in these markets to diversify MNACT's income stream and enhance the resilience of the portfolio.

Operational Risks

Comprehensive operating, reporting and monitoring guidelines enable the Manager to manage day-to-day activities and mitigate operational risks. To ensure relevance, the Manager regularly reviews its standard operating procedures ("SOPs") and benchmarks them against industry practices where appropriate. Compliance with SOPs is assessed under the CSA framework and reinforced through training of employees and regular reviews by the internal audit function which is outsourced to the Sponsor's Internal Audit department.

Human Resource Risk

Loss of key management personnel and identified talents can cause disruptions to the Manager's business operations and hinder the achievement of its business objectives. The Manager has put in place succession planning, talent management, competitive compensation and benefits plans to reward and retain performing personnel.

Property Damage and Business Disruption Risks

In the event of unforeseen catastrophic events such as COVID-19, the Manager has a Business Continuity Plan as well as crisis communication plan that enable it to resume operations with minimal disruption and loss. MNACT's properties are insured in accordance with industry norms in their respective jurisdictions.

Health and Safety Risks

The Manager places utmost importance on the health and safety of our stakeholders.

Safety practices have been addressed in MNACT's standard operating procedures to include measures such as fire emergency plan and regular checks on fire protection system. Checks on required certificates and permits are also performed regularly to ensure compliance to regulatory requirements. In view of COVID-19, additional measures have been taken to enhance cleanliness and hygiene such as frequent cleaning and disinfection, providing hand sanitisers at common areas as well as increased cleaning frequency/replacement of air filters. For more information, please refer to page 113 of this Annual Report.

Credit Risk

Credit risk is mitigated from the outset by conducting tenant credit assessment as part of the investment due diligence process prior to an acquisition. For new and sizeable leases, credit assessments of prospective tenants are undertaken prior to signing of lease agreements. On an ongoing basis, tenants' credit worthiness is closely monitored by the Manager's asset management team and arrears are managed by the Manager's Credit Control Committee, who meets regularly to review debtor balances. To further mitigate credit risk, security deposits in the form of cash or banker's guarantees are collected from prospective tenants prior to the commencement of leases, where applicable.

RISK MANAGEMENT

Financial Risks

Financial market risks and capital adequacy of MNACT are closely monitored and actively managed by the Manager, and reported to the Board on a quarterly basis.

At the portfolio level, the risk impact of interest rate and currency volatilities on value is quantified, monitored and reported quarterly using the VaR methodology. Refinancing risk is also quantified, taking into account the concentration of loan maturity profile and credit spread volatility.

Interest Rate Risk
MNACT hedges its portfolio exposure to interest rate volatility arising from borrowings through interest rate derivatives and fixed-rate debts.

Foreign Exchange Risk
Where feasible, after taking into account cost, tax and other relevant considerations, the Manager will borrow in the same currency as the underlying assets to provide some natural hedge. To mitigate foreign exchange risks and to provide investors with a degree of income stability, a large proportion of rental income receivable from overseas assets is hedged using forward contracts and secured in Singapore Dollar terms.

Liquidity Risk
The Manager actively monitors MNACT's cash flow position and funding requirements to ensure sufficient liquid reserves to fund operations, meet short-term obligations, and achieve a well-staggered debt maturity profile (see Financial Review and Capital Management section on pages 16 to 27).

The Manager also maintains sufficient financial flexibility (from its Euro MTN Programme and unutilised bank facilities) and adequate debt headroom for MNACT to fund future acquisitions. In addition, the Manager monitors and mitigates bank concentration risks by having a well-diversified funding base.

The limit on MNACT's aggregate leverage ratio is observed and monitored to ensure compliance with MAS Property Funds Appendix.

Compliance Risks

Regulatory Risk
The Manager is committed to complying with the applicable laws and regulations of various jurisdictions in which MNACT operates. Non-compliance may result in litigation, penalties, fines or revocation of business licenses. The Manager identifies applicable laws and regulatory obligations and ensures compliance with these laws and regulations in day-to-day business processes.

Fraud Risk
A comprehensive corporate governance framework has been established to maintain responsible and transparent business practices. The framework contains specific guidelines on anti-corruption practices – such as the prohibition of bribery, acceptance or offer of gifts and entertainment.

The Manager also has a whistleblowing policy that allows employees and stakeholders to raise any serious concerns, danger, risk, malpractice or wrongdoing in the workplace while protecting them from reprisals.

Compliance with the policies and procedures is required at all times. This includes policies on ethics and code of conduct, safe work practices and professional conduct. If an employee is found guilty of fraud, dishonesty or criminal conduct in relation to his/her employment, the Manager reserves the rights to take appropriate disciplinary action, including termination of employment.

IT Risk

Concerns over the threat of cybersecurity attacks have risen as such attacks become increasingly more prevalent and sophisticated. The Manager has in place comprehensive policies and procedures governing information availability, control and governance, as well as data security. An IT disaster recovery plan is in place and tested annually to ensure business recovery objectives are met. All employees are required to complete a mandatory online training on IT security awareness to ensure that they are aware of potential cybersecurity threats. On top of the constant monitoring of Internet gateways to detect potential security events, network vulnerability assessment and penetration testing are also conducted regularly to check for potential security gaps.

RISK MONITORING AND CONTROL

The Manager has developed internal key risk indicators that serve as an early-warning system to highlight risks that have escalated beyond agreed tolerance levels. The Manager has also established required actions to be taken when risk thresholds are breached.

Every quarter, the Sponsor's RM department presents a comprehensive report to the Board and the AC, highlighting key risk exposures, portfolio risk profile, results of stress testing scenarios such as COVID-19 and status of key risk indicators. The Board and the AC are also kept abreast of any material changes to MNACT's risk profile and activities.

INVESTOR RELATIONS

The Manager is guided by its investor relations policy and is committed to providing clear, timely and transparent disclosure of material information on MNACT's strategies, business developments and performance. We also place a high priority on fostering long-term relationships with our stakeholders, including Unitholders, institutional investors, analysts and the media. Working closely with senior management, the dedicated investor relations team facilitates close and regular communications through multiple platforms and channels.

PROACTIVE COMMUNICATION WITH THE INVESTMENT COMMUNITY

Notwithstanding disruptions brought about by COVID-19, the Manager continued its investor outreach efforts, leveraging digital platforms and facilities to conduct virtual investor meetings and participate in conferences. During FY20/21, the Manager engaged with more than 300 investors (FY19/20: more than 250) from Singapore, Australia, Hong Kong SAR, Japan, Korea, Malaysia, Thailand, Taiwan Republic of China ("ROC"), US and UK.

A number of common topics were raised during our meetings with investors. These topics were then used to shape the content of subsequent investor presentations. The topics include:

- our outlook on the markets in which we operate;
- the changing retail dynamics for tenants and shoppers amid the COVID-19 situation;
- the impact of COVID-19 on the demand for office spaces in the near and long-term;
- the prospects for MNACT based on organic and inorganic growth.

For the acquisition of The Pinnacle Gangnam, the Manager actively engaged the investment community over calls to communicate our business case. As investors' expectations on sustainability disclosures increase, a survey was also undertaken during the year to solicit investors and analysts' views on MNACT's material factors.

The Manager endeavours to inform and update retail investors through various platforms. The annual general meetings serve as a useful platform for the Manager to update Unitholders on MNACT's latest developments and allows the Board and senior management to address their concerns. In accordance with the COVID-19 restriction order in Singapore[1], MNACT's 7th Annual General Meeting ("AGM") was held by electronic means on 16 July 2020. The audio-visual webcast was participated by close to 150 Unitholders and proxy holders, who had pre-registered electronically. In place of the usual "live" question and answer session, Unitholders were invited, prior to the meeting, to submit questions related to the resolutions to be tabled for approval at the AGM. For the substantial and relevant questions posed, responses were published on MNACT's website and on SGX-ST ahead of the meeting. All resolutions were duly passed and the results were announced on the SGX-ST and MNACT's website on the same day of the AGM.

TIMELY AND TRANSPARENT COMMUNICATION

All material announcements are promptly issued to SGX-ST first, before being disseminated via emails to the media and the investment community to ensure fair, equal and prompt dissemination of information. These are also made available on MNACT's corporate website, which serves as a comprehensive source of information on the annual reports, distribution history, investor presentations, property portfolio details and SGX-ST announcements. Investors and the public can sign up to MNACT's electronic mailing list to receive email notifications of news and updates related to the REIT. Enquiries and feedback can also be sent to the Manager's investor relations team through the contact details available on our corporate website.

Following the amendments to Rule 705 of the Listing Manual of the SGX, the Manager announced[2] on 29 April 2020 the adoption of half-yearly announcement of its financial statements with effect from FY20/21. Notwithstanding the change, in addition to half-yearly results, the Manager continued to engage the investment community through business and operational updates for the first and third quarters of the financial year. Analyst briefings are also held quarterly. For the half- and full-year briefings, the investment community can also participate and raise queries online via a "live" webcast.

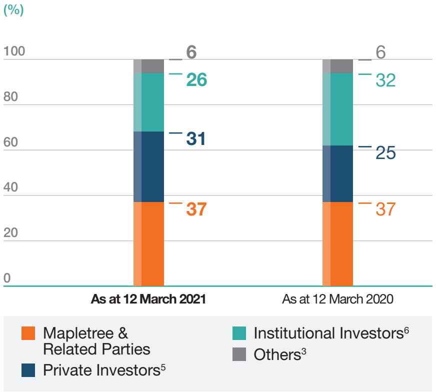
MONITORING FEEDBACK

The investor relations team closely monitors analysts' estimates, media articles, industry reports as well as movements in institutional investor ownership. These, alongside valuable insights from engagements with investors and analysts, are then reported on a regular basis to the Board of Directors and senior management to keep them abreast of market perceptions and concerns on MNACT.

UNITHOLDING OWNERSHIP

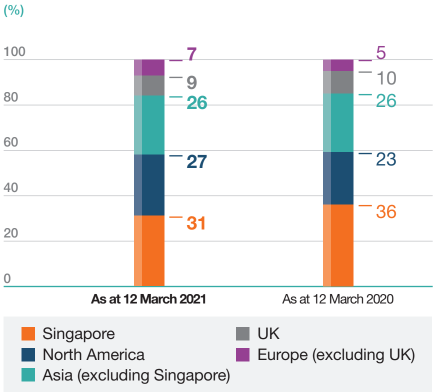
As at 12 March 2021, other than our Sponsor, which held 37% (excluding the share of related parties) of MNACT's units, retail unitholders and institutional investors accounted for 31% and 26% of MNACT's total issued units, respectively. In terms of geographical distribution, excluding the share held by our Sponsor, private investors and others[3], Singapore and North America are MNACT's two largest investor base at 31% and 27%, respectively, followed by Asia and the United Kingdom, which accounted for 26% and 9%, respectively.

Unitholding Ownership by Investor Category[4]



Institutional Investors Unitholding Ownership by Geographical Distribution[4]

(Excluding Mapletree & Related Parties, Private Investors and Others)



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[1] COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020.

[2] MNACT has amended its distribution policy to make distributions on a half-yearly basis with effect from FY20/21. Please refer to MNACT's SGX-ST Announcement dated 29 April 2020 titled "Change from Quarterly to Semi-annual Distribution and Semi-annual Reporting of Financial Results".

[3] Others include corporates, non-profit organisations, custodians and nominees.

[4] The share register analysis is carried out by a third-party vendor based on MNACT's unitholding data obtained from The Central Depository (Pte) Limited as at 12 March 2021 and as at 12 March 2020.

[5] Private investors include investors whose unitholding are less than the threshold of 200,000 units, based on MNACT's unitholding data obtained from The Central Depository (Pte) Limited as at 12 March 2021 and 12 March 2020.

[6] Institutional investors include private banks.

Virtual presentation of MNACT's 7th AGM held on 16 July 2020 by Mr. Paul Ma (second from left), Chairman of the Manager, Mr. Wan Kwong Weng (first from left), Joint Company Secretary of the Manager, Ms. Cindy Chow (second from right), Chief Executive Officer of the Manager, and Mr. Ng Wah Keong (first from right), Chief Financial Officer of the Manager.

INVESTOR RELATIONS CALENDAR FY20/21

Date	Event[1]
2020	
April to June	• 4Q FY19/20 analysts' conference call and audio webcast
	• Investors' group conference call hosted by DBS
	• Goldman Sachs Greater China Corporate Day
	• Citi Asia-Pacific Property Conference 2020
July to September	• 7th AGM
	• 1Q FY20/21 analysts' conference call
	• Investors' group conference call hosted by CLSA
	• Non-deal roadshow with investors in Japan, hosted by Mizuho
	• Presentation to Taiwan ROC investors, hosted by SGX and Yuanta Securities
	• Citi-REITAS-SGX C-Suite Singapore REITs and Sponsors Forum
	• BofA Securities 2020 Global Real Estate Conference
	• Analysts' conference call for the acquisition of The Pinnacle Gangnam
	• Investors' group conference call for the acquisition of The Pinnacle Gangnam hosted by DBS
October to December	• 1H FY20/21 results analysts' conference call and audio webcast
	• Investors' group conference call hosted by DBS
	• REITAS' Webinar: Understanding REITs with China Assets
	• SGX-UBS Singapore REIT / Infrastructure Corporate Day 2020
2021	
January to March	• 3Q FY20/21 analysts' conference call
	• Investors' group conference call hosted by Citi
	• Non-deal roadshow hosted by BNP Paribas
	• Citi Virtual Global Property CEO Conference 2021

RESEARCH COVERAGE

As at 31 March 2021, MNACT is covered by eight local and foreign research houses.

- CGS-CIMB Research
- Citi Research
- CLSA Singapore
- Daiwa Capital Markets
- DBS Group Research
- Goldman Sachs
- OCBC Investment Research
- The Hong Kong and Shanghai Banking Corporation

INVESTOR RELATIONS CONTACT

Ms. Elizabeth Loo
Director, Investor Relations
T: (65) 6377 6705 (direct) / 6377 6111 (general)
F: (65) 6352 6382
E: enquiries_mnact@mapletree.com.sg

UNITHOLDER DEPOSITORY

For depository-related matters such as change of personal details and Unitholders' investment records, please contact:

The Central Depository (Pte) Limited
11 North Buona Vista Drive
#01-19/20 The Metropolis
Singapore 138589

T: (65) 6535 7511
E: asksgx@sgx.com
W: www.sgx.com/cdp

FOR SUBSTANTIAL UNITHOLDERS

For changes in percentage unitholding level, please email: _MNACT_Disclosure@mapletree.com.sg

FINANCIAL CALENDAR

	Date
1Q Business Update Announcement	27 July 2020
Half-year Results Announcement	29 October 2020
Payment of First Half-year Distribution, Crediting and Listing of DRP Units	28 December 2020
3Q Business Update Announcement	28 January 2021
Second-half and Full-year Results Announcement	22 April 2021
Payment of Second Half-year Distribution, Crediting and Listing of DRP Units	21 June 2021

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[1] Due to the COVID-19 social restrictions, all investor events which the Manager participated in from April 2020 were organised on electronic platforms.

CORPORATE GOVERNANCE REPORT

The Manager of Mapletree North Asia Commercial Trust ("MNACT") is responsible for the strategic direction and management of the assets and liabilities of MNACT as well as its subsidiaries (collectively, the "Group"). As a REIT manager, the Manager is licensed by the Monetary Authority of Singapore (the "MAS") and holds a Capital Markets Services Licence for REIT management ("CMS Licence").

The Manager discharges its responsibility for the benefit of MNACT and its unitholders ("Unitholders"), in accordance with the applicable laws and regulations as well as the trust deed constituting MNACT (as amended) (the "Trust Deed"). To this end, the Manager sets the strategic direction of the Group and gives recommendations to DBS Trustee Limited, in its capacity as trustee of MNACT (the "Trustee"), on the acquisition, divestment and enhancement of assets of the Group.

The Manager's roles and responsibilities include:

- carrying on the Group's business to generate returns in a sustainable manner and conducting all transactions on normal commercial terms and on an arm's length basis;
- submitting to the Trustee for approval the proposed annual budget with forecast on gross revenue, property expenditure, capital expenditure and providing explanations on major variances against prior year's actual results and written commentaries on key issues and any other relevant assumptions. The purpose of such proposal and analyses is to chart the Group's business for the year ahead and to explain the performance of MNACT's properties compared to the prior year; and
- ensuring compliance with applicable laws and regulations, including the Securities and Futures Act (Chapter 289 of Singapore), the Listing Manual of Singapore Exchange Securities Trading Limited (the "SGX-ST"), the Code on Collective Investment Schemes ("CIS Code") issued by the MAS (including Appendix 6 of the CIS Code, the "Property Funds Appendix"), the Singapore Code on Takeovers and Mergers, the Trust Deed, written directions, notices, codes and other guidelines that the MAS and other regulators may issue from time to time and any tax rulings.

The Manager is committed to complying not only with the substance but also the spirit of the Code of Corporate Governance 2018 (the "Code"). The following describes the main corporate governance policies and practices of the Manager with reference to the Code and, where there are deviations from any of the provisions of the Code, explanations for such deviations are provided in this report including an explanation on how the practices adopted are consistent with the intent of the principles of the Code.

(A) BOARD MATTERS

The Board's Conduct of Affairs
Principle 1: Effective Board

Our Policy and Practices

The Manager adopts the principle that the Board of Directors (the "Board") is collectively responsible for the long-term success of MNACT and an effective Board for the Manager is one constituted with the right core competencies and diversity of experience, so that the collective wisdom of the Board can give guidance and provide insights as well as strategic thinking to the management team of the Manager ("Management").

The key roles of the Board are to:

- guide the corporate strategy and direction of the Manager;
- ensure that Management discharges business leadership and demonstrates the highest quality of management with integrity and enterprise; and
- oversee the proper conduct of the Manager.

In discharging their roles and responsibilities, all Directors of the Board are expected to act and have acted in the best interests of MNACT.

The positions of Chairman and Chief Executive Officer ("CEO") are held by two separate persons in order to maintain effective oversight. The Board has also established the Audit and Risk Committee (the "AC") and the Nominating and Remuneration Committee (the "NRC"), each of which operates under delegated authority from the Board, to assist the Board in discharging its oversight function.

The Board comprises nine directors (the "Directors"), of whom eight are Non-Executive Directors and five are Independent Directors.

The following sets out the composition of the Board:

- Mr. Paul Ma Kah Woh, Non-Executive Chairman and Director
- Mr. Lok Vi Ming, Lead Independent Non-Executive Director and Chairman of the NRC
- Mr. Kevin Kwok, Independent Non-Executive Director and Chairman of the AC
- Mr. Lawrence Wong Liang Ying, Independent Non-Executive Director and Member of the AC
- Mr. Michael Kok Pak Kuan, Independent Non-Executive Director and Member of the AC
- Ms. Tan Su Shan, Independent Non-Executive Director and Member of the NRC
- Mr. Chua Tiow Chye, Non-Executive Director and Member of the NRC
- Ms. Koh Mui Ai Wendy, Non-Executive Director
- Ms. Cindy Chow Pei Pei, Executive Director and CEO

CORPORATE GOVERNANCE REPORT

The Board comprises business leaders and distinguished professionals with banking, legal, retail, real estate, strategic planning, management and accounting experience.

The diverse professional backgrounds of the Directors enable Management to benefit from their external, varied and objective perspectives on issues brought before the Board for discussion and deliberation. Each Director is appointed on the strength of his or her calibre, experience, stature and potential to give proper guidance to Management on the business of the Group. In addition, the Board considers additional factors such as the age, gender and educational background of its members.

The profiles of the Directors are set out in pages 66 to 69 of this Annual Report. The Board is of the view that the present principal directorships included in their individual profiles are sufficient to inform Unitholders of their principal commitments. The Board meets regularly, at least once every quarter, to review the business performance and outlook of the Group and deliberate on business strategy, including any significant acquisitions, disposals, fund-raisings and development projects undertaken by the Group. When exigencies prevent a Director from attending a Board or Board committee meeting in person, such Director can participate by audio or video conference. Due to the COVID-19 situation and the related safe distancing measures, some of the Board and Board committee meetings were held via video conference during FY20/21.

The meeting attendance of the Board, the AC, the NRC and the General Meetings for FY20/21 is as follows:

		Board	AC	NRC	AGM[1]
Number of meetings held in FY20/21		7	6	1	1
Board Members	Membership				
Mr. Paul Ma Kah Woh (Appointed on 1 July 2016) (Last reappointment on 28 September 2018)	Non-Executive Chairman and Director	7	N.A.[2]	N.A.[2]	1
Mr. Lok Vi Ming (Appointed on 7 February 2013) (Last reappointment on 30 September 2020)	Lead Independent Non-Executive Director and Chairman of the NRC	7	N.A.[2]	1	1
Mr. Kevin Kwok (Appointed on 7 February 2013) (Last reappointment on 30 September 2019)	Independent Non-Executive Director and Chairman of the AC	7	6	N.A.[2]	1
Mr. Lawrence Wong Liang Ying (Appointed on 1 October 2018) (Last reappointment on 30 September 2019)	Independent Non-Executive Director and Member of the AC	7	6	N.A.[2]	1
Mr. Michael Kok Pak Kuan (Appointed on 7 February 2013) (Last reappointment on 30 September 2019)	Independent Non-Executive Director and Member of the AC	7	6	N.A.[2]	1
Ms. Tan Su Shan (Appointed on 1 November 2016) (Last reappointment on 30 September 2020)	Independent Non-Executive Director and Member of the NRC	6	N.A.[2]	1	1
Mr. Chua Tiow Chye (Appointed on 30 November 2012) (Last reappointment on 30 September 2019)	Non-Executive Director and Member of the NRC	7	6[3]	1	1
Ms. Koh Mui Ai Wendy (Appointed on 15 December 2019) (Last reappointment on 30 September 2020)	Non-Executive Director	7	6[3]	N.A.[2]	1
Ms. Cindy Chow Pei Pei (Appointed on 30 November 2012) (Last reappointment on 30 September 2020)	Executive Director and CEO	7	6[3]	1[3]	1

Notes:

[1] Held on 16 July 2020.

[2] N.A. means not applicable.

[3] Attendance was by invitation.

The Board has also approved a set of delegations of authority which sets out approval limits for investments and divestments, development, operational and capital expenditures and treasury activities to be undertaken by the Group. Approval sub-limits are also provided at various management levels to facilitate operational efficiency as well as provide a system of checks and balances.

The Board's approval is required for material transactions to be undertaken by the Group. Such material transactions are also included in the set of delegations of authority which has been clearly communicated to Management in writing. These include:

- equity fund-raising;
- acquisition, development and disposal of properties above Board-prescribed limits;
- overall project budget variance and *ad hoc* development budget above Board-prescribed limits;
- debt fund-raising above Board-prescribed limits; and
- derivative contracts above Board-prescribed limits.

The Board recognises that the Directors are fiduciaries who are obliged at all times to act objectively in the best interests of MNACT and hold Management accountable for performance. In line with this, the Board has a standing policy that a Director must not allow himself or herself to get into a position where there is a conflict between his or her duty to MNACT and his or her own interests. The Manager has a policy which provides that where a Director has a conflict of interest in a particular matter, he or she will be required to disclose his or her interest to the Board, recuse himself or herself from deliberations on the matter and abstain from voting on the matter. Every Director has complied with this policy, and where relevant, such compliance has been duly recorded in the minutes of meeting or written resolutions.

The Manager has in place an internal code on general conduct and discipline which sets out the framework and guidelines on ethical values such as honesty and responsibility as well as the appropriate conduct expected of Management and employees. The Board sets the appropriate tone from the top in respect of the desired organisational culture and ensure proper accountability within the Manager.

Each Director is given a formal letter of appointment setting out his or her duties and obligations under the relevant laws and regulations governing the Manager and the Group. The Manager also has in place an orientation programme to brief new Directors on the Group's business, strategic directions, risk management policies, the regulatory environment which the Group operates in and the governance practices of the Group and the Manager, including in areas such as accounting, legal and industry-specific knowledge as appropriate. The Board is updated on any material change to relevant laws, regulations and accounting standards by way of briefings from professionals or updates provided by Management.

Management provides the Board with timely and complete information prior to Board and Board committee meetings, as well as when the need arises.

Management is required to provide adequate and timely information to the Board, which includes matters requiring the Board's decision, as well as ongoing reports relating to the operational and financial performance of the Group. Management is also required to furnish any additional information requested by the Board in a timely manner in order for the Board to make informed decisions. In FY20/21, Management also made *ad hoc* reporting to the Board to keep the Board abreast of COVID-19 developments in the markets where MNACT's properties operate in and the impact on the properties.

Directors have separate and independent access to Management and the Company Secretary.

The appointment and removal of the Company Secretary requires the approval of the Board.

The Company Secretary attends to the administration of corporate secretarial matters and advises the Board on governance matters. The Company Secretary also attends all Board and Board committee meetings and provides assistance to the Chairman in ensuring adherence to Board procedures.

The Board takes independent professional advice as and when necessary, at the Manager's expense, to enable it and/or the Independent Directors to discharge their responsibilities effectively. The AC meets the external and internal auditors separately at least once a year, without the presence of Management.

Board Composition and Guidance

Principle 2: Appropriate Level of Independence and Diversity of Thought

Our Policy and Practices

The Board reviews from time to time the size and composition of the Board and each Board committee, to ensure that the size of the Board and each Board committee is appropriate in facilitating effective decision making.

The Manager adopts the principle that a board composition with a strong and independent element as well as diversity of thought and background will allow the Directors to engage in robust deliberations with Management and provide external, diverse and objective insights on issues brought before the Board and Board committees for discussion and

CORPORATE GOVERNANCE REPORT

deliberation. In particular, the Non-Executive Directors will also conduct periodic review of the investment mandate as well as the strategic focus of MNACT with Management. Further, such a board composition, and the separation of the roles of the Chairman and the CEO, provides oversight to ensure that Management discharges its roles and responsibilities effectively and with integrity.

The Board assesses the independence of each Director in accordance with the requirements of the Code and Regulations 13D to 13H of the Securities and Futures (Licensing and Conduct of Business) Regulations ("SFLCB Regulations"). A Director is considered to be independent if he or she is independent in conduct, character and judgement, and has no relationship with the Manager, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere with the exercise of his or her independent business judgement in the best interests of MNACT; and is independent from the management and any business relationship with the Manager and MNACT, every substantial shareholder of the Manager and every substantial unitholder of MNACT, is not a substantial shareholder of the Manager or a substantial unitholder of MNACT and has not served on the Board for a continuous period of nine years or longer.

For FY20/21, each of the Independent Directors had carried out an assessment on whether there were any relationships or circumstances which may impact his or her independent status. Accordingly, each of the Independent Directors had either made a negative declaration or disclosed such relationships or circumstances as applicable. The declarations or disclosures made by each Independent Director has been reviewed by the NRC.

The Board of the Manager, after considering the relevant requirements under the SFLCB Regulations, specifically Regulation 13E(b)(i) of the SFLCB Regulations and the Code, sets out the following information in respect of each of the Directors as follows:

Name of Director	(i) had been independent from the management of the Manager and MNACT during FY20/21	(ii) had been independent from any business relationship with the Manager and MNACT during FY20/21	(iii) had been independent from every substantial shareholder of the Manager and every substantial unitholder of MNACT during FY20/21	(iv) had not been a substantial shareholder of the Manager or a substantial unitholder of MNACT during FY20/21	(v) has not served as a director of the Manager for a continuous period of 9 years or longer as at the last day of FY20/21
Mr. Paul Ma Kah Woh[1,8]	✓			✓	✓
Mr. Lok Vi Ming[2,8]	✓		✓	✓	✓
Mr. Kevin Kwok	✓	✓	✓	✓	✓
Mr Lawrence Wong Liang Ying	✓	✓	✓	✓	✓
Mr. Michael Kok Pak Kuan[3,8]	✓	✓		✓	✓
Ms. Tan Su Shan[4,8]	✓			✓	✓
Mr. Chua Tiow Chye[5,8]		✓		✓	✓
Ms Koh Mui Ai Wendy[6,8]		✓		✓	✓
Ms. Cindy Chow Pei Pei[7,8]		✓		✓	✓

Notes:

[1] Mr. Paul Ma Kah Woh is currently a Non-Executive Director of the Sponsor, which is a substantial shareholder of the Manager and a substantial unitholder of MNACT. Mr. Ma is also a Non-Executive Director of Starhub Ltd, a related corporation of Temasek Holdings (Private) Limited ("Temasek") which is a related corporation and a substantial shareholder of the Manager (through the Sponsor) and a substantial unitholder of MNACT. Pursuant to the SFLCB Regulations, during FY20/21, Mr. Ma is deemed not to be (a) independent from a business relationship with the Manager and MNACT; and (b) independent from every substantial shareholder of the Manager and substantial unitholder of MNACT by virtue of his directorships in the Sponsor and Starhub Ltd. The Board is satisfied that, as at 31 March 2021, Mr. Ma was able to act in the best interests of all Unitholders of MNACT as a whole.

[2] Mr. Lok Vi Ming is currently the Managing Director and a substantial shareholder of LVM Law Chambers LLC ("LVM").

Pursuant to the SFLCB Regulations, during FY20/21, Mr. Lok is deemed not to be independent from a business relationship with the Manager and MNACT, by virtue of the payments made by DBS Trustee Limited (as trustee of Mapletree Industrial Trust) to LVM for legal services provided by LVM to Mapletree Industrial Trust. The payments made for such legal services do not exceed S$200,000 in total.

Notwithstanding the foregoing, the Board takes the view that Mr. Lok's Independent Director status is not affected as (a) he serves on the Manager's Board in his personal capacity and not as a representative or nominee of LVM; and (b) the decision to engage LVM to provide legal services to Mapletree Industrial Trust was made by the manager of Mapletree Industrial Trust and Mr. Lok had no involvement in the approval of such engagement. These services were also provided on an arm's length basis and on normal commercial terms. The Board is satisfied that, as at 31 March 2021, Mr. Lok was able to act in the best interests of all Unitholders of MNACT as a whole.

[3] Mr. Michael Kok Pak Kuan is currently a Non-Executive Director of SATS Ltd., which is a related corporation of Temasek.

Pursuant to the SFLCB Regulations, during FY20/21, Mr. Kok is deemed not to be independent from every substantial shareholder of the Manager and substantial unitholder of MNACT by virtue of his directorship in SATS Ltd.

Notwithstanding the foregoing, he serves on the Manager's Board in his personal capacity and not as a representative or nominee of Temasek and neither is he under any employment relationship with Temasek. He is not under any obligation to act in accordance with the directions, instructions or wishes of Temasek. The Board is satisfied that, as at 31 March 2021, Mr. Kok was able to act in the best interests of all Unitholders of MNACT as a whole.

[4] Ms. Tan Su Shan is currently the Group Head of Institutional Banking of DBS Bank Ltd, a related corporation of Temasek. The amounts received as rental by MNACT from DBS Group in FY20/21 for leases of MNACT's premises exceeded S$200,000. Under the Code's Practice Guidance 2(b), a director may be considered as not independent if he or she is, among others, an executive officer of an organisation to which a company or any of its subsidiaries made, or from which the company or any of its subsidiaries received, significant payments or material services in the current or immediate past financial year. As a guide, payments aggregated over any financial year in excess of S$200,000 should generally be deemed significant.

Pursuant to the SFLCB Regulations, during FY20/21, Ms. Tan is deemed not to be (a) independent from a business relationship with the Manager and MNACT, by virtue of the payments made to the Trustee and DBS Bank Ltd by MNACT and the payments received by MNACT from DBS Group; and (b) independent from every substantial shareholder of the Manager and substantial unitholder of MNACT by virtue of her employment with DBS Bank Ltd.

Notwithstanding the foregoing, the Board takes the view that Ms. Tan's Independent Director status is not affected as (a) the trustee arrangement was entered into before Ms. Tan was appointed as a Director of the Manager; (b) the fees, rental and other charges were agreed on an arm's length basis and on normal commercial terms; and (c) she serves on the Manager's Board in her personal capacity and not as a representative or nominee of Temasek and neither is she under any employment relationship with Temasek. She is not under any obligation to act in accordance with the directions, instructions or wishes of Temasek. The Board is satisfied that, as at 31 March 2021, Ms. Tan was able to act in the best interests of all Unitholders of MNACT as a whole.

[5] Mr. Chua Tiow Chye is currently the Deputy Group Chief Executive Officer of the Sponsor which is a substantial shareholder of the Manager and a substantial unitholder of MNACT. Mr. Chua is also a Non-Executive Director of Mapletree Industrial Trust Management Ltd. (the manager of Mapletree Industrial Trust), a related corporation of the Manager. Pursuant to the SFLCB Regulations, during FY20/21, Mr. Chua is deemed not to be (a) independent from a management relationship with the Manager and MNACT; and (b) independent from every substantial shareholder of the Manager and substantial unitholder of MNACT by virtue of his employment with the Sponsor and his directorships in the abovementioned related corporations of the Sponsor. The Board is satisfied that, as at 31 March 2021, Mr. Chua was able to act in the best interests of all Unitholders of MNACT as a whole.

[6] Ms. Koh Mui Ai Wendy is currently the Group Chief Financial Officer of the Sponsor, which is a substantial shareholder of the Manager and a substantial unitholder of MNACT. She is also a Non-Executive Director of Mapletree Logistics Trust Management Ltd. (the manager of Mapletree Logistics Trust), Mapletree Industrial Trust Management Ltd. (the manager of Mapletree Industrial Trust) and Mapletree Commercial Trust Management Ltd. (the manager of Mapletree Commercial Trust), all of which are related corporations of the Sponsor.

As such, during FY20/21, Ms Koh is deemed not to be (a) independent from a management relationship with the Manager and MNACT; and (b) independent from every substantial shareholder of the Manager and substantial unitholder of MNACT, by virtue of her employment with the Sponsor and her directorships in the abovementioned related corporations of the Sponsor. The Board is satisfied that, as at 31 March 2021, Ms Koh was able to act in the best interests of all Unitholders of MNACT as a whole.

[7] Ms. Cindy Chow Pei Pei is currently the Executive Director and Chief Executive Officer of the Manager, which is a related corporation of the Sponsor. Pursuant to the SFLCB Regulations, during FY20/21, Ms. Chow is deemed not to be (a) independent from a management relationship with the Manager and MNACT by virtue of her employment with the Manager; and (b) independent from every substantial shareholder of the Manager and substantial unitholder of MNACT by virtue of her directorship in the Manager which is a related corporation of the Sponsor. The Board is satisfied that, as at 31 March 2021, Ms. Chow was able to act in the best interests of all Unitholders of MNACT as a whole.

[8] For the purposes of Regulation 13E(b)(ii) of the SFLCB Regulations, as at 31 March 2021, each of the abovementioned Directors was able to act in the best interests of all the Unitholders as a whole.

Based on a review of the relationships between the Directors and the Group in accordance with the requirements of the Code and the SFLCB Regulations and declarations of independence by the Independent Directors, the Board considers the following Directors to be independent:

- Mr. Lok Vi Ming;
- Mr. Kevin Kwok;
- Mr. Lawrence Wong Liang Ying;
- Mr. Michael Kok Pak Kuan; and
- Ms. Tan Su Shan.

In view of the above, more than half of the Board comprises Independent Directors. Non-Executive Directors make up a majority of the Board.

The Board is of the opinion that its current size is appropriate, taking into account the scope and nature of operations of the Manager and MNACT, for effective decision-making and constructive debate. The Board comprises Directors who collectively have the core competencies, such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and customer-based experience or knowledge, required for the Board to be effective in all aspects of its roles.

Provision 2.4 of the Code requires the disclosure of the Manager's board diversity policy and progress made towards implementing a board diversity policy. The Manager is in the process of formalising a board diversity policy. Nonetheless, the NRC is of the view that it has been and continues to ensure that the Board and Board committees have an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Group as explained in other parts of this report. The Manager is accordingly of the view that despite this deviation from Provision 2.4 of the Code, its practice is consistent with the intent of Principle 2 of the Code as a whole.

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Chairman and CEO
Principle 3: Clear Division of Responsibilities

Our Policy and Practices
The Board and the Manager adopts the principle of clear separation of the roles and division of responsibilities between the Chairman of the Board and the CEO of the Manager (which has been set out in writing) and that no one individual has unfettered powers of decision-making. The Chairman and the CEO are not related to each other so as to maintain an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making.

The Chairman is a non-executive Director who is responsible for the overall management of the Board as well as ensuring that the Directors and Management work together with integrity and competency, and he guides the Board in constructive debates on the Group's strategic direction, management of its assets and governance matters.

The CEO is responsible for the running of the Manager's business operations. She has full executive responsibilities over the business and operational decisions of the Group. The CEO is also responsible for ensuring the Group's compliance with the applicable laws and regulations in its day-to-day operations.

As the Chairman is not an independent director, in accordance with Provision 3.3 of the Code, Mr. Lok Vi Ming has been appointed as the Lead Independent Director of the Manager. The principal responsibilities of the Lead Independent Director are to act as Chairman of the Board when matters concerning the Chairman are to be considered, and to be available to the Board and Unitholders for communication of Unitholders' concerns when other channels of communication through the Chairman or CEO are inappropriate, as well as for leading all deliberations on feedback regarding performance of the CEO and any interested party transactions. Mr. Lok also has the discretion to hold meetings with the other independent Directors without the presence of Management as he deems appropriate or necessary and to provide feedback to the Chairman after such meetings.

Board Membership
Principle 4: Formal and Transparent Process for Appointments

Our Policy and Practices
The Manager adopts the principle that Board renewal is an ongoing process to ensure good governance and to remain relevant to the changing needs of the Manager and the Group's business.

The Board established the NRC in January 2016 and it comprises three Directors, being Mr. Lok Vi Ming, Ms. Tan Su Shan and Mr. Chua Tiow Chye all of whom are non-executive and the majority of whom (including the Chairman) are independent. Mr. Lok Vi Ming is the Chairman of the NRC and also the Lead Independent Non-Executive Director of the Manager.

The NRC has written terms of reference setting out its scope and authority in performing the functions of a nominating committee, which include assisting the Board in matters relating to:

- the appointment and re-appointment of Board and Board committee members;
- the appointment of the Executive Director and CEO and the framework for the appointment of key management personnel of the Manager, as well as the succession plan and framework for the Executive Director, CEO and key management personnel of the Manager;
- training and professional development programmes for the Board;
- the process and criteria for evaluating the performance of the Board, the Board committees and the directors; and
- the determination, on an annual basis and as and when circumstances require, of the independent status of a Director, bearing in mind the relevant principles and provisions of the Code and the SFLCB Regulations, as well as any other applicable regulations and guidelines and salient factors.

The composition of the Board is determined based on the following principles:

- the Chairman of the Board should be a non-executive director of the Manager;
- the Board should comprise directors with a broad range of commercial experience including expertise in funds management, law, finance, audit, accounting and real estate;
- independent directors make up a majority of the Board if the Chairman is not an independent director; and
- non-executive directors make up a majority of the Board.

The Board adheres to the principle of progressive renewal and seeks to ensure its composition provides for appropriate level of independence and diversity of thought and background. In identifying suitable candidates for appointment to the Board, the Board prioritises the needs of the Group and takes into account the industry and business experience, skills, expertise and background of the candidates. In addition, the Board will give due regard to the requirements in the Listing Manual and the Code. The Board will also consider the candidate's ability to commit sufficient time to the affairs of the Group so as to be able to diligently fulfil director's duties. The Board has the option to engage external consultants if necessary to assist the Board in identifying suitable candidates.

As at least half of the Board comprises Independent Directors, the Manager will not be voluntarily subjecting any appointment or reappointment of directors to voting by Unitholders.

The Manager does not, as a matter of policy, limit the maximum number of listed company board representations its Board members may hold as long as each of the Board members is able to commit his or her time and attention to the affairs of the Group, including attending Board and Board committee meetings and contributing constructively to the management of the Manager and the Group. The Manager believes that each Director is best placed to decide whether he or she has sufficient capacity to discharge his or her duties and responsibilities as Director in the best interests of the Manager and Unitholders. Taking into account the meeting attendance records of the Directors in FY20/21 as well as the contribution and performance of each individual Director at such meetings, the Board is satisfied that all the Directors have been able to adequately carry out their duties as Director notwithstanding their principal commitments.

In keeping with the principle that a Director must be able to commit his or her time and attention to the affairs of the Group, the Board will generally not approve the appointment of alternate directors. There were no alternate directors appointed in FY20/21.

The NRC reviews and makes recommendations to the Board for approval of nominations and/or re-nominations of directors on the Board and Board committees. As a principle of good corporate governance, all Board members are required to submit themselves periodically for re-nomination and re-election every 3 years. The re-nomination and re-election are conducted at the AGM of the Manager.

Board Performance

Principle 5: Formal Assessment of the Effectiveness of the Board

Our Policy and Practices

The Manager adopts the principle that the Board's performance is ultimately reflected in the performance of the Manager and the Group.

To assess the performance of the Board and the Board committees, the Manager conducts annual confidential board effectiveness surveys. The survey of the effectiveness of the Board, AC and NRC in respect of FY20/21 has been carried out.

To this end, the NRC will assist the Board in the assessment of the effectiveness of the Board, its Board committees, as well as the contribution by the Chairman and each Director, by reviewing the Board evaluations and making appropriate recommendations to the Board. The evaluation results will be reviewed by the NRC and then shared with the Board. As part of the assessment, the NRC considers the adequacy of Board composition, Board's performance and areas of improvement, level of strategic guidance to Management and the overall effectiveness of the Board, as well as each individual Director's attendance, contribution and participation at the Board and Board committee meetings. The Board also believes that performance evaluation is an ongoing process and strives to maintain regular feedback and interactions between Directors and Management.

(B) REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 6: Formal and Transparent Procedure for Fixing the Remuneration of Directors and Key Management Personnel

Level and Mix of Remuneration

Principle 7: Appropriate Level of Remuneration

Disclosure on Remuneration

Principle 8: Clear Disclosure of Remuneration Matters

Our Policy and Practices

The Manager adopts the principle that remuneration matters should be sufficiently structured and benchmarked with good market practices to attract qualified talent to grow and manage its business.

The Manager adopts the principle that remuneration for the Board and Management should be viewed in totality. The remuneration structure supports the continuous development of the management bench strength to ensure robust talent management and succession planning.

Pursuant to the *Guidelines to All Holders of a Capital Markets Services Licence for Real Estate Investment Trust Management (Guideline No: SFA04-G07),* the Manager has disclosed in this report information on its NRC as set out below.

Additional information on remuneration matters are disclosed in compliance with the requirements of the United Kingdom's Alternative Investment Fund Managers Regulations 2013 (as amended) ("AIFMR").

Nominating and Remuneration Committee

The Manager has an established NRC which consists of a minimum of three members and is constituted in a way that enables it to exercise its judgment and demonstrate its ability to make decisions which are consistent with the current and future financial status of the business.

The current members are: Mr. Lok Vi Ming, Lead Independent Non-Executive Director and Chairman of NRC, Ms. Tan Su Shan, Independent Non-Executive Director, and Mr. Chua Tiow Chye, Non-Executive Director. The NRC met once during FY20/21 and was guided by an independent remuneration consultant, Willis Towers Watson, who has no relationship with the Manager, the controlling shareholders of the Manager or its related entities and the Board of Directors that would interfere with its ability to provide independent advice to the NRC.

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The NRC has written terms of reference setting out its scope and authority in performing the functions of a nominating and remuneration committee, which include assisting the Board in matters relating to:

- reviewing and recommending to the Board all nominations for the appointment and re-appointment of Directors and of members to the various Board committees;
- reviewing and recommending to the Board the succession plan for the Executive Director and CEO of the Manager;
- the remuneration framework for the Directors, the Executive Director and CEO and Management of the Manager, including all option plans, stock plans and the like as well as the performance hurdles of such plans;
- the specific remuneration package for the Directors and key management personnel; and
- the termination payment, gratuities, severance payment and other similar payments to the Executive Director and CEO of the Manager.

Decision-making Process for Determining the Remuneration Policy

The NRC is responsible for the annual review of remuneration policy (including termination terms), its implementation and ensuring that such terms of remuneration are fair and in compliance with relevant legislation and regulation. The NRC makes remuneration decisions for employees annually in May following the end of the performance year. This timing allows the full-year financial results to be considered along with the other non-financial goals and objectives. The NRC developed the Manager's remuneration policy with a number of principles in mind. The overarching principle is to promote sustainable long-term success of MNACT. The remuneration policy should:

- **Align with Unitholders**: A proportion of variable remuneration is deferred and delivered in the form of deferred awards over MNACT phantom units, thereby aligning the interests of employees and Unitholders;
- **Align with performance and value creation**: Total variable compensation is managed and structured taking into consideration the level of performance and value creation attained which is assessed holistically and determined based on financial performance and achievement of non-financial goals;
- **Encourage retention**: Deferred variable compensation does not give rise to any immediate entitlement. Awards normally require the participant to be employed continuously by the Manager until at least the third anniversary of the grant in order to vest in full; and
- **Be competitive**: Employees receive competitive compensation and benefits packages, which are reviewed annually and benchmarked by an independent remuneration consultant to the external market.

In determining specific individual compensation amounts, a number of factors are considered including non-financial goals and objectives, financial performance of MNACT and the individual performance and contributions to MNACT during the financial year. Particularly for Management and key management personnel, a portion of their variable compensation is deferred and subjected to downside risks to prevent excessive risk taking.

Guided by the Remuneration Principles, the key objectives and features of the Manager's policy on the remuneration of its Directors are as follows:

- the level of directors' fees should be appropriate (but not excessive) to attract and retain the Directors to provide good stewardship of the Manager and the Group;
- directors' fees are reviewed annually and subject to the approval of the Manager's shareholder;
- to ensure that each Director's fees are commensurate with his or her responsibilities and time spent, each Director is paid a basic retainer and Directors who perform additional services through the Board committees are paid additional fees for such services;
- Non-Executive Directors who are employees of the Sponsor do not receive any director's fees in their capacity as Directors, and the CEO also does not receive any director's fees in her capacity as a Director; and
- no Director is involved in deciding his or her own remuneration.

Directors' fees are paid entirely in cash.

Guided by the Remuneration Principles, the key objectives and features of the Manager's policy on the remuneration of its executives are as follows:

- the level and structure of executive remuneration should be competitive (but not excessive) to attract, motivate and retain a pool of talented executives for the present and future growth of the Manager; and
- executive remuneration should be performance-related with a view to promoting the long-term success and sustainability of the Manager.

The CEO is not present during the discussions relating to her own compensation and terms and conditions of service, and the review of her performance. However, the Board, with the assistance of the NRC, reviews the CEO's performance and the NRC Chairman, or his designate, will share with the CEO their views of her performance. In accordance with the directions and guidelines from the MAS on the remuneration of key executive officers of REIT managers, the Board, with the assistance of the NRC, reviews the CEO's specific remuneration package to ensure its compliance with the substance and spirit of such directions and guidelines from the MAS.

The remuneration of the Board and the employees of the Manager is paid by the Manager, and not paid by MNACT. Set out in the table below are information on the fees paid to the Directors for FY20/21:

Board Members	Membership	Fees Paid for FY20/21
Mr. Paul Ma Kah Woh	Non-Executive Chairman and Director	S$122,500
Mr. Lok Vi Ming	Lead Independent Non-Executive Director and Chairman of the NRC	S$90,000
Mr. Kevin Kwok	Independent Non-Executive Director and Chairman of the AC	S$100,000
Mr. Lawrence Wong Liang Ying	Independent Non-Executive Director and Member of the AC	S$85,000
Mr. Michael Kok Pak Kuan	Independent Non-Executive Director and Member of the AC	S$85,000
Ms. Tan Su Shan	Independent Non-Executive Director and Member of the NRC	S$75,000
Mr. Chua Tiow Chye	Non-Executive Director and Member of the NRC	Nil[1]
Ms. Koh Mui Ai Wendy	Non-Executive Director	Nil[1]
Ms. Cindy Chow Pei Pei	Executive Director and CEO	Nil[2]

Notes:

[1] Non-Executive Directors who are employees of the Sponsor do not receive any director's fees in their capacity as Directors.

[2] The CEO does not receive any director's fees in her capacity as a Director.

Link between Pay, Performance and Value Creation

Employee remuneration at the Manager comprises fixed pay, variable incentive, allowances and benefits. Fixed pay comprises a salary and an annual wage supplement. All employees receive a salary that reflects their responsibilities and the level of experience and expertise needed to undertake their roles. Allowances and benefits include statutory provident contributions and benefits-in-kind to enable employees to undertake their role by ensuring their well-being.

Variable incentive is a material component of total remuneration and comprises Performance Target Bonus ("PTB"), Variable Bonus ("VB") and Long-term Incentive ("LTI") award. The PTB amount is determined based on the achievement of non-financial Key Performance Indicators ("KPIs") which are critical to improving the organisational effectiveness and operational efficiency of the Manager, e.g. digitalisation initiatives to improve workflow and processes by implementing Docusign and Office 365, high participation in Employee Engagement Survey representing broad-based feedback received, participation in Corporate Social Responsibility ("CSR") events, regular active investor engagements through conference calls or electronic platforms amid safe management measures due to COVID-19 pandemic, raising the capability of the workforce through increased participation in learning and development. The VB amount is assessed based on the achievement of financial KPIs such as Net Property Income ("NPI"), Distribution per Unit ("DPU") and Weighted Average Lease Expiry ("WALE") which measure the financial metrics essential to the Unitholders. KPIs and their weightages may change from year to year. The LTI award is a form of unit-linked incentive plan and represents conditional rights to receive a cash sum based on the achievement of MNACT's Total Shareholder Return ("TSR") targets and value of a notional investment in MNACT.

To this end, the NRC has reviewed the performance of the Manager for FY20/21 and is satisfied that all KPIs have been achieved.

For Management, a significant proportion of their variable incentive is deferred under the Manager's VB banking mechanism and vesting schedule of LTI award. Deferral of these two components is a key mechanism to building sustainable business performance. Under the VB banking mechanism, only a portion of a VB award declared in the financial year will be paid out while the rest of the VB award will be deferred and paid out in the subsequent years. The deferred VB award will be subjected to downside risks depending on future performance. This ensures alignment between remuneration and sustaining business performance in the longer term. For the LTI award, it is subject to three to five years vesting schedule. The settlement value of the LTI award is linked to the value of MNACT units at the time of vesting.

Employees of the Manager are eligible to be considered for variable pay each year. Variable pay for all employees takes into account the performance of MNACT, the Manager and the individual against agreed financial and

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non-financial objectives similar to that of Management. However, in execution, the PTB and VB are combined to form consolidated variable pay for the employees.

The Manager will continue to be guided by the objective of delivering long term sustainable returns to Unitholders. The remuneration of the Management team will continue to be aligned with the goal of value creation for Unitholders. The performance will be measured over a 5-year period, with an interim review at the end of the third year.

All fixed pay, variable incentives and allowances are payable wholly in cash. All payments are entirely paid and borne by the Manager and not as an additional expense imposed on MNACT.

To assess the individual performance, a 4-point rating scale is used by the supervisors to provide an overall assessment of an employee's performance, and employees are required to perform a self-evaluation. The overall, final rating is reconciled during each employee's performance appraisal. The Manager has ensured that this has been adhered to.

The remuneration for the CEO in bands of S$250,000 and a breakdown of the remuneration of the CEO and all of the key management personnel of the Manager in percentage terms, are provided in the remuneration table below. At present, there are five key management personnel of the Manager (including the CEO).

Total Remuneration Bands of CEO and Key Management Personnel for FY20/21

	Salary, Allowances and Statutory Contributions	Bonus[1]	Long-term Incentives[2]	Benefits	Total
Between S$1,250,000 to S$1,500,000					
Ms. Cindy Chow Pei Pei	29%	46%	25%	N.M.[3]	100%
Other Key Management Personnel					
Mr. Ng Wah Keong	37%	42%	21%	N.M.[3]	100%
Ms. Sandra Cheng[4]	41%	40%	19%	N.M.[3]	100%
Mr. Ng Chern Shiong	55%	36%	8%	1%	100%
Ms. Ng Eharn	53%	35%	11%	1%	100%

Notes:

[1] The amounts disclosed are bonuses declared during the financial year.

[2] The amounts disclosed include the grant value of the LTI awards. The LTI award is a form of unit-linked incentive plan and represents conditional rights to receive a cash sum based on the achievement of MNACT's TSR targets and fulfilment of vesting period of up to five years.

[3] Not meaningful.

[4] Ms. Sandra Cheng is the General Manager of Festival Walk and is deemed a key management personnel who has responsibility for the management of Festival Walk, which is material to the performance of MNACT.

The total remuneration for the CEO and the key management personnel in FY20/21 was S$3.49 million.

The Manager is cognisant of the requirements as set out under Provision 8.1 of the Code and the "*Notice to All Holders of a Capital Markets Services Licence for Real Estate Investment Trust Management*" to disclose: (a) the remuneration of its CEO and each individual Director on a named basis; (b) the remuneration of at least its top five executive officers (who are neither Directors nor the CEO), on a named basis, in bands of S$250,000; and (c) in aggregate, the total remuneration paid to its top five key management personnel (who are not Directors or the CEO), and in the event of non-disclosure, the Manager is required to provide reasons for such non-disclosure.

The Board had assessed and decided not to disclose (i) the remuneration of the CEO in exact quantum; (ii) the remuneration of at least its top five key management personnel (who are neither Directors nor the CEO), on a named basis, in bands of S$250,000; and (iii) the aggregate remuneration paid to its top five key management personnel (who are not Directors or the CEO) as the Manager is of the view that remuneration details are commercially sensitive due to the confidential nature of remuneration matters and with keen competition for management staff in the REIT industry, such disclosure may result in talent retention issues. The Board is of the view that despite the deviation from Provision 8.1 of the Code, the Manager has been transparent on remuneration matters in line with the intent of Principle 8 of the Code, as information on the Manager's remuneration policies, level and mix of remuneration, procedure for setting remuneration and the relationships between remuneration, performance and value creation has been disclosed in detail in the preceding paragraphs.

Since the remuneration of the CEO and key management personnel of the Manager are not separately billed but paid and borne by the Manager, the Manager is also of the view that the interest of the Unitholders would not be prejudiced as the indicative range of the CEO's remuneration, as well as the total remuneration for the CEO and key management personnel of the Manager, have been provided.

There were no employees of the Manager who were substantial shareholder of the Manager, substantial unitholder of MNACT or immediate family members of a Director, the CEO or a substantial shareholder of the Manager or substantial unitholder of MNACT and whose remuneration exceeded S$100,000 during FY20/21.

In solidarity with its stakeholders in overcoming the challenges posed by COVID-19, the senior management and Board of the Manager had elected to take a reduction in their base salary and basic retainer fee by between 5% and 10% for FY20/21. The Directors fees disclosed above reflect such reduction.

Quantitative Remuneration Disclosure under AIFMR
The Manager is required under the AIFMR to make quantitative disclosures of remuneration. Disclosures are provided in relation to (a) the staff of the Manager; (b) staff who are senior management; and (c) staff who have the ability to materially affect the risk profile of MNACT.

All individuals included in the aggregated figures disclosed are rewarded in line with the Manager's remuneration policies.

The aggregate amount of remuneration awarded by the Manager to its staff in respect of the Manager's financial year ended 31 March 2021 was S$4.61 million. This figure comprised fixed pay of S$2.17 million, variable pay of S$2.21 million and allowances/benefits-in-kind of S$0.22 million. There were a total of 18 beneficiaries of the remuneration described above.

In respect of the Manager's financial year ended 31 March 2021, the aggregate amount of remuneration awarded by the Manager to its senior management (who are also members of staff whose actions have a material impact on the risk profile of MNACT) was S$3.00 million, comprising 5 individuals identified having considered, among others, their roles and decision making powers.

(C) ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

Principle 9: Sound System of Risk Management and Internal Controls

Our Policy and Practices
The Manager adopts the principle that a sound system of internal controls and risk management is necessary for the Group's business.

The Manager, working with the Sponsor, has established internal controls and risk management systems that address key operational, financial, compliance and information technology risks and risk management objectives relevant to the Group's business and operating environment. These systems provide reasonable but not absolute assurance on the achievement of their intended internal controls and risk management objectives.

The key elements of the Group's internal controls and risk management systems are as follows:

Operating Structure
The Manager has a well-defined operating structure with clear lines of responsibility and delegated authority, as well as reporting mechanisms to Management and the Board. This structure includes certain functions, such as Human Resource, Information Systems & Technology, Internal Audit, Legal and Risk Management, which are outsourced to the Sponsor. The Manager also conducts an annual review of such outsourced functions to ensure required performance standards are met.

Policies, Procedures and Practices
Controls are detailed in formal procedures and manuals. For example, the Board has approved a set of delegations of authority which sets out approval limits for investments and divestments, development, operational and capital expenditures and treasury activities. Approval sub-limits are also provided at various management levels to facilitate operational efficiency as well as provide a system of checks and balances.

The Board's approval is required for material transactions undertaken by the Group, including the following:

- equity fund-raising;
- acquisition, development and disposal of properties above Board-prescribed limits;
- overall project budget variance and *ad hoc* development budget above Board-prescribed limits;
- debt fund-raising above Board-prescribed limits; and
- derivative contracts above Board-prescribed limits.

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The Group's procedures and practices are regularly reviewed and revised where necessary to enhance controls and efficiency. The Group has implemented a Control Self-Assessment ("CSA") programme to reinforce risk awareness and compliance with internal controls and risk management objectives within the Group, by fostering accountability, control and risk ownership.

The internal audit function, which is outsourced to the Sponsor, reviews the Group's compliance with the control procedures and policies established within the internal controls and risk management systems. The internal audit function is also involved in the validation of the results from the CSA programme.

Whistle-blowing Policy

To reinforce a culture of good business ethics and governance, the Manager has a Whistle-blowing Policy to encourage the reporting, in good faith, of any suspected improper conduct, including possible financial irregularities, while protecting the whistle-blowers from reprisals. Any reporting concerning the Group or the Manager is notified to the AC Chairman of the Sponsor as well as the AC Chairman of the Manager for investigation and to the AC of the Manager on the findings.

A dedicated email repository, reporting@mapletree.com.sg has been set up for the purpose of any reporting or queries in relation to whistle-blowing.

Risk Management

Risk management is an integral part of the Manager's business strategy in order to deliver regular and stable returns. In order to safeguard and create value for Unitholders, the Manager proactively manages risks and embeds the risk management process as part of the Manager's planning and decision-making process.

The risk management function which is outsourced to the Sponsor's Risk Management Department oversees the Enterprise Risk Management ("ERM") framework, which is adapted from the Internal Organisation for Standardisation ("ISO") 31000 Risk Management. It reports independently on a quarterly basis, key risk exposures, portfolio risk profile and activities in respect of significant risk matters, to the AC and the Board.

The risk management system established by the Manager, which encompasses the ERM framework and the risk management process, is dynamic and evolves with the business. The Manager has identified key risks, assessed their likelihood and impact on MNACT's business and established corresponding mitigating controls. The information is maintained in a risk register that is reviewed and updated regularly. The Risk Management Department works closely with the Manager to review and enhance the risk management system in accordance with market practices and regulatory requirements, under the guidance and direction of the AC and the Board.

The Manager's policies and procedures relating to risk management can be found on pages 74 to 76 of this Annual Report.

Information Technology Controls

As part of the Group's risk management process, information technology controls and cybersecurity measures have been put in place and are reviewed regularly to ensure that information technology risks and cybersecurity threats are identified and mitigated on a timely basis. As part of the periodic review, regulatory requirements are monitored and complied with when applicable, and most recently with the MAS Cyber Hygiene Notice and the MAS Technology Risk Management Guidelines, January 2021.

On an annual basis, the Manager conducts the Business Continuity Plan ("BCP") and IT Disaster Recovery ("ITDR") Tests, as well as engages external specialists to perform a Vulnerability and Penetration Test ("VAPT") on the Group's networks, systems and devices. The BCP and ITDR ensure that information technology systems remain functional in a crisis situation or system failure, and the VAPT ensures that cybersecurity measures deployed continue to be effective.

The Sponsor's Internal Audit Department conducted the annual review of information technology controls as part of the FY20/21 annual CSA programme. The audit findings were submitted to the AC and the Board for review and appropriate remedial actions were implemented as at 31 March 2021.

Financial Reporting

The Board is updated on a quarterly basis on the Group's financial performance. The Manager reports on significant variances in financial performance, in comparison with budgets and financial performance of corresponding periods in the preceding year and provides an updated full year forecast. In addition, the Board is provided with quarterly updates and when necessary, more timely updates, on key operational activities of the Group.

A management representation letter, in connection with the preparation of the Group's financial statements, is provided to the AC and Board quarterly by the Manager. The representation letter is supported by declarations made individually by the various Heads of Department. Compliance checklists on announcement of financial statements, which are required for submission to the SGX-ST, are reviewed and confirmed by the Chief Financial Officer ("CFO") of the Manager.

The Group's financial results are prepared in accordance with Singapore Financial Reporting Standards (International) and are reported to Unitholders in accordance with the requirements of the SGX-ST. In addition to half-yearly financial results required by SGX-ST, the Manager continues to report business and operational updates for the first and third quarters of the financial year. These results announcements provide analyses of significant variances in financial performance and commentary on the industry's competitive conditions in which the Group operates and any known factors or events that may affect the Group in the next reporting period and the next twelve months.

Detailed disclosure and analysis of the full year financial performance of the Group can be found on pages 125 to 193 of this Annual Report.

Financial Management

As a matter of financial and operational discipline, Management reviews on a monthly basis the performance of MNACT's properties.

The key financial risks which the Group is exposed to include interest rate risk, foreign exchange rate risk, liquidity risk and credit risk. Where appropriate, the Manager procures hedging transactions to be entered into so as to protect the Group against interest rate and foreign exchange rate fluctuations. In addition, the Manager proactively manages liquidity risk by ensuring that sufficient working capital lines and loan facilities are maintained for the Group. The Manager's capital management strategy can be found on pages 24 to 26 of this Annual Report. The Manager also has in place credit control procedures for managing tenant credit risk and monitoring arrears collection.

Also, to safeguard against financial risks due to assets and operating risks, the Manager ensures that MNACT's properties are insured in accordance with industry norms in their respective jurisdictions to provide protection against property damage and business interruption risk.

Internal Audit

The internal audit function, which is outsourced to the Sponsor's Internal Audit Department, prepares a risk-based audit plan annually to review the adequacy and effectiveness of the Group's system of internal controls. This audit plan is approved, before execution, by the AC, which has oversight of the Internal Audit function. The Sponsor's Internal Audit Department is also involved during the year in conducting *ad hoc* audits and reviews that may be requested by the AC or Management on specific areas of concern, including validating the responses under the Manager's CSA programme. In doing so, the AC, through the Sponsor's Internal Audit Department is able to obtain assurance that business objectives for the internal controls processes under review are being achieved and key control mechanisms are in place.

Upon completion of each review, a formal report detailing the audit findings and the appropriate recommendations is issued to the AC. The Sponsor's Internal Audit Department monitors and reports on a quarterly basis the timely implementation of the action plans to Management and the AC.

External Audit

The external auditors also provide an independent perspective on certain aspects of the internal financial controls system arising from their work and report their findings to the AC on an annual basis. The external auditors are also updated on the findings of the Manager's CSA programme.

Transaction Review Committee

The Sponsor has established a Transaction Review Committee comprising three independent directors of the Sponsor to: (a) resolve any potential conflict of interest that may arise between MNACT and (i) any Future Greater China Commercial Private Fund[1] (whose investment mandate includes commercial properties in Greater China) and (ii) any future or follow-on private fund with an investment mandate for commercial properties in Japan ("Future Japan Commercial Private Funds") concerning the process to be undertaken to acquire investment properties in Greater China and Japan; and (b) grant approval for the acquisition of any seed asset for a Future Greater China Commercial Private Fund and Future Japan Commercial Private Funds. With regard to (a), the Transaction Review Committee process will not apply if the proposed acquisition is by way of a tender, auction or other form of competitive process.

Interested Person Transactions

All interested person transactions are undertaken on normal commercial terms and the AC regularly reviews all interested person transactions to ensure compliance with the internal control system as well as with relevant provisions of the Listing Manual and the Property Funds Appendix. In addition, the Trustee has the right to review such transactions to ascertain that the Property Funds Appendix has been complied with.

The following procedures are also undertaken:

- transactions (either individually or as part of a series or if aggregated with other transactions involving the same interested person during the same financial year) equal to or exceeding S$100,000 in value but below 3.0% of the value of the Group's net tangible assets will be subject to review by the AC at regular intervals;

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[1] Any private funds or follow-on private funds set up or managed by the Sponsor with an investment mandate for commercial properties in Greater China, as described in page 201 of the Prospectus dated 27 February 2013.

CORPORATE GOVERNANCE REPORT

- transactions (either individually or as part of a series or if aggregated with other transactions involving the same interested person during the same financial year) equal to or exceeding 3.0% but below 5.0% of the value of the Group's net tangible assets will be subject to the review and prior approval of the AC. Such approval shall only be given if the transactions are on normal commercial terms and are consistent with similar types of transactions made by the Trustee with third parties which are unrelated to the Manager; and
- transactions (either individually or as part of a series or if aggregated with other transactions involving the same interested person during the same financial year) equal to or exceeding 5.0% of the value of the Group's net tangible assets will be reviewed and approved prior to such transactions being entered into, on the basis described in the preceding paragraph, by the AC which may, as it deems fit, request advice on the transaction from independent sources or advisers, including the obtaining of valuations from independent professional valuers. Further, under the Listing Manual and the Property Funds Appendix, such transactions would have to be approved by the Unitholders at a meeting of the Unitholders.

The interested person transactions undertaken by the Group in FY20/21 are set out on page 196 of this Annual Report. For the purpose of the disclosures, the full contract sum is taken as the value of the transaction where the interested person transaction has a fixed term and contract value, while the annual amount incurred and/or accrued is taken as the value of the transaction where an interested person transaction has an indefinite term or where the contract sum is not specified.

Dealing in MNACT Units

The Manager adopts the best practices on dealings in securities set out in the Listing Manual. All Directors are required to disclose their interests in MNACT and are also provided with disclosures of interests by other Directors as well as reminders on trading restrictions.

On trading in MNACT units, the Directors and employees of the Manager are reminded not to deal in MNACT units on short term considerations and are prohibited from dealing in MNACT units:

- in the period commencing one month before the public announcement of the Group's annual results;
- in the period commencing two weeks before the public announcement of the Group's quarterly business update and semi-annual results; and
- at any time whilst in possession of price-sensitive information.

Each Director is required to notify the Manager of his or her acquisition of MNACT units or of changes in the number of MNACT units which he or she holds or in which he or she has an interest, within two business days of such acquisition or change of interest. In addition, employees of the Manager and the Sponsor are to give pre-trading notifications before any dealing in MNACT units.

Role of the Board and AC

The Board recognises the importance of maintaining a sound internal controls and risk management system to safeguard the assets of the Group and Unitholders' interests, through a framework that enables risks to be assessed and managed.

The AC provides oversight of the financial reporting, accounting policies and the adequacy and effectiveness of the Group's internal controls and risk management systems as well as its compliance processes.

The Board and the AC also take into account the results from the CSA programme, which requires the various departments to review and report on compliance with key control processes. As part of the CSA programme, the Internal Audit function performs a validation of management's self-assessment responses on a sampling basis, after which the validated self-assessment results are reported to the AC and Board.

It should be recognised that all internal controls and risk management systems contain inherent limitations and, accordingly, the internal controls and risk management systems can only provide reasonable but not absolute assurance.

The Board has received written assurance from the CEO and the CFO that the Group's financial records have been properly maintained and the Group's financial statements give a true and fair view of the Group's operations and finances. It has also received assurance from the CEO, the CFO and other relevant key management personnel, who have responsibility regarding various aspects of the risk management and internal controls systems, that the systems of risk management and internal controls in place for the Group are adequate and effective to address the risks (including financial, operational, compliance, IT risks and risk management objectives) that the Manager considers relevant and material to the current business environment.

Comment and Opinion on Internal Controls

Based on the internal controls and risk management systems established and maintained by the Manager and the Sponsor, work performed by the Sponsor's Internal Audit and Risk Management Departments as well as by the external auditors, reviews performed by Management and the above-mentioned assurances from the CEO, the CFO and other key management personnel, the Board is of the opinion that the Group's internal controls and risk management systems, addressing key financial, operational, compliance, information technology and risk management objectives and which the Group considers relevant and material to its operations, were adequate and effective to meet the needs of the Group in its business as at 31 March 2021. However, the Board also notes that the system of internal controls and risk management provides reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that could be reasonably foreseen as it works to achieve its business objectives. In this regard, the Board notes that there is no system of internal controls and risk management that can provide absolute assurance against the occurrence of material errors, poor judgment in decision making, human error, losses, fraud or other irregularities. The AC concurs with the Board's comments provided in the foregoing. For the financial year ended 31 March 2021, the Board and the AC have not identified any material weaknesses in the Group's internal controls and risk management systems.

Audit and Risk Committee

Principle 10: The Board Has An AC Which Discharges Its Duties Objectively.

Our Policy and Practices

The Board is supported by the AC which provides additional oversight of financial, risks and audit matters, so as to maximise the effectiveness of the Board and foster active participation and contribution.

The Manager adopts the principle that the AC shall have at least three members, all of whom must be non-executive and the majority of whom, including the AC Chairman, must be independent. The Board is of the view that the AC members collectively have recent and relevant expertise or experience in financial management and are appropriately qualified to discharge their responsibilities.

The AC consists of three members, all of whom are independent and are appropriately qualified to discharge their responsibilities. They are:

- Mr. Kevin Kwok, Chairman;
- Mr. Lawrence Wong Liang Ying, Member; and
- Mr. Michael Kok Pak Kuan, Member.

None of the AC members are a partner or director of the incumbent external auditors, PricewaterhouseCoopers LLP ("PwC"), within the previous two years, nor does any of the AC members have any financial interest in PwC.

The AC has written terms of reference setting out its scope and authority, which include:

- examination of interested person transactions;
- review and approval of the scope of internal audit activities;
- review of the adequacy, effectiveness, independence, scope and audit findings of internal and external auditors as well as Management's responses to them and the implementation of remedial actions to address such findings;
- evaluation of the nature and extent of non-audit services performed by external auditors to ensure that their independence is not affected. In this regard, for FY20/21, MNACT paid S$500,000 aggregate fees to PwC, of which S$361,000 was for audit and S$139,000 was for non-audit services in connection with acquisitions of The Pinnacle Gangnam, MBP and Omori. The AC has undertaken a review of all non-audit services provided by PwC and is of the opinion that such non-audit services would not affect the independence of PwC as the external auditors;
- review of the quality and reliability of information prepared for inclusion in financial reports;
- authority to investigate any matters within its terms of reference, full access to and co-operation by Management and full discretion to invite any Director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly;
- making recommendation to the Board on the appointment and re-appointment of external auditors; and
- approval of the remuneration and terms of engagement of external auditors.

In addition, the AC also:

- reviews significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of MNACT and any formal announcements relating to MNACT's financial performance;
- reviews at least annually the adequacy and effectiveness of MNACT's internal controls and risk management systems;
- reviews the assurance from the CEO and the CFO on the financial records and financial statements;
- meets with the external and internal auditors, without the presence of Management, at least once a year to review and discuss the financial reporting process, system of internal controls (including financial, operational, compliance and information technology controls), significant comments and recommendations;
- reviews and, if required, investigates the matters reported via the whistle-blowing mechanism, by which employees may, in confidence, raise concerns about suspected improprieties including financial irregularities. The objective of the whistle-blowing mechanism is to ensure that arrangements are in place for independent investigations of any reported matters and reviews of such investigations, to ensure appropriate follow-up actions are taken; and
- discusses during the AC meetings, any changes to accounting standards and issues which may have a direct impact on the financial statements.

CORPORATE GOVERNANCE REPORT

As part of its oversight role over financial reporting, the AC reviewed the financial statements before recommending them to the Board for approval. In the review of the financial statements, the AC has discussed with Management the accounting principles that were applied and their judgment of items that might affect the integrity of the financial statements. The following significant matter impacting the financial statements, was discussed with Management and the external auditor and reviewed by the AC:

Significant Matter	How the AC reviewed this matter and what decisions were made
Valuation of Investment Properties	The AC has considered the objectivity, independence and expertise of the external valuers and approved their engagement by the Manager. The Manager is responsible for selecting and engaging valuation experts that possess the relevant credentials and knowledge of valuation of investment properties. The external valuers do not value the same property for more than two consecutive financial years, which is in compliance with the Code on Collective Investment Schemes ("CCIS"). The AC was satisfied that the appointment of these valuers was in accordance with the CCIS and that they have the experience, and are objective and independent. As further detailed in Note 13 of the Financial Statements section, the valuers are of the view that the valuation techniques and estimates they have employed are reflective of the current market conditions and have taken into account the impact of COVID-19 based on information available as at 31 March 2021. Given the uncertainty over the length and severity of the COVID-19 outbreak, valuations for certain investment properties may be subjected to more fluctuations subsequent to 31 March 2021 than during normal market conditions. The AC has discussed the details of the valuation with both the valuers and Management, including an evaluation of the key assumptions used in the valuation methodologies. The external auditors have also performed their audit procedures and involved their internal valuation specialists on these valuations as at 31 March 2021. They reviewed the adequacy of the disclosures relating to the assumptions and the impact of COVID-19 on the valuation of investment properties, as they consider them likely to be significant to users of the financial statements given the estimation uncertainty and sensitivity of the valuations. The AC considered the work performed by the external auditors on their assessment of the appropriateness of the valuation methodologies and the reasonableness of the underlying assumptions adopted by the external valuers. The AC is satisfied with the valuation approach, the key assumptions used in the valuation methodologies, and the valuation of investment properties as adopted and disclosed in the financial statements. No other significant matter came to the attention of the AC during the course of the review.

A total of six AC meetings were held in FY20/21.

The Manager, on behalf of the Group, confirms that the Group has complied with Rules 712 and 715 of the Listing Manual in relation to the Group's auditing firm.

Internal Audit

Our Policy and Practices

The Manager adopts the principle that a robust system of internal audits is required to safeguard Unitholders' interests, the Group's assets, and to manage risks. Apart from the AC, other Board committees may be set up from time to time to address specific issues or risks.

The internal audit function of the Group is outsourced to the Sponsor's Internal Audit Department and the Head of Internal Audit reports directly to the AC Chairman of both the Manager and the Sponsor.

The Chairman of the AC is consulted and provides objective feedback to the AC of the Sponsor on the hiring, removal, remuneration and evaluation of the performance of the Head of Internal Audit. The Sponsor's Internal Audit Department (including the Head of Internal Audit) has unfettered access to all of the Group's documents, records, properties and personnel, including access to the AC and has appropriate standing within the Group.

The role of the Sponsor's Internal Audit Department is to conduct internal audit work in consultation with, but independently of, Management. Its annual audit plan approval and audit findings are submitted to the AC for approval and review respectively. The AC also meets with the Head of Internal Audit at least once a year without the presence of Management.

The Sponsor's Internal Audit Department is a member of the Singapore branch of the Institute of Internal Auditors Inc.

(the "IIA"), which has its headquarters in the United States. The Sponsor's Internal Audit Department subscribes to, and is in conformance with, the International Standards for the Professional Practice of Internal Auditing developed by the IIA (the "IIA Standards") and has incorporated these standards into its audit practices.

The IIA Standards cover requirements on:

- independence and objectivity;
- proficiency and due professional care;
- managing the internal audit activity;
- engagement planning;
- performing engagement;
- communicating results; and
- monitoring progress

The Sponsor's Internal Audit Department employees involved in information technology audits are Certified Information System Auditors and members of the Information System Audit and Control Association (the "ISACA") in the United States. The ISACA Information System Auditing Standards provide guidance on the standards and procedures to apply in information technology audits.

To ensure that the internal audits are performed by competent professionals, the Sponsor's Internal Audit Department recruits and employs qualified employees. In order that their technical knowledge remains current and relevant, the Sponsor's Internal Audit Department identifies and provides training and development opportunities to the employees.

In compliance with the IIA Standards, an external quality assessment review ("QAR") of the Sponsor's Internal Audit Department is conducted at least once every five years by a qualified, independent reviewer. The last external QAR of the Sponsor's Internal Audit Department was completed in 2018 and it was assessed that the Group's internal audit function is in conformance with the IIA standards. The next external QAR will be conducted in 2023.

For FY20/21, the AC is of the opinion that the internal audit function is independent, effective and adequately resourced.

Risk Management
The AC has direct access to the Sponsor's Risk Management Department, and engages with the Risk Management Department on a quarterly basis as part of its review of MNACT's portfolio risks. The Board and the AC are also kept abreast of any material changes to MNACT's risk profile and activities[1].

(D) UNITHOLDER RIGHTS AND ENGAGEMENT

Unitholder Rights and Conduct of General Meetings
Principle 11: Fair and Equitable Treatment of all Unitholders

Engagement with Unitholders
Principle 12: Regular, Effective and Fair Communication with Unitholders

Our Policy and Practices
The Manager adopts the principle that all Unitholders should be treated fairly and equitably in order to enable them to exercise their ownership rights arising from their unitholdings and have the opportunity to communicate their views on matters affecting MNACT. The Manager provides Unitholders with periodic balanced and understandable assessments of MNACT's performance, position and prospects.

To this end, the Manager issues via SGXNET announcements and press releases on the Group's latest corporate developments on an immediate basis where required by the Listing Manual. Where immediate disclosure is not practicable, the relevant announcement will be made as soon as possible to ensure that all stakeholders and the public have equal access to the information.

The public can access the electronic copy of the Annual Report via SGXNET as well as MNACT's website and under normal circumstances, all Unitholders will receive a booklet containing key highlights of MNACT, instructions on accessing the Annual Report online with the option of receiving a printed version of the Annual Report, a notice of annual general meeting and a proxy form with instructions on the appointment of proxies. However, in view of the COVID-19 situation, the Manager will be conducting MNACT's 8th Annual General Meeting ("AGM") by electronic means and therefore, alternative arrangements will be made to take into account the online nature of the annual general meeting[2]. The notice of AGM for each annual general meeting is also published via SGXNET and MNACT's website as well as in the newspaper.

An annual general meeting is held once a year to provide a platform for Unitholders to interact with the Board and Management, in particular the Chairman of the Board, the Chairman of the AC, the CEO and the CFO. The external auditors are also present to address Unitholders' queries about the audit and the financial statements of the Group. A record of the Directors' attendance at the AGM can be found in the record of their attendance of meetings set out at page 80 of this Annual Report.

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[1] Please refer to Principle 9 on page 90 and pages 74 to 76 of this Annual Report for the Manager's policies and procedures relating to risk management.
[2] Please refer to the Notice of AGM dated 23 June 2021 for further information.

CORPORATE GOVERNANCE REPORT

Provision 11.4 of the Code requires an issuer's constitutive documents to allow for absentia voting at general meetings of Unitholders. However, the Trust Deed currently does not provide for absentia voting. The Manager is of the view that despite the deviation from Provision 11.4 of the Code, its current practice remains consistent with Principle 11 of the Code as a whole because Unitholders nevertheless have opportunities to communicate their views on matters affecting the Group even when they are not in attendance at general meetings. For example, in an ordinary meeting setting (i.e. physical meetings), Unitholders may appoint proxies to attend, speak and vote, on their behalf, at general meetings. Where a general meeting is convened, all Unitholders are entitled to receive a circular enclosing a proxy form with instructions on the appointment of proxies. The Manager may conduct a study to look into the feasibility of absentia voting when legislative changes are effected to recognise remote voting in the future.

Prior to voting at an annual general meeting or any other general meeting, the voting procedures will be made known to the Unitholders to facilitate them in exercising their votes. To safeguard Unitholders' interests and rights, a separate resolution is proposed for each substantially separate issue at an annual general meeting. Each resolution proposed at an annual general meeting and any other general meeting will be voted on by way of electronic polling. An independent scrutineer is also appointed to validate the vote tabulation and procedures. The Manager will announce the results of the votes cast for and against each resolution and the respective percentages and prepare minutes of such meetings.

In view of the current COVID-19 situation and the related safe distancing measures in Singapore, the Manager will be conducting MNACT's 8th AGM by electronic means. Therefore Unitholders will not be able to attend the MNACT's 8th AGM in person. Unitholders may appoint the Chairman of the meeting as proxy to vote on their behalf at the general meeting and submit questions relating to the business of the meeting either in advance or through the "live chat" function at the AGM via the audio-visual webcast platform. For the substantial and relevant questions posed, responses will be published on MNACT's website and on SGX-ST ahead of the meeting. Please refer to the Notice of AGM dated 23 June 2021 for further information.

The Manager has an Investor Relations Department which works with the Legal and Corporate Secretariat Department of the Sponsor to ensure the Group's compliance with the legal and regulatory requirements applicable to listed REITs, as well as to incorporate best practices in its investor relations programme. To keep the Board abreast of market perception and concerns, the Investor Relations Department provides regular updates on analyst and investor feedback.

The Manager's investor relations policy prioritises proactive engagement and timely and effective communication with its stakeholders. The Manager regularly communicates major developments in the Group's businesses and operations to Unitholders, analysts and the media through the issuance of announcements and press releases. In addition, all announcements and press releases are first made on SGXNET and subsequently on MNACT's website. The Manager also communicates with MNACT's investors on a regular basis through group/individual meetings[1] with investors, investor conferences and non-deal roadshows. The Manager's CEO and CFO are present at briefings and communication sessions to answer questions from investors. "Live" audio webcast of analyst briefings are conducted, where practicable. Stakeholders can subscribe for email alerts to receive the latest updates on the Group and also contact the Investor Relations Department via a dedicated email address. Further details on the Manager's investor relations events and efforts are found on pages 77 to 78 of this Annual Report.

Minutes of general meetings recording the substantive and relevant comments made and questions raised by Unitholders are available to Unitholders for their inspection upon request. Minutes of the annual general meeting (which record substantial and relevant comments and queries from Unitholders and the response from the Board and the Management) are also available on MNACT's website at *www.mapletreenorthasiacommercialtrust.com*.

MNACT's distribution policy is to distribute at least 90% of its distributable income and such distributions are paid on a half-yearly basis. As announced in April 2020, MNACT has adopted half-yearly announcements of financial statements as well as half-yearly distributions with effect from financial year 2020/2021. Notwithstanding the change, in addition to half-yearly results, the Manager will continue to engage the investors and other stakeholders through interim business and operational updates for the first and third quarters of the financial year.

Principle 13: Engagement with Stakeholders

Our Policy and Practices

The Manager adopts the principle that to build confidence among stakeholders, there is a need to deliver sustainable value. The Sustainability Report from pages 97 to 124 in the Annual Report provides the Group's approach in identifying its material stakeholders, as well as addressing stakeholders' concerns and methods of engagement. The Sustainability Report also sets out the key areas of focus in relation to the management of stakeholder relationships for the financial year ended 31 March 2021.

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[1] Due to the COVID-19 social restrictions, the investor events/meetings which the Manager participated in from 1 April 2020 to 31 March 2021 were organised on electronic platforms.

SUSTAINABILITY REPORT

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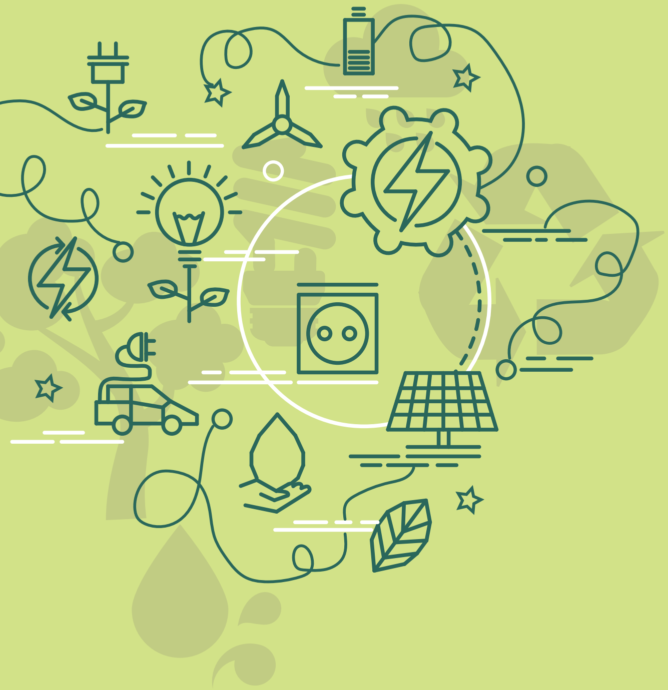

BOARD STATEMENT

[GRI 102-14]

The Board of Directors ("the Board") is pleased to present MNACT's fifth Sustainability Report ("SR"), as we continue our journey on ESG initiatives for our business. We believe that a strong sustainability foundation will enable MNACT to fulfill its vision to be a leading commercial REIT and deliver long-term value and sustainable returns for our stakeholders.

This SR documents our progress against last year's targets for all eight material ESG factors, which we have categorised under the four pillars of Business Resilience, A Greener Environment, Engaging People and Communities, and Responsible Business Practices. These targets are inherent to our overall agenda for sustainable development. The SR also details how we continue to align our sustainability targets and activities with the United Nations ("UN") Sustainable Development Goals ("SDGs").

Against the backdrop of COVID-19 that has drastically reshaped the global economy, we remain committed to sustainable practices and improving our ESG disclosures as we navigate the changes in the operating environment. In FY21/22, the Manager will participate in the GRESB Real Estate Assessment, a global ESG performance benchmark for real estate companies and funds. This will provide a useful benchmark for MNACT's sustainability performance as we seek to improve our practices and engage more closely with our investors. As a first step, we undertook a gap analysis in the year against our current policies and practices to identify areas of risks and opportunities that will enable us to improve our practices and reporting disclosures.

The Manager had reviewed the uncertain environment for key trends and developments that may impact our properties. In FY20/21, we undertook a reassessment of our material ESG factors and a stakeholder survey to better understand their needs and concerns. The survey result revealed that the key ESG-related concerns identified by our stakeholders are consistent with the eight material sustainability factors that the Board has considered to be relevant to our business.

The survey also highlighted rising stakeholder interest in our ability to adapt to market changes, as well as employee wellness. Taking into account the feedback, the Manager has included more disclosures and targets in this SR in these areas. One key area in this new "normal" is the need to adapt to market changes, with growing emphasis on innovations that can bring about effective asset management, cost effectiveness and customer satisfaction. For example, at Festival Walk mall in Hong Kong SAR, UV sterilisers were installed on escalator handrails at high traffic areas, and robotic (floor) scrubbers were deployed to clean and disinfect the common areas after operating hours. As part of the Sponsor's digitalisation initiatives, manual invoice processing at the Manager's Singapore office was replaced by a digital based system using optical character recognition technology, which accelerated the work processes while enabling employees to work seamlessly from home.

As some of our employees continued to work remotely, in line with ongoing safe management measures, investing in employee well-being has become more important than ever. Prioritising the physical and

SUSTAINABILITY REPORT

mental well-being of our employees, workout classes and health and mental wellness talks were conducted virtually for employees based in Singapore. For those in Shanghai, physical wellness activities and health talks resumed as the COVID-19 situation was largely contained from April 2020 onwards.

During the year, the Manager and the Property Manager continued to advance sustainability initiatives. The Board is pleased to share that all targets set for FY20/21[1] were achieved, except for the target on economic performance. DPU for FY20/21 was lower year-on-year as some of the markets that we operate in were heavily impacted by COVID-19. In Hong Kong SAR, the economic downturn and various stringent social distancing measures led to lower consumer spending. To support our tenants, we extended S$49.8 million of rental reliefs to our retail tenants who were adversely impacted by the difficult retail market conditions.

Integrating sustainability into MNACT's business is a journey. We will continue to work towards minimising our environmental impact as far as possible, through adopting and expanding on sustainability initiatives. For example, with growing expectation for the air quality of buildings to be improved to ensure the overall health and well-being of users and tenants, the Manager is exploring more efficient air filtration systems to filter contaminants effectively to improve indoor air quality. We will also continue to monitor local government directives and implement precautionary measures to safeguard the health and safety of our stakeholders.

As we build on our strategy to generate growth through value-creating acquisitions, responsible investment remains our key commitment. In sourcing for new acquisitions, sustainability issues and ESG risks will continue to be considered as part of the due diligence process. We will also explore integrating environmental risk considerations into our risk management framework and improve overall disclosure, in line with the recently launched MAS guidelines on environmental risk management.

We are mindful that there is still more to be done towards a sustainable future. We thank you for your support and look forward to working in partnership with our stakeholders on this journey.

The Board
MNACTM

SUPPORTING OUR STAKEHOLDERS DURING COVID-19

The impact of COVID-19 has been profound around the world. In these difficult times, a key role of the Manager is to provide holistic care for our shoppers, employees, tenants and the local communities in meeting the needs of stakeholders.

HEALTH, SAFETY AND WELL-BEING

- Intensified cleaning and disinfection of common areas at our properties
- Placed hand sanitisers at the office lobbies for use by tenants and visitors
- Installed technological solutions to enhance COVID-19 safety measures such as autonomous disinfection-cleaning robots and UV disinfection devices on the handrails of escalators located at high traffic areas within the Festival Walk mall
- Improved indoor air quality through upgrading air filters and running exhaust fans and ventilation systems for longer hours
- Conducted employee engagement survey and organised well-being initiatives such as virtual workout classes and wellness talks

TENANT SUPPORT

- Granted rental reliefs of S$50.5 million to support tenants
- Organised marketing and promotional events at Festival Walk mall, including a partnership with Deliveroo to boost sales
- Launched the '*MyFestival*' loyalty programme integrated into an enhanced Festival Walk mobile app
- Communicated actively with tenants on COVID-19 developments and local government directives, as well as sent reminders to monitor the health of their employees

COMMUNITY EFFORTS

- Participated in two outreach events to pack food and care bundles, and distributed them to needy families in Singapore
- Visited Children's Health Hospital in Shanghai to help with cleaning and decoration of playrooms
- Distributed masks, donated by the Sponsor, to Charles K. Kao Foundation and a school in Kowloon Tong, Hong Kong SAR
- Contributed to the Mapletree Community Sharing Fund, which was launched by the Sponsor to provide financial assistance to employees of tenants and service providers who were affected by the impact of COVID-19

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[1] Please refer to page 103 of this SR for the list of MNACT's sustainability performance targets for FY20/21.

ABOUT THE REPORT

[GRI 102-46, 102-50, 102-53, 102-54, 102-56]

Reporting Scope

This SR covers the sustainability performance of all twelve properties within MNACT's portfolio for the period from 1 April 2020 to 31 March 2021 ("FY20/21") unless otherwise stated. Data from prior year ("FY19/20") is included for comparison, where available.

The content and topic boundaries in this SR reflect the Manager's overall sustainability strategy and is aligned with the GRI's Reporting Principles: Materiality, Stakeholder Inclusiveness, Sustainability Context and Completeness. Additionally, the report also meets the requirements of the SGX-ST Listing Rules (711A and 711B). This SR should be read together with the financial, operational and governance information detailed in the Annual Report.

Although this SR has not been externally verified, it has been reviewed by an external sustainability consultant and has gone through a detailed internal review process. The Manager will review the need for external assurance as it continues to refine MNACT's sustainability reporting framework.

Reporting Standards

This SR has been prepared in accordance with the GRI Standards: Core option. The GRI Standards was selected as it represents the global best practice for organisations to report on the impact from a wide range of ESG factors. We have also applied additional guidance set forth by the GRI-G4 Construction and Real Estate Sector Disclosures which are relevant to our industry.

SUSTAINABILITY APPROACH

[GRI 102-16, 102-18]

MNACT's sustainability approach is aligned to the sustainability strategies and activities of the Sponsor, and to the Manager's vision of creating sustainable and long-term value to our stakeholders. Our commitment to sustainability is underpinned by a robust framework of policies and practices involving the identification and management of key sustainability risks and opportunities. To enhance our performance, we regularly evaluate the effectiveness of our framework to address any gaps.

With stakeholders' interest in mind, the Manager will be participating in the GRESB Real Estate Assessment 2021, which is a global ESG performance benchmark for real estate companies and funds.

Sustainability Governance Structure

MNACT's sustainability approach is facilitated by a sustainability governance structure, established by the Sponsor to ensure overall accountability and a coordinated implementation of our sustainability strategy. The Sponsor's Sustainability Steering Committee ("SSC") sets the direction, approach and performance of sustainability across the Mapletree Group. Jointly chaired by the Sponsor's Deputy Group Chief Executive Officer and the Group Chief Corporate Officer, the SSC comprises the CEOs of the REIT managers and other members of the Sponsor's senior management team. Ms. Cindy Chow, Executive Director and CEO, represented the Manager in this committee in FY20/21.

Supporting the SSC is the Sustainability Working Committee ("SWC"), comprising representatives across various business functions at the Manager and the Property Manager. The SWC helps to implement, execute and track the sustainability policies and performance within MNACT to ensure continuous progress and improvement. The tone from the top sets the conduct and culture for all employees of the Manager and the Property Manager to take shared ownership of ESG factors.

The Manager welcomes feedback from all stakeholders. Please send questions, comments, suggestions or feedback relating to this SR or MNACT's sustainability performance to:

MS. ELIZABETH LOO
Investor Relations

Email:
enquiries_mnact@mapletree.com.sg

SUSTAINABILITY REPORT

MATERIALITY

[GRI 102-46, 102-47, 103-1]

Sustainability factors material to MNACT's business operations and of concern to stakeholders are reviewed annually to ensure their continued relevance and impact to the business mitigated. The review considers emerging global trends, the REIT's existing operations, as well as topics identified by industry peers.

Materiality Reassessment in FY20/21

The toll of COVID-19 on our business has amplified the need to reassess our material ESG factors to enable us to adapt to the rapidly changing business landscape. In FY20/21, a stakeholder survey was sent to internal and external stakeholders to gather their views on material factors significant to MNACT's business performance, reputation and long-term prospects. Feedback and rankings from the survey were subsequently considered together with strategic input from the Board and Management. The resulting list of material factors comprises the same eight material sustainability factors and two additional factors as reported in FY19/20, while highlighting a need to disclose more information on adapting and responding to market changes and employee wellness. The Manager had included additional targets in this SR to demonstrate our commitment to these key areas of concern.

Following the reassessment, we have crystallised our sustainability approach into four strategic pillars, under which the eight material factors and two additional factors have been mapped as below. This reflects our continuing efforts to enable business resilience, engage our stakeholders, foster a greener environment and embed responsible business practices across our organisation.

These four pillars are aligned with our commitment to support the global agenda for sustainable development. To this end, the Manager has mapped the material sustainability factors to the corresponding GRI standards and respective UN SDGs.

Sustainability Pillars	Material Factors	Corresponding GRI Standards	Aligned to Relevant UN SDGs
BUSINESS RESILIENCE	Economic Performance	GRI 201: Economic Performance 2016	8 DECENT WORK AND ECONOMIC GROWTH
A GREENER ENVIRONMENT	Energy	GRI 302: Energy 2016	7 AFFORDABLE AND CLEAN ENERGY 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 13 CLIMATE ACTION
	Water	GRI 303: Water and Effluents 2018	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 13 CLIMATE ACTION
ENGAGING PEOPLE AND COMMUNITIES	Health and Safety	GRI 403: Occupational Health and Safety 2018 GRI 416: Customer Health and Safety 2016	3 GOOD HEALTH AND WELL-BEING
	Employment and Talent Retention	GRI 401: Employment 2016 GRI 404: Training and Education 2016	8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCED INEQUALITIES
	Local Communities	GRI 413: Local Communities 2016	3 GOOD HEALTH AND WELL-BEING 17 PARTNERSHIPS FOR THE GOALS
RESPONSIBLE BUSINESS PRACTICES	Anti-corruption	GRI 205: Anti-corruption 2016	17 PARTNERSHIPS FOR THE GOALS
	Compliance with Laws and Regulations	GRI 307: Environmental Compliance 2016 GRI 417: Marketing and Labeling 2016 GRI 419: Socioeconomic Compliance 2016	

Others	Additional Factors
A GREENER ENVIRONMENT	Waste Management Indoor Air Quality

STAKEHOLDER ENGAGEMENT

[GRI 102-40, 102-42, 102-43, 102-44]

The Manager has identified seven key stakeholder groups with significant impact on, or are significantly impacted by MNACT's operations and long-term strategy. Regular engagement with these stakeholders helps the Manager understand their needs and expectations, towards building a collaborative and long-lasting relationship.

🟧 Throughout the Year
▬ Monthly
🟫 Twice or Three Times a Year
🟩 Once Every Two to Three Years
🟪 Once or At Least Once a Year
🟦 Ad-hoc

Key Stakeholder Group	Key Topics and Concerns	Our Actions and Measures Taken	How We Engage	Frequency
SHOPPERS (Pertaining to Festival Walk mall)	• Enhanced shopping experiences • Range of amenities and choice of brands • Considerations for safety, convenience and accessibility • Easy connectivity to public transport • Health and safety concerns due to COVID-19 and any social incidents	• Provide one-stop shopping, lifestyle and entertainment experience • Refine tenant mix to recruit resilient trades such as the food and beverage, lifestyle and services sectors • Increase engagement with shoppers via digital platforms • Enhance suite of digital services available on mobile app including loyalty programme • Put in place precautionary health and safety measures in response to COVID-19 and any social incidents	• Advertisement and promotional events	🟧
			• Customer service	🟧
			• Online and mobile communication platforms, and social media (e.g. Facebook, WeChat, Instagram and Festival Walk app)	🟧
			• Tourist passports and university student/staff privileges	🟧
			• Customer surveys	🟫
TENANTS	• Quality office space and range of amenities • Efficient office/shop layout • Comfortable and safe work environment • Flexibility in lease terms and structures amid COVID-19 • Higher shopper traffic (for Festival Walk mall) • Health and safety concerns due to COVID-19 and any social incidents • Disruptions to businesses due to COVID-19	• Ongoing tenant engagement to respond to needs • Provide rental reliefs and flexible lease terms such as shorter leases • Maintain sustainable, high-quality properties through green building certification and responsive property management • Increased collaborations via digital delivery platforms (for Festival Walk mall) • Put in place precautionary health and safety measures in response to COVID-19 and any social incidents	• Informal tenant gatherings, meetings and feedback sessions	🟧
			• Joint promotions and partnerships	🟧
			• Tenant engagement activities	🟦
			• Newsletters and tenant circulars	🟦
			• Fire and safety drills	🟪
INVESTORS (Including Unitholders, analysts and media)	• Long-term sustainable distributions • Transparency on reporting of economic, social and environmental concerns • Good corporate governance • Active portfolio management • Prudent capital management • Preparedness of the properties and the financial impact to MNACT due to COVID-19 • Strategies in place to mitigate the impact of COVID-19 and position the REIT to capture opportunities post COVID-19	• Proactive portfolio and asset management, and capital management • Adequate cash resources and committed/uncommitted facilities to ensure financial flexibility for MNACT • Proactive and timely communication • Put in place precautionary health and safety measures in response to COVID-19 and any social incidents • Rental reliefs to tenants • Manager waived entitlement to performance fee until such time when DPU exceeds the DPU achieved in FY19/20	• Annual and Extraordinary General Meetings	🟪
			• SGXNet announcements and website updates	🟧
			• Non-deal roadshows and conferences	🟧
			• Meetings, conference calls and site tours of properties	🟧

SUSTAINABILITY REPORT

Key Stakeholder Group	Key Topics and Concerns	Our Actions and Measures Taken	How We Engage	Frequency
TRUSTEE	• Safeguard the rights and interests of the Unitholders • Ensure compliance with the Trust Deed and regulations • Open communication channels	• Active communication • Good corporate governance practices	• Monthly reporting and updates	🟪
			• Ongoing dialogues and regular feedback	🟦
EMPLOYEES	• Equitable remuneration • Employee retention, talent development and management • Fair and competitive employment practices and policies • Safe and healthy working environment • Learning and development opportunities • Focus on employee development and well-being • Health and safety concerns due to COVID-19 and any social incidents	• Review remuneration packages considering industry benchmarks, job scope and responsibilities • Enhance health, safety and well-being • Develop employees professionally • Provide career progression opportunities • Put in place precautionary health and safety measures in response to COVID-19 and any social incidents • Work-from-home or split-work arrangements for employees according to local goverment directives to safeguard against COVID-19	• Recreational and wellness activities	🟧
			• Regular e-mails and meetings	🟧
			• Town hall sessions	🟪
			• Performance appraisals and career development plans	🟪
			• Engagement surveys	🟩
			• Formal and informal staff communication and feedback sessions with Management	🟧
			• Training and development programmes conducted in-house and by external providers	🟧
			• Induction programme for new employees	🟧
BUSINESS PARTNERS (Including governments, regulators, suppliers and third-party service providers)	• Fair and equitable business practices • Compliance with rules and regulations	• Strong partnership built on relationships of trust with public, private and people sectors • Consultation and dialogue sessions with regulators	• Ongoing dialogue sessions	🟧
			• Meetings, inspections and networking events	🟧
			• Letters and emails	🟧
			• Participation in industry associations such as the REIT Association of Singapore ("REITAS") during the year	🟧
LOCAL COMMUNITIES	• Charitable causes championed by non-profit organisations • Sustainable environmental practices carried out • Safe accessibility to our properties • Health and safety concerns due to COVID-19 and any social incidents	• Promote social integration and vibrant community spaces • Active employee participation in community engagement events • Put in place precautionary health and safety measures in response to COVID-19 and any social incidents	• Corporate philanthropy	🟧
			• Environmentally safe and socially responsible practices	🟧

SUSTAINABILITY TARGETS

The Manager and the Property Manager closely monitor MNACT's progress against key sustainability performance targets. This allows the Manager and the Property Manager to identify areas of improvement and address any performance gaps. Following the materiality reassessment, new targets were added for FY21/22 to address key areas of concerns.

	Current Targets		
Material Sustainability Factors	FY20/21	☑:Met ☒:Not Met	Targets for FY21/22
ECONOMIC PERFORMANCE We strive to achieve sustainable economic growth and provide strong returns to our stakeholders.	- Deliver regular and stable returns to Unitholders and achieve long-term sustainable growth in DPU	☒	Same as FY20/21
			At least one digitalisation/future enabling initiative that would bring about effective asset management, cost effectiveness or customer satisfaction New
ENERGY We strive to improve the energy performance and efficiency of our properties.	- Maintain or improve electricity intensity by up to 1% of FY19/20 baseline, assuming the same number of assets and excluding the Festival Walk Closure Period[1]	☑	Maintain or improve electricity intensity by up to 1% of FY19/20 baseline[2], assuming the same number of assets and excluding the Festival Walk Closure Period
WATER We strive to manage our water resources in a sustainable manner.	- Maintain or improve water intensity by up to 1% of FY19/20 baseline, assuming the same number of assets and excluding the Festival Walk Closure Period[1]	☑	Maintain or improve water intensity by up to 1% of FY19/20 baseline[2], assuming the same number of assets and excluding the Festival Walk Closure Period
HEALTH AND SAFETY We strive to maintain a safe environment for all our stakeholders and care for the well-being of our employees.	- Zero incidents resulting in employee permanent disability or fatality	☑	Same as FY20/21
EMPLOYMENT AND TALENT RETENTION We strive to provide a positive work environment for our employees through fair employment practices and equal opportunities.	- Continue to commit to fair employment practices by ensuring that we adopt best practices in our hiring process and offer equal opportunity to all potential candidates	☑	Same as FY20/21
	- Maintain a diverse and relevant learning and professional development programme	☑	Same as FY20/21
			Organise wellness activities to encourage healthy lifestyle New
LOCAL COMMUNITIES We strive to support initiatives and projects that have a positive impact on communities.	- Six CSR events participated by the Manager's staff from Singapore, Hong Kong SAR, Beijing and/or Shanghai	☑	Same as FY20/21
ANTI-CORRUPTION We strive to conduct our work with utmost integrity and accountability.	- Maintain zero confirmed incidences of corruption	☑	Same as FY20/21
COMPLIANCE WITH LAWS AND REGULATIONS We strive to achieve regulatory compliance with significant or material relevant laws and/or regulations.	- Maintain compliance with all significant or material relevant laws and/or regulations	☑	Same as FY20/21

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[1] To provide a more reflective comparison of our performance, the period of Festival Walk mall closure from 13 November 2019 to 15 January 2020 ("Festival Walk Closure Period") was excluded for FY19/20 as well as the corresponding period in FY20/21.

[2] Given the reduced level of activities in FY20/21 due to COVID-19 and to provide a more representative comparison against a normal operating year, FY19/20 has been adopted as the reference year to assess our performance in FY21/22.

SUSTAINABILITY REPORT

BUSINESS RESILIENCE

Economic Performance

[GRI 103-1, 103-2, 103-3, 201-1]

> MNACT's vision is to deliver regular and stable returns to Unitholders and achieve long-term sustainable growth in DPU. The Manager achieves this by focusing on active asset management and active asset enhancement. Furthermore, we will explore accretive acquisition opportunities to achieve greater diversification of MNACT's portfolio, while keeping an active and prudent approach on capital management.

Our Targets		
FY20/21	Performance	FY21/22 Targets
- Deliver regular and stable returns to Unitholders and achieve long-term sustainable growth in DPU	☒	- Same as FY20/21 - At least one digitalisation/future enabling initiative that would bring about effective asset management, cost effectiveness or customer satisfaction New

Policies

Distribution Policy

Financial Performance of MNACT

FY20/21 continued to see the impacts of COVID-19 in some of the markets that we operate in. In Hong Kong SAR, various stringent social distancing measures led to lower domestic consumption, affecting retail sales and footfall at Festival Walk mall. Leasing demand from tenants at Festival Walk mall was also muted. While the performance of Sandhill Plaza and the Japan Properties were relatively resilient amid COVID-19, the Beijing office sector was hit by increased supply and a broad and sharp downturn in the global economy, leading to diminished leasing activities at Gateway Plaza. To support tenants, rental reliefs were granted mainly for Festival Walk retail tenants while flexible leasing strategies were adopted taking into account the uneven impact of COVID-19 among the various trade sectors and properties. These strategies helped to maintain a high portfolio occupancy rate of 97% at the end of March 2021.

Additionally, the Manager continued in its diversification strategy. During the year, the Manager co-invested with the Sponsor in a Grade-A freehold office building, The Pinnacle Gangnam, located in Seoul, South Korea, at a total acquisition cost of S$276.4 million (based on MNACT's 50.0% interest). Together with the full-year contribution from two office properties in Japan, Omori and MBP, acquired in February 2020, these have cushioned the impact of COVID-19 on MNACT's profit in the financial year. For FY20/21, MNACT recorded a DPU of 6.175 cents compared to the DPU of 7.124 cents[1] in FY19/20. Please refer to the following sections of this Annual Report for more information – Financial Highlights (pages 2 - 3), Letter to Unitholders (pages 6 - 8), Financial Review and Capital Management (pages 16 - 27) as well as the Financial Statements (pages 125 - 193).

Outlook

While there are expectations for a gradual economic recovery in 2021 with vaccines rolled out progressively around the world, new waves of COVID-19 and uncertainties around vaccination rates may pose risks to the pace of recovery. The Manager remains agile and adaptable to market changes to navigate these times with all our tenants. Key strategies include capturing demand for office space from sectors less affected by COVID-19 (i.e. TMT, financial services and bio-medical sectors), strengthening Festival Walk mall's positioning as the preferred social gathering venue for families and friends and pursuing various digitalisation initiatives and innovations to improve tenant and shopper satisfaction. For example, at Festival Walk mall, the loyalty programme which was launched in FY20/21 will be enhanced to include features such as carpark e-payment. To facilitate the deployment of Internet of Things ("IoT") based smart-building solutions to improve operational efficiencies at Festival Walk mall, the existing IT infrastructure will be enhanced and a 5G network will be implemented in FY21/22. At Gateway Plaza, based on the recommendations from the retro-commissioning study, the heating, ventilation and air conditioning ("HVAC") system will be upgraded over three years to improve tenants' thermal comfort and optimise energy efficiency.

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[1] There were Festival Walk Top-ups in FY19/20 to enable a certain level of distributable income and DPU to mitigate the loss of rental during the Festival Walk Temporary Closure.

A GREENER ENVIRONMENT

Energy

[GRI 103-1, 103-2, 103-3, 302-1, 302-3, CRE-8]

The Manager and the Property Manager recognise the key role we can play in enhancing energy efficiency and reducing carbon footprint. We are constantly seeking ways to drive environmental stewardship through energy conservation initiatives.

Our Targets

FY20/21	Performance*	FY21/22 Target
• Maintain or improve electricity intensity by up to 1% of FY19/20 baseline, assuming the same number of assets (not including Omori and MBP) and excluding the Festival Walk Closure Period	✓	• Maintain or improve electricity intensity by up to 1% of FY19/20 baseline, assuming the same number of assets (not including Omori and MBP) and excluding the Festival Walk Closure Period

*Note: Performance may not be reflective due to the reduced level of activities within our properties as a result of the COVID-19 situation

Green Building Certifications

Asset	Certifications
FESTIVAL WALK	Final Platinum rating under Hong Kong Green Building Council's comprehensive green building certification, BEAM Plus – Existing Buildings V1.2.
SANDHILL PLAZA	Certificate of Green Building Label (2 Star) by China's Ministry of Construction

Scope

The data on environment in this SR pertains only to the common areas within MNACT's properties that are within the direct control of the Property Manager (where the Property Manager has the ability to monitor and influence the consumption of resources). The nine properties included under this scope are Festival Walk, Gateway Plaza, Sandhill Plaza and six Japan Properties (ASY, HNB, MON, TSI, MBP and Omori).

Highlights During the Year

Installed energy-efficient **LED lighting**

- Festival Walk
- MBP
- HNB
- TSI

Overhauled **two cooling towers**

- Festival Walk

Completed phase 2 installation of **rooftop solar panels**

- Festival Walk

In the final stage of the **retro-commissioning study** to assess performance of the HVAC system

- Gateway Plaza

Commissioned and deployed the **real-time monitoring system** for electricity consumption

- Sandhill Plaza

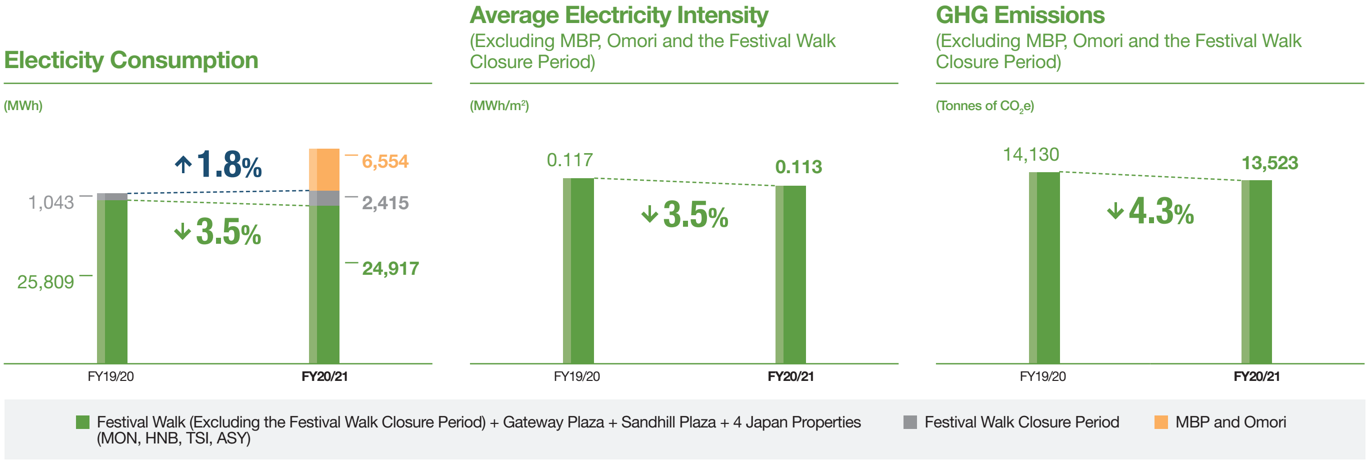
Supported the World Wildlife Fund's annual **Earth Hour** by switching off façade lighting for an hour

- Festival Walk
- Gateway Plaza
- Sandhill Plaza

SUSTAINABILITY REPORT

Performance

In FY20/21, Festival Walk, Gateway Plaza, Sandhill Plaza and the six Japan properties consumed[1] 33,886 MWh of electricity. Excluding consumption from MBP, Omori and the Festival Walk Closure Period (like-for-like basis), the average electricity intensity[2] across the seven properties[3] was 0.113 MWh/m^2, a 3.5% improvement from FY19/20 performance. Excluding GHG emissions during the Festival Walk Closure Period and consumption from MBP and Omori, GHG emissions was 13,523 tCO$_2$e, a 4.3% decrease from the corresponding period in FY19/20.



1.8% increase

in total electricity consumption (excluding MBP and Omori) due to:

- Lower consumption during the Festival Walk Closure Period during FY19/20 (low base effect)
- Running of the fresh air handling units for 24 hours (for certain months) to improve indoor air quality at Gateway Plaza in line with the local authorities' directive in view of COVID-19
- Higher cooling demand at MON amid the higher average occupancy during FY20/21 as compared to FY19/20
- Partially offset by the lower cooling demand from air conditioning as a result of lower footfall at Festival Walk mall in FY20/21

3.5% decrease

in average electricity intensity on a like-for-like basis (i.e. excluding the Festival Walk Closure Period, MBP and Omori) due to:

- Reduced cooling demand as a result of lower footfall at Festival Walk mall
- Partially offset by:
  - Running of the fresh air handling unit for 24 hours (for certain months) to improve air circulation at Gateway Plaza in line with the local authorities' directive in view of COVID-19
  - Higher cooling demand at MON amid the higher average occupancy during FY20/21 as compared to FY19/20

Highlight

Retro-commissioning Study at Gateway Plaza

As at end March 2021, the retro-commissioning study was in the final stage of completion. Due to the resurgence of COVID-19 during certain periods of the year and in line with local government directives, the HVAC system at Gateway Plaza operated at lower than normal capacity levels. As such, the retro-commissioning study was put on hold as any data collected during those periods would not be meaningful. Based on data collected so far, certain components and software of the HVAC system can be optimised. Upon completion of the upgrading works, to be carried out over three years from FY21/22 to FY23/24, energy efficiency is expected to be improved by 5% to 10%.

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[1] Only purchased electricity has been included in this report.

[2] Electricity intensity calculated relative to GFA, limited to common areas. The GFA for Festival Walk in this SR includes areas (such as for plant rooms) that are exempted in the GFA calculation under Hong Kong SAR's building regulations.

[3] This figure excludes the Festival Walk Closure Period in FY19/20 and also the corresponding period in FY20/21. Electricity consumption is tabulated on a monthly basis. Daily consumption figures from 13 to 30 November 2019 and 1 to 15 January 2020 are estimated based on December 2019's monthly consumption.

MNACT obtained two green loan facilities[1]
amounting to **S$207.3 million** in FY20/21,
increasing total sustainable financing secured to S$415.3 million
as at 31 March 2021.

Initiatives in FY20/21 (as reported in FY19/20 Annual Report)		**Progress in FY20/21** ✓ Completed → In progress ☒ Not carried out	
FESTIVAL WALK	Conducted feasibility study on replacement/retrofit of ice rink chillers by using more environmentally friendly refrigerant	✓	
	Conduct feasibility study on downsizing the capacity of a 1,600 RT chiller for optimal chiller plant operation efficiency	☒	Postponed due to COVID-19 social distancing restrictions as data collection would not be meaningful given the lower footfall at the mall
	Installed solar panels on the rooftop of the mall	✓	
	Overhauled two cooling towers	✓	
	Replaced existing Fan Coil Units ("FCU") with variable-speed drive FCUs	✓	
GATEWAY PLAZA	Implemented the retro-commissioning study to collect data for a year to assess the energy performance of the HVAC system	→	Retro-commissioning study is due to complete in early FY21/22
JAPAN PROPERTIES	Installed energy-efficient LED lighting at the common areas of HNB and TSI	✓	

Looking Ahead FY21/22

In addition to the existing initiatives for FY20/21, the following energy-saving initiatives are planned for the forthcoming year, subject to the COVID-19 situation:

FESTIVAL WALK	• Replacement/retrofit of ice rink chillers by using more environmentally friendly refrigerant • Engage consultants to conduct retro-commissioning study of the air-conditioning and ventilation systems and equipment, ahead of the BEAM Plus re-certification process • Overhaul one to two cooling towers • Enhance existing IT infrastructure and implement 5G network. These will form the backbone for implementing IoT based building solutions in subsequent years to improve energy efficiency and enhance thermal comfort
GATEWAY PLAZA AND SANDHILL PLAZA	• Gateway Plaza: Upgrade the HVAC system progressively over three years to improve energy efficiency and thermal comfort, based on findings from the retro-commissioning study • Gateway Plaza: Explore the use of smart sensors to optimise control functions of the Building Management System and Energy Management System (such as lighting, humidity and temperature) • Sandhill Plaza: Explore the replacement of the existing HVAC system, which is powered partially on gas, to a more environmentally friendly electric-powered HVAC system
JAPAN PROPERTIES	• Install LED lights for common areas at Omori

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[1] The green loan facilities relate to Festival Walk, which has been certified a Final Platinium rating under Hong Kong Green Building Council's BEAM Plus - Existing Buildings V1.2.

A GREENER ENVIRONMENT

Water

[GRI 102-48, 103-1, 103-2, 103-3, 303-1, 303-2, 303-3]

The Manager and the Property Manager are conscious of the importance of responsible water usage within MNACT's properties given rising concerns of water scarcity. Wherever possible, we work with our tenants to reduce water consumption and use recycled water.

Our Targets

FY20/21	Performance*	FY21/22 Target
• Maintain or improve water intensity by up to 1% of FY19/20 baseline, assuming the same number of assets (not including Omori and MBP) and excluding the Festival Walk Closure Period	✓	• Maintain or improve water intensity by up to 1% of FY19/20 baseline, assuming the same number of assets (not including Omori and MBP) and excluding the Festival Walk Closure Period

*Note: Performance may not be reflective due to the reduced level of activities within our properties as a result of the COVID-19 situation

Highlights During the Year

Installed water flow controllers to existing taps at the office block

- Festival Walk

Installed **automatic sensors** to toilet bowls

- TSI

Commenced progressive replacement of air-conditioning pipes to **reduce water leakage**

- Gateway Plaza

Commissioned and deployed **real-time monitoring system** for water consumption

- Sandhill Plaza

Installed water tanks **to collect more recycled water** for washing basement flooring and basement bilge well flushing

- Sandhill Plaza

Scope

Please refer to the scope on page 105 of this SR.

Most of the water withdrawal and discharge at our assets are centrally handled by the local municipal water utilities in Hong Kong SAR, China, and Japan. Sources of water withdrawal at our properties include mainly surface water (Festival Walk, Gateway Plaza, Sandhill Plaza, and the Japan Properties), underground water (Gateway Plaza and Sandhill Plaza) and recycled water (Festival Walk and Sandhill Plaza). Other sources of water at Festival Walk include seawater from the municipality, reclaimed water from the sprinkler system and leftover water from cooling towers, which are used for toilet flushing. At Sandhill Plaza, recycled water is used for washing flooring and basement bilge well flushing.

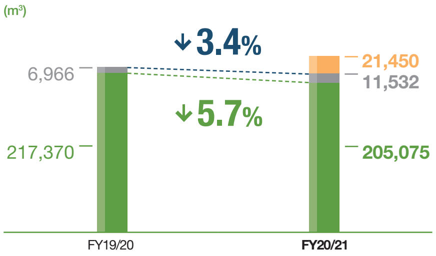
Water-related Impacts

Water is discharged directly through municipal water facilities across our properties. At Festival Walk, we continuously work with our tenants to monitor the discharged wastewater to meet statutory requirements. At other properties, the local government will do sampling tests to validate the effluent quality. Additionally, at Festival Walk, we are working on engaging consultants to help identify opportunities to improve water efficiency, in preparation for the BEAM Plus re-certification, along with other environmental parameters. As part of our commitment to enhance water stewardship, water-saving messages are placed in the washrooms and offices within some of our properties to remind tenants to conserve water.

Performance[1]

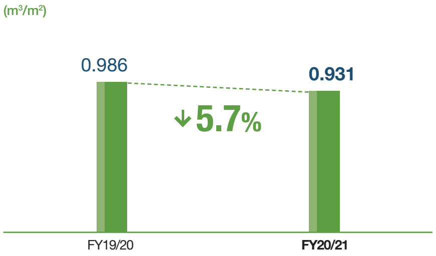
Festival Walk, Gateway Plaza, Sandhill Plaza and the six Japan properties consumed 238,057 m^3 of water during FY20/21. Average water intensity[2,3], excluding the Festival Walk Closure Period and consumption from MBP and Omori, declined 5.7% from the same period in FY19/20 to 0.931 m^3/m^2. The total recycled water[3] from Festival Walk and Sandhill Plaza, excluding the Festival Walk Closure Period, increased 7.1% from 7,545 m^3 to 8,078 m^3. This is due to the increase in cooling tower water consumed to maintain the condensing water quality at Festival Walk.

Water Consumption



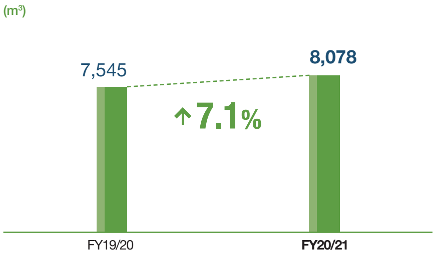
Average Water Intensity

(Excluding MBP, Omori and the Festival Walk Closure Period)



Water Recycled

(Excluding MBP, Omori and the Festival Walk Closure Period)



🟩 Festival Walk (Excluding the Festival Walk Closure Period) + Gateway Plaza + Sandhill Plaza + 4 Japan Properties (MON, HNB, TSI, ASY) ⬛ Festival Walk Closure Period 🟧 MBP and Omori

3.4% decrease

in total water consumption (excluding MBP and Omori) due to:

- Lower water usage as a result of lower footfall at Festival Walk mall
- Less water consumed at Gateway Plaza due to fewer tenants back in office, especially during months where the COVID-19 cases in Beijing were higher
- Partially mitigated by less water used during the Festival Walk Closure Period in FY19/20

5.7% decrease

in average water intensity on a like-for-like basis (i.e. excluding the Festival Walk Closure Period, MBP and Omori) due to:

- Lower water usage as a result of lower footfall at Festival Walk mall
- Less water consumed at Gateway Plaza due to fewer tenants back in office, especially during months where the COVID-19 cases in Beijing were higher
- Partially offset by higher water usage at MON amid the higher average occupancy during the year and more water consumed by the air-conditioning system at Sandhill Plaza due to the hotter weather

Initiatives in FY20/21 (as reported in FY19/20 Annual Report)		Progress in FY20/21 ☑ Completed ➔ In progress	
FESTIVAL WALK	Installed water flow controllers certified under the Hong Kong SAR Government's Voluntary Water Efficiency Labelling Scheme ("WELS") to the water taps at the office block	☑	
	Continued to use bleed-off water from cooling towers for toilet flushing	☑	Ongoing throughout the year
	Continued to reclaim water from the sprinkler system back to the sprinkler water tank	☑	Ongoing throughout the year
GATEWAY PLAZA	Progressively replaced air-conditioning pipes to reduce water leakage and the project is expected to be completed by end FY22/23	➔	Phase 1 replacement completed; works in progress
SANDHILL PLAZA	Installed more electronic sensors in the critical plant room and equipment rooms for all floors at the high-rise tower block to detect water leakages	☑	
	Installed two tanks at the basement to collect more recycled water for washing basement flooring and basement bilge well flushing	☑	
	Commissioned and deployed real-time monitoring system for water consumption	☑	
JAPAN PROPERTIES	Replaced old toilet bowls with new ones that include automatic sensors at TSI	☑	

[1] Water consumption and average water intensity data for FY19/20 for Gateway Plaza have been restated to more accurately represent water consumption in the common areas. Water consumption and average water intensity figures for FY19/20, as reported in MNACT's Annual Report FY19/20, included water consumption data from certain tenants.

[2] Water intensity is calculated relative to GFA, limited to common areas. The GFA for Festival Walk in this SR includes areas (such as for plant rooms) that are exempted in the GFA calculation under Hong Kong SAR's building regulations.

[3] This figure excludes the Festival Walk Closure Period in FY19/20 and also the corresponding period in FY20/21. Water consumption is tabulated on a monthly basis. Daily consumption figures from 13 to 30 November 2019 and 1 to 15 January 2020 are estimated based on December 2019's monthly consumption.

Looking Ahead FY21/22

The following water-saving initiatives are planned for the forthcoming year, subject to the COVID-19 situation:

FESTIVAL WALK	• Continue to use bleed-off water from cooling towers for toilet flushing • Continue to reclaim water from the sprinkler system back to the sprinkler water tank, conserving water usage
GATEWAY PLAZA	• Continue to replace air-conditioning pipes to reduce water leakage

A GREENER ENVIRONMENT

Waste Management

[GRI 102-48, 103-1, 103-2, 103-3, 306-1, 306-2, 306-3, 306-4]

> Waste management is a growing concern around the world given increasing consumption levels and limited space for landfills. Although waste has not been identified as a material factor of MNACT, the Manager and the Property Manager actively seek to minimise waste and encourage the sustainable use of resources.

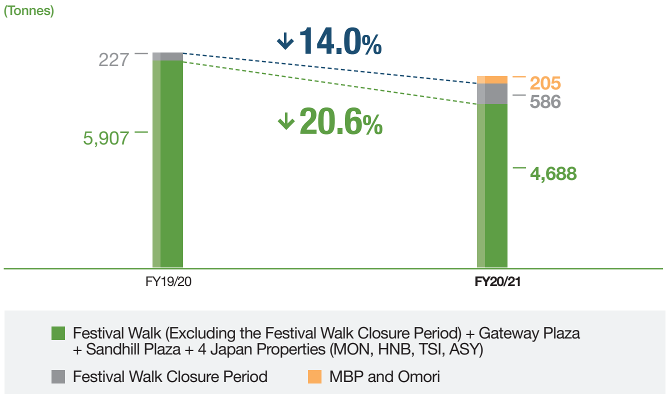
The bulk of our waste is generated by our tenants. The Manager and the Property Manager work closely with tenants and other organisations to effectively implement waste minimisation and recycling initiatives. For example, at Festival Walk, the Property Manager is tackling plastic waste through the use of oxo-biodegradable plastic rubbish bin bags and degradable plastic products in daily operations. In line with the Beijing government's newly introduced guidelines in May 2020 for mandatory waste segregation, bins for recyclable waste, food waste and other general waste were added to all floors. At Sandhill Plaza, two additional waste compost bins were placed, collecting a total of 400kg of food waste for recycling during the year.

Across our properties, waste disposal and recycling bins are provided at most common areas. General waste[1] are disposed by incineration, recycling or landfill while any chemical waste generated by our operation and tenants (such as disused lubrication oil, paint and paint thinner) is sent to licensed waste collectors according to the strict regulations of the markets we operate in. For non-hazardous waste, they are collected by appointed contractors in Hong Kong SAR, China and Japan for further recycling or treatment.

Performance

Total waste collected for Festival Walk, Gateway Plaza, Sandhill Plaza and the six Japan properties was 5,479 tonnes in FY20/21.

Waste Collected[2]



14.0% decrease

in total waste collected (excluding MBP and Omori) due to:

- Lower footfall at Festival Walk mall
- Fewer tenants back in office in view of COVID-19
- Partially offset by less waste collected during the Festival Walk Closure Period during FY19/20

20.6% decrease

in total waste collected on a like-for-like basis (i.e. excluding the Festival Walk Closure Period[3], MBP and Omori) due to:

- Lower footfall at Festival Walk mall
- Less construction waste collected at Sandhill Plaza as compared to FY19/20
- Partially offset by more waste collected at Gateway Plaza due to a new implemented regulation that require the landlord to collect and dispose more waste types such as furniture and exhibition display panels

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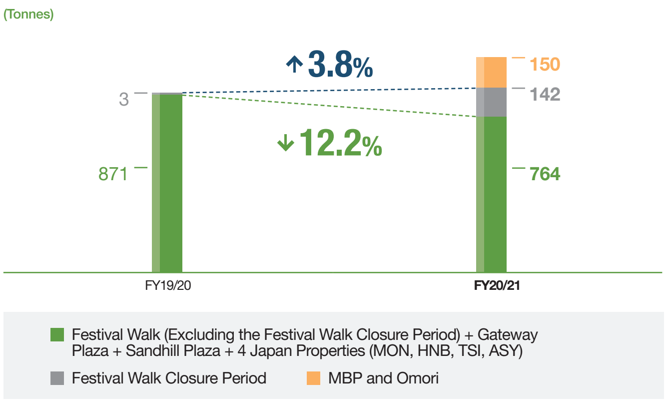
[1] This includes general waste such as paper, cardboard, aluminium cans, plastics as well as hazardous waste such as chemical waste.

[2] Waste collected for FY19/20 for Gateway Plaza have been restated to more accurately include a wider range of waste collected, in line with Beijing's new guidelines, introduced in May 2020, for mandatory waste segregation. Additionally, waste collected for FY19/20 for the Japan Properties have been restated to more accurately include a wider range of waste collected.

[3] Waste collected figures are tabulated on a monthly basis. Daily waste collected figures from 13 to 30 November 2019 and 1 to 15 January 2020 are estimated based on December 2019's monthly waste collected figures.

Waste Recycled



3.8% increase

in total waste recycled (excluding MBP and Omori) due to:

- Less waste recycled during the Festival Walk Closure Period in FY19/20 (low base effect)
- Partially offset by lower footfall at Festival Walk mall and fewer tenants back in office in view of COVID-19

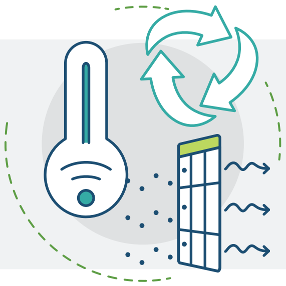
12.2% decrease

in total waste recycled on a like-for-like basis (i.e. excluding the Festival Walk Closure Period[1], MBP and Omori) due to:

- Lower footfall at Festival Walk mall
- Fewer tenants back in office in view of COVID-19

A GREENER ENVIRONMENT

Indoor Air Quality



> The importance of good indoor air quality and ventilation has been heightened in public health emergencies such as the ongoing pandemic. Providing quality indoor air is essential to ensuring the well-being, health, safety and comfort of our stakeholders.

The Manager and the Property Manager continue to monitor and maintain high air quality standards within our properties. Measures adopted across our properties include regular cleaning of air-filters in air-conditioning systems, air quality monitoring and testing, longer run times of ventilation systems and exhaust fans and continually exploring advanced air filtration technologies.

Highlights During the Year

Rooftop cladding replaced with **aluminium louvres to improve ventilation**

- Sandhill Plaza

Upgraded filters for **Air Handling Units ("AHU")** to minimum efficiency reporting value ("MERV") 13 filters[2]

- Festival Walk

Looking Ahead FY21/22

- Replacement of exhaust system at Sandhill Plaza's toilets
- Preliminary study on the use of catalytic air cleaning system at Festival Walk
- Explore upgrading to liquid de-humidification system to improve filtering of contaminants at Sandhill Plaza, Gateway Plaza and Festival Walk
- Explore use of MERV 13 filters for AHUs at MBP
- Explore use of portable air cleaners at smaller Japan Properties

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[1] Waste recycled figures are tabulated on a monthly basis. Daily waste recycled figures from 13 to 30 November 2019 and 1 to 15 January 2020 are estimated based on December 2019's monthly waste recycled figures.

[2] A minimum recommended standard by the American Society of Heating and Air-Conditioning Engineers ("ASHAE") for air filters to capture airborne viruses.

ENGAGING PEOPLE AND COMMUNITIES

Health and Safety

[GRI 103-1, 103-2, 103-3, 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-9, 416-2]

Providing a healthy and safe environment for our stakeholders is a key priority of the Manager and the Property Manager. We adopt a robust approach to health and safety management, by proactively mitigating safety hazards and enforcing strict safety controls. We also ensure strict adherence to the local safety laws and regulations in each of our geographic markets.

Our Targets

FY20/21	Performance	FY21/22 Targets
• Zero incidences resulting in employee permanent disability or fatality	☑	• Same as FY20/21

Highlights During the Year

Technological solutions to enhance COVID-19 safety measures

such as autonomous disinfection-cleaning robots at high-traffic floors after operating hours, and UV disinfection devices at high touchpoint areas

- Festival Walk

15 Safety Drills

(including flood prevention, fire, power failure and emergency drill) involving frontline staff and tenants

- Festival Walk
- Gateway Plaza
- Sandhill Plaza
- Japan Properties

Contactless temperature screening stations

- Festival Walk (office)
- Gateway Plaza
- Sandhill Plaza
- MBP
- The Pinnacle Gangnam

Safety Management Committee

continued to oversee health and safety practices

- Festival Walk

Work-from-home or split-work arrangements

for employees according to local government directives for COVID-19

Automated External Defibrillator ("AED")

course participated by all staff and tenants

- Omori

Health and Safety Courses and Trainings

Scope

Health and safety data pertain to employees of the Manager and the Property Manager.

Group-wide Policies of the Mapletree Group

- Safety and Health Policy

Safety Culture and Mindset

Our Group-wide health and safety policy guides all employees on safe work practices. Reported incidents are thoroughly investigated by the Manager and the Property Manager according to the standard operating procedures, with follow-up actions implemented.

These requirements extend to all our third party service providers, who are required to acknowledge and abide by our requirements on health and safety prior to engagement, as well as tenants, who are required to adhere to the properties' standard fit-out and operation guidelines. The guidelines include health and safety requirements, and participation in fire drills conducted at the properties.

Safety Monitoring

We ensure strict compliance with the safety-related legislation in the respective markets we operate in. Systems and mechanical and electrical equipment such as lifts, escalators, lifting mechanisms and fire service installations are well maintained, regularly examined and issued with up-to-date permits and certificates. Slips, trips and falls are also regularly monitored and managed. At Festival Walk, a dedicated safety committee comprising heads of departments and staff members meets quarterly to review safety practices ranging from daily operations to managing projects and marketing and promotion events held at the property.

Competence and Training

To ensure employees stay updated and are sufficiently equipped on identifying and handling potential workplace hazards and incidents, health and safety trainings are organised regularly. In FY20/21, topics covered include safety training for working at heights, firefighting, manual lifting, gondola safety for employees and AED handling for both employees and tenants. New contractors are also required to attend safety briefings or trainings prior to the commencement of their work.

Security and Emergency Preparedness

In providing high-quality spaces, the Manager and the Property Manager also ensure that assets are safe and secure. There are various security measures in place including visitor registration, card access system, and closed-circuit television. To further enhance security, a turnstile security system for the office lobby at Festival Walk will be implemented, together with a lift card access control system for the service lifts.

Evacuation drills continue to be held at least once a year across all properties to maintain a high level of preparedness and enhance employees' response to emergency. In FY20/21, these included a fire drill and flood drill at Festival Walk, a fire drill at Sandhill Plaza and fire drills across the Japan Properties. Targeted drills such as flood prevention and control, and an emergency drill at the carpark to handle fire and traffic accidents were also conducted at Gateway Plaza to facilitate preparedness and faster response. Depending on COVID-19 restrictive measures, these drills were attended by employees and tenants where appropriate.

Protecting Health and Safety of All Stakeholders Amidst COVID-19

Precautionary measures against COVID-19 are progressively strengthened in order to protect our employees, tenants, shoppers and visitors. Regulations and rules pertaining to COVID-19 were adhered stringently in all the markets we operate in.

Precautionary measures continue to be in place across our properties. These include but are not limited to:

- Frequent cleaning and disinfection of common areas (e.g. doors, lift buttons, escalator handrails)
- Increased cleaning frequency/replacement of air filters
- Antimicrobial layers applied on high touch surfaces at Festival Walk mall
- Autonomous cleaning and disinfection by robotic scrubbers and installation of UV-C lamp on the robotic scrubbers for floor disinfection at Festival Walk mall
- UV sterilisers on handrails of escalators located at high traffic areas within Festival Walk mall
- Communication to tenants on COVID-19 developments, as well as reminders to monitor the health of their employees and to promptly notify the Property Manager of suspected or confirmed cases
- Designated temporary isolation rooms, where suspected infected person would be isolated before the ambulance arrives to take the person to the hospital
- Temperature screening at the entrances of Festival Walk office tower, Gateway Plaza, Sandhill Plaza and The Pinnacle Gangnam
- Split-team work arrangements for employees[1]

UV sterilisers in use on escalator handrails at Festival Walk mall.

Robotic scrubbers at work at Festival Walk mall.

Non-contact temperature screening at Gateway Plaza and The Pinnacle Gangnam.

Performance

In FY20/21, the Manager and the Property Manager maintained a record of zero incidents resulting in employee permanent disability and fatality and high-consequence injuries[2]. However, Festival Walk had four work-related injuries associated with slip, trip and falls and an employee who was scalded by hot water in the office pantry. These incidents resulted in a rate of recordable work-related injury of 8.62 per million man-hours worked for FY20/21. In response to these incidents, we have disseminated reminders to employees to increase vigilance at the workplace.

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[1] Employees at Hong Kong SAR, Japan and Singapore were on split-team work arrangements as at 31 March 2021. For employees in Beijing, Shanghai and Seoul, they have returned to their offices as at 31 March 2021.

[2] High-consequence work-related injury refers to an injury that results in a fatality or from which the worker cannot, does not, or is not expected to recover fully to pre-injury health status within six months.

SUSTAINABILITY REPORT

ENGAGING PEOPLE AND COMMUNITIES

Employment and Talent Retention

[GRI 102-7, 102-8, 103-1, 103-2, 103-3, 401-1, 404-2, 404-3]

MNACT's growth and success are determined by the Manager's employees. The Manager seeks to provide a caring and enabling environment for employees to excel in, while empowering our people to realise their full potential through learning and development opportunities and promoting well-being.

Our Targets

FY20/21	Performance	FY21/22 Targets
• Continue to commit to fair employment practices by ensuring that we adopt best practices in our hiring process and offer equal opportunity to all potential candidates	☑	• Same as FY20/21
• Maintain a diverse and relevant learning and professional development programme	☑	• Same as FY20/21 • Organise wellness activities to encourage healthy lifestyle New

Scope

Employee data relate to those of the Manager and Property Manager.

Group-wide Policies of the Mapletree Group

- Code of Conduct
- Compensation and Benefits
- Learning and Development
- Performance Management
- Resourcing and Employment
- Safety and Health
- Talent Management
- Overseas Business Travel and International Assignment

Highlights During the Year

Talent development through courses covering functional and technical areas

COVID-19 subsidy provided to employees to defray additional expenses while working remotely

Regular employee wellness activities organised during FY20/21

220 training and development programmes participated in FY20/21

94% of the employees of the Manager and the Property Manager participated in **Employee Engagement Survey 2021**

Employee communication sessions held during FY20/21

100% of the employees received **performance and career development reviews** during FY20/21

Our People

At the end of FY20/21, the employee headcount[1] of the Manager and the Property Manager was 260, comprising full-time and permanent staff based in Hong Kong SAR, Beijing, Shanghai and Singapore.

Percentage Breakdown of Employees by Location

	End FY19/20 (%)	End FY20/21 (%)
China	7	**7**
Hong Kong SAR	87	**86**
Singapore	6	**7**

Percentage Breakdown of Employees by Gender and Age Group

	End FY19/20 (%)		End FY20/21 (%)	
Age Group	Male	Female	Male	Female
< 30 years old	10	28	**9**	**25**
30 - 50 years old	51	60	**51**	**60**
> 50 years old	39	12	**40**	**15**

Percentage Breakdown of Employees by Gender

(End March 2020)

Female	46%	Male	54%

(End March 2021)

Female	**47%**	Male	**53%**

	FY19/20	FY20/21
Average New Hire Rate[2]	1.8	**1.3**
Average Turnover Rate[3]	1.6	**0.9**

Approach

The Manager and the Property Manager are guided by the Mapletree Group's strategies, policies and initiatives on human capital which are aimed at attracting, developing and motivating employees. We emphasise on equal opportunity and non-discriminatory work practices and promote a culture of continuous learning and development, while providing a positive work environment. We also ensure we are in strict compliance with the local labour laws of the respective markets that we operate in. The Employee Handbook, alongside Mapletree Group's Code of Conduct, serves to guide general conduct and discipline to foster a conducive work environment. The Employee Handbook also contains information on the general terms and conditions of employment, compensation and benefits, learning and development, and health and safety policies. Employees receive competitive remuneration packages, and are entitled to medical and insurance benefits, flexible benefits and a self-development scheme.

Talent Development and Management

Investing in our talent is crucial to building a future-ready workforce and key to the long-term success of our business. The Manager provides career growth and personal development opportunities to employees through the Mapletree Group's Learning and Development programme. Talent acquisition and development programmes include the Mapletree Associate Programme, Mapletree Executive Programme, Mapletree Internship Programme and the Leadership & People Management Excellence Programme. To help new hires assimilate to the Mapletree Group's operations, they are also given the opportunity to undergo the Mapletree Immersion Programme.

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[1] The Manager's headcount does not include employees managing the Japan Properties and The Pinnacle Gangnam. The Japan Properties are managed by the local management team from MIJ, an indirect wholly-owned subsidiary of the Sponsor. The Pinnacle Gangnam is managed by IGIS Asset Management Co., Ltd., a licensed asset management company in South Korea. The headcount also does not include third party service providers engaged to perform certain property management services.

[2] Average new hire rate refers to the average of the monthly hire rates during FY19/20 and FY20/21. The monthly hire rate is the ratio between the number of new employee hires for the month and the total number of employees of the Manager and the Property Manager as at the end of the respective months.

[3] Average turnover rate refers to the average of the monthly turnover rates during FY19/20 and FY20/21. The monthly turnover rate is the ratio between the number of employees who left the Manager and the Property Manager during the month and the total number of employees of the Manager and the Property Manager as at the end of the respective months.

During the year, our Sponsor stepped up learning and development opportunities through enhancing access for all employees of Mapletree to more e-learning resources such as introducing GlobeSmart Cultural Learning, an online learning platform for employees to access information and obtain advice on effective cross-cultural collaboration, as well as LinkedIn Learning, which comprises a digital library of over 16,000 courses covering a wide range of topics.

We also continue to offer a broad range of training programmes across management, functional and technical areas. In view of COVID-19, these were conducted virtually to continue to equip employees with the right skillsets and knowledge. As part of compliance with the requirements set by the MAS, designated staff who are Capital Markets Services ("CMS") Licence holders also attended specific training courses. More than 130 employees of the Manager and the Property Manager participated in a total of 220 different training programmes in FY20/21.

We continue to practise an open appraisal system for all employees of the Manager and the Property Manager and reward based on merit. Employees are assessed against a core competencies framework and given feedback on their performance based on targets in four key areas: domain knowledge, business networks and innovation, collaboration and communications and operational excellence. High performers are also identified and provided with further training to enhance their career progression. In FY20/21, 100% of employees underwent a performance review.

Employee Engagement

Employee engagement has become even more important as the pandemic has resulted in widespread uncertainty and new ways of working that potentially increase stress levels among employees. As a gesture of support to our employees during these trying times, we have provided a one-off COVID-19 subsidy of S$500 or equivalent to all employees worldwide in November 2020.

Continual and regular engagement with our employees allows the Manager to better understand their needs and maintain a highly motivated and productive workforce. In a virtual townhall session held for employees of the Manager and the Property Manager in November 2020, the Manager's senior management shared the achievements and goals of MNACT.

List of Training Programmes Attended by Employees of the Manager and Property Manager in FY20/21

Training Categories	Number of Programmes	Total Number of Participants[1]	Examples of Programmes
Finance and Information Technology	76	404	• Budgeting and Finance • IoT Foundation • IT Security Awareness
Personal Effectiveness, Leadership Development, and other Human Resource Related	67	147	• Building High-Performance Teams • Leadership Foundations • Strategic Thinking
Real Estate and Property Related	43	114	• Real Estate Market Update Talks • Sustainable Real Estate – Trends in Asia and Beyond • Getting the Workplace of the Future Right
Others	34	82	• Mandatory Basic Safety trainings • Crisis Communications Workshop for staff at Festival Walk • Anti-money Laundering and Countering Financing of Terrorism • Other ESG-related courses • Language trainings

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[1] The total number of participants for each training category is the sum of participants for each training programme. Some employees could have taken part in more than one training programme in the same training category.

Virtual townhall session involving the employees of the Manager and the Property Manager.

Employee Wellness

With the impact of COVID-19, we have increased our emphasis on the physical and mental well-being of our employees, organising virtual workout classes and wellness talks for Mapletree employees based in Singapore to encourage our employees to remain active even when working from home. For example, the Sponsor introduced workshops on a range of topics such as Beating Burnout, Ergonomics and Nutrition as well as regular mass virtual workouts including zumba sessions and high-intensity interval training for our employees to join from the comfort of their homes and bond together. In Shanghai, there were also health talks and workout sessions conducted at the office when the COVID-19 situation eased.

Furthermore, the Mapletree Recreation Club in Singapore continued to organise activities to strengthen cohesion and wellness of employees through distribution of health snack packs to welcome employees back to the office when workplace restrictions eased, as well as welfare packs to kickstart the new year in 2021.

Employees from Shanghai participating in a workout session organised by the Sponsor.

Health treats distributed by the Mapletree Recreation Club in Singapore.

Employee Engagement Survey 2020

In August 2020, a Group-wide Employee Engagement Survey ("EES"), performed once every two to three years, was conducted. Survey findings were shared with the employees from the Manager and the Property Manager during the employee townhall session held during the year. Based on the survey feedback, strategic alignment, which involves the entire workforce understanding and supporting Mapletree Group's vision and goals, was an area of strength. Areas for enhancements include employee value proposition (which involves the set of monetary and non-monetary benefits provided by an organisation to its employees) as well as operational efficiency and collaboration. During the year, focus group sessions involving employees from the Manager and the Property Manager were formed to brainstorm for initiatives to improve these areas. The Manager will continue to work closely with the Sponsor to implement initiatives to address key concerns that employees may have.

94%
of the employees
from the Manager and the Property Manager participated in the survey

SUSTAINABILITY REPORT

ENGAGING PEOPLE AND COMMUNITIES

Local Communities

[GRI 103-1, 103-2, 103-3, 413-1]

The spirit of empowering lives and enriching local communities is one of the core philosophies of the Mapletree Group. The Manager and the Property Manager support initiatives that leave a positive impact on the community as we firmly believe that the growth of our communities should be achieved along with the long-term success of MNACT.

Our Targets

FY20/21	Performance	FY21/22 Target
• Six CSR events participated by the Manager's staff from Singapore, Hong Kong SAR, Beijing and/or Shanghai	☑	• Same as FY20/21

Scope

Information in this section pertains to all activities of the Manager and the Property Manager.

Group-wide Policies of the Mapletree Group

- Mapletree Group's Shaping and Sharing Programme

Highlights During the Year

7

CSR events

across Singapore, Hong Kong SAR and Shanghai

5

Venue sponsorships and waivers

of advertising fees

- Festival Walk

The Mapletree Group's Shaping and Sharing Programme guides our approach to giving back to the community. The CSR framework focuses on four key pillars – the arts, education, environment and healthcare. A dedicated CSR board committee at the Group-level provides strategic oversight over all CSR initiatives.

Employee Volunteerism and Venue Sponsorship

We continued to collaborate with non-profit and government organisations to promote various causes throughout the year, recognising that communities are in even greater need of assistance during these times. In line with the Mapletree Group's efforts to promote volunteerism, employees from Singapore, Shanghai and Hong Kong SAR participated in seven CSR events.

Employees of the Manager contributed to the Mapletree Community Sharing Fund, raising over $85,000. This was an initiative launched by the Sponsor to provide financial assistance to employees of tenants and service providers, who were working at the Sponsor's retail properties and were affected by the impact of COVID-19.

Employees from the Manager's Singapore office packed and distributed food bundles to

200 beneficiaries

from Fei Yue Seniors Activity Centre.

In addition to venue sponsorship, employees of Festival Walk also facilitated the smooth setup of an

exhibition by Project Orbis International and a blood donation drive by the Hong Kong Red Cross.

Another 210 care bundles,

which included food, masks and hand sanitisers, were packed and delivered door-to-door to beneficiaries from Thong Kheng Seniors Activity Centre in March 2021.

SUSTAINABILITY REPORT

At the Children's Health Hospital, Shanghai colleagues **installed shelves and tided the playrooms,** sprucing up the environment for the children.

In support of Charles K. Kao Foundation, Festival Walk's longstanding CSR partner, employees from Festival Walk **distributed masks** sponsored by the Mapletree Group to the foundation, raised **more than HK$2,600** for their Christmas charity donation box and broadcasted charity videos at the mall to promote the foundation's causes.

Promoting Accessibility

Providing good accessibility to our tenants and shoppers, the properties in MNACT's portfolio are located in close proximity to local transportation hubs and well-connected to metro and bus networks. Festival Walk, a shopping mall in the Kowloon Tong catchment area, is located atop the Kowloon Tong MTR station. Over the past 22 years, the mall has been serving the dining, shopping and lifestyle needs of the local community of different age groups. For the convenience of wheelchair users, the mall and the office premises are also equipped with disabled toilets and barrier-free access.

Repair works at Festival Walk, following the extensive damage incurred arising from the incidents in November 2019, continued during the year, although the progress was disrupted due to COVID-19 restrictions. Repairs for lifts, escalators and damaged skylight glass panels were fully completed while the remainder of the recovery works, involving the installation of permanent glass balustrades, office lobby glass walls and mall façade, will be progressively completed by FY21/22. Over the course of the repair works, the Property Manager will also continue to exercise precautions to safeguard the safety of the local community and shoppers, while minimising inconvenience and disruption to our stakeholders.

Tenant Engagement

The Manager and the Property Manager constantly strive to understand the needs, feedback and concerns of tenants better to improve service standards and build close relationships. Tenant surveys were conducted during the year at Gateway Plaza and Sandhill Plaza to gather feedback regarding facility management, building security and maintenance and the results indicated high levels of tenant satisfaction.

At Festival Walk, shoppers' surveys are conducted two to three times a year to provide information on when, where, why and how people shop and how these attitudes affect shopping habits. We also gather feedback from our shoppers through dedicated feedback channels to ensure their concerns and interests are addressed. These channels include customer service hotlines, information counters located at the mall as well as electronic feedback forms and social media channels.

Supporting Local Employment and Education

In support of fresh graduates who face difficulty in finding employment in Singapore amid the global pandemic, the Sponsor launched a 12-month work-study full-time programme, Mapletree Traineeship ("M-TRAIN"). Fully funded by the Sponsor, trainees were attached to various departments within the Mapletree Group and had the opportunity to gain practical and hands-on experience while acquiring real-estate related knowledge from the Singapore Management University ("SMU").

Within the Mapletree Group, we continue to recognise the academic excellence and achievements of our employees' children through the Mapletree Education Award ("EduAward"). In FY20/21, a total of 135 children of Singapore-based employees, including employees of the Manager, received S$33,700 worth of awards.

RESPONSIBLE BUSINESS PRACTICES

Anti-corruption and Compliance With Laws and Regulations

[GRI 103-1, 103-2, 103-3, 205-3, 307-1, 417-3, 419-1]

> The Manager acknowledges the importance of safeguarding the interests of our stakeholders, while protecting our brand and reputation to ensure long term sustainability of our business. We maintain high levels of corporate governance and business conduct, in line with our firm belief in strong accountability and integrity.

Our Targets

FY20/21	Performance	FY21/22 Targets
• Maintain zero confirmed incidences of corruption	✓	• Same as FY20/21
• Maintain compliance with all significant or material relevant laws and/or regulations	✓	

Zero
confirmed incidents
of corruption and significant breach to all significant or material relevant laws and regulations

LAW

Scope

Information in this section pertains to all activities of the Manager, Property Manager, MIJ and MMSJ

Group-wide Policies of the Mapletree Group

- Anti-corruption policy set out in the employee handbook
- Anti-Money Laundering Policy
- Code of Conduct
- Confidentiality of Information
- Contract Review
- Gifts Policy
- Personal Data Policy
- Securities Trading
- Enterprise Risk Management Framework
- Dealing in units of the Sponsor's REITs
- Whistleblowing Policy

The Mapletree Group adopts a zero-tolerance stance towards any unethical behaviour, fraud, bribery and corruption. Corporate governance policies and measures are in place to provide specific guidance on compliance with laws and regulations, anti-corruption practices and risk management, as well as to ensure that employees uphold ethical behaviour at all times in line with our corporate values. For more information on MNACT's corporate governance framework and practices, please refer to pages 79 to 96.

Employees are kept up-to-date on relevant developments or changes to the applicable laws and regulations. In February 2021, a course on anti-money laundering was held online for relevant employees in Singapore. Courses are also made available for the Board of Directors to equip them with the necessary skills in connection with their duties. Additionally, they are updated on any material changes to relevant laws, regulations and accounting standards through briefings by professionals or updates from the Manager.

The Manager ensures it is in strict compliance with all significant or material relevant laws and regulations in all the markets it operates in. These include rules under the Listing Manual of the SGX-ST, the Code on Collective Investment Schemes and the CMS Licence for REIT Management issued by the MAS and the Securities and Futures Act of Singapore. Any incidences of non-compliance relating to the environment, safety, security and marketing communication are carefully monitored and reported to the Manager. Strict disciplinary action, including termination, will be taken where an employee is found guilty of misconduct or incidents of non-compliance. These will be assessed by the Manager's CEO and the Group Chief Corporate Officer and Group General Counsel of the Sponsor for review and resolution.

In addition, the enterprise risk management framework, together with a system of prudent and effective controls, is in place to enable the assessment and management of financial, operational, information technology and compliance risks within MNACT. Please refer to the Risk Management section on pages 74 to 76 for further details.

GRI CONTENT INDEX

GRI Standards Disclosures		Reference Page(s) or Reasons for Omission
General Disclosures		
Organisational Profile		
102-1	Name of the organization	Corporate Profile; Inside Front Cover
102-2	Activities, brands, products, and services	Corporate Profile; Inside Front Cover
102-3	Location of headquarters	Corporate Profile; Inside Front Cover
102-4	Location of operations	Corporate Profile; Inside Front Cover
102-5	Ownership and legal form	Corporate Profile; Inside Front Cover
102-6	Markets served	Corporate Profile; Inside Front Cover
102-7	Scale of the organization	Corporate Profile; Inside Front Cover; Employment and Talent Retention, pages 114 - 117
102-8	Information on employees and other workers	Employment and Talent Retention, pages 114 - 117
102-9	Supply chain	Supply chain activities are minimal and not significant to MNACT's operations. Compliance with local government and legal requirements is required for appointed contractors and service providers. For engagements that are complex or entail high safety or financial risks, due diligence is carried out to ascertain their financial standing or track records.
102-10	Significant changes to the organization and its supply chain	N.A.
102-11	Precautionary principle or approach	The Manager's approach to sustainability considers the precautionary principle.
102-12	External initiatives	An energy initiative supported by Festival Walk is the "Charter on External Lighting".
102-13	Membership of associations	The Manager is a member of the REIT Association of Singapore ("REITAS"), which aims to promote Singapore's REIT industry, while Festival Walk is listed as a member of the Quality Tourism Services Association ("QTSA") under the Hong Kong Tourism Board, which promotes tourism in Hong Kong SAR.
Strategy		
102-14	Statement from senior decision-maker	Board Statement, pages 97 - 98
Ethic and Integrity		
102-16	Values, principles, standards, and norms of behaviour	Sustainability Approach, page 99 Corporate Profile; Inside Front Cover Strategy, pages 12 - 13
Governance		
102-18	Governance structure	Sustainability Approach, page 99
Stakeholder Engagement		
102-40	List of stakeholder groups	Stakeholder Engagement, pages 101 - 102
102-41	Collective bargaining agreements	No collective bargaining agreements are in place.
102-42	Identifying and selecting stakeholders	Stakeholder Engagement, pages 101 - 102
102-43	Approach to stakeholder engagement	Stakeholder Engagement, pages 101 - 102
102-44	Key topics and concerns raised	Stakeholder Engagement, pages 101 - 102
Reporting Practice		
102-45	Entities included in the consolidated financial statements	Financial Statements, pages 125 - 193
102-46	Defining report content and topic boundaries	About the Report, page 99 Materiality, page 100
102-47	List of material topics	Materiality, page 100
102-48	Restatement of information	Water, page 109; Waste Management, page 110
102-49	Changes in reporting	N.A.
102-50	Reporting period	About the Report, page 99
102-51	Date of most recent report	FY19/20
102-52	Reporting cycle	Annual
102-53	Contact point for questions regarding the report	About the Report, page 99
102-54	Claims of reporting in accordance with the GRI Standards	About the Report, page 99
102-55	GRI content index	GRI Content Index, pages 122 - 124
102-56	External assurance	About the Report, page 99

GRI Standards Disclosures		Reference Page(s) or Reasons for Omission
Topic-specific Standards and Disclosures Economic Performance 2016		
103-1	Explanation of the material topic and its boundary	Materiality, page 100 Economic Performance, page 104 Financial Review and Capital Management, pages 16 - 27 Financial Statements, pages 125 - 193
103-2	The management approach and its components	Economic Performance, page 104 Financial Review and Capital Management, pages 16 - 27
103-3	Evaluation of the management approach	Economic Performance, page 104 Financial Review and Capital Management, pages 16 - 27
201-1	Direct economic value generated and distributed	Financial Highlights, page 104 Financial Review and Capital Management, pages 16 - 27 Financial Statements, pages 125 - 193
Anti-corruption 2016		
Environmental Compliance 2016		
Socioeconomic Compliance 2016		
Marketing and Labeling 2016		
103-1	Explanation of the material topic and its boundary	Materiality, page 100 Anti-corruption and Compliance with Laws and Regulations, page 121
103-2	The management approach and its components	
103-3	Evaluation of the management approach	
205-3	Confirmed incidents of corruption and actions taken	
307-1	Non-compliance with environmental laws and regulations	
417-3	Non-compliance concerning marketing communications	
419-1	Non-compliance with laws and regulations in the social and economic area	
Energy 2016		
103-1	Explanation of the material topic and its boundary	Materiality, page 100 Energy, pages 105 - 107
103-2	The management approach and its components	Energy, pages 105 - 107
103-3	Evaluation of the management approach	
302-1	Energy consumption within the organisation	
302-3	Energy intensity	
Water and Effluents 2018		
103-1	Explanation of the material topic and its boundary	Materiality, page 100 Water, pages 108 - 110
103-2	The management approach and its components	Water, pages 108 - 110
103-3	Evaluation of the management approach	
303-1	Interactions with water as a shared resource	
303-2	Management of water discharge-related impacts	
303-3	Water withdrawal	
Waste Management 2020		
103-1	Explanation of the material topic and its boundary	Additional reporting factor
103-2	The management approach and its components	Waste Management, pages 110 - 111
103-3	Evaluation of the management approach	
306-1	Waste generation and significant waste-related impacts	
306-2	Management of significant waste-related impacts	
306-3	Waste generated	
306-4	Waste diverted from disposal	

GRI CONTENT INDEX

GRI Standards Disclosures		Reference Page(s) or Reasons for Omission
Occupational Health and Safety 2018		
103-1	Explanation of the material topic and its boundary	Materiality, page 100 Health and Safety, pages 112 - 113
103-2	The management approach and its components	Health and Safety, pages 112 - 113
103-3	Evaluation of the management approach	
403-1	Occupational health and safety management system	
403-2	Hazard identification, risk assessment and incident investigation	
403-3	Occupational Health Services	
403-4	Worker participation, consultation, and communication on occupational health and safety	
403-5	Worker training on Occupational Health and Safety	
403-6	Promotion of worker health	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	
403-9	Work-related injuries	
Employment 2016		
103-1	Explanation of the material topic and its boundary	Materiality, page 100 Employment and Talent Retention, pages 114 - 117
103-2	The management approach and its components	Employment and Talent Retention, pages 114 - 117
103-3	Evaluation of the management approach	Information on new hires and turnover by age/gender has not been disclosed as the new hire/turnover rate is not materially different from industry average.
401-1	New employee hires and employee turnover	
Training and Education 2016		
103-1	Explanation of the material topic and its boundary	Materiality, page 100 Employment and Talent Retention, pages 114 - 117
103-2	The management approach and its components	Employment and Talent Retention, pages 114 - 117
103-3	Evaluation of the management approach	
404-2	Programs for upgrading employee skills and transition assistance programs	
404-3	Percentage of employees receiving regular performance and career development reviews	
Local Communities 2016		
103-1	Explanation of the material topic and its boundary	Materiality, page 100 Local Communities, pages 118 - 120
103-2	The management approach and its components	Local Communities, pages 118 - 120
103-3	Evaluation of the management approach	
413-1	Operations with local community engagement, impact assessments, and development programs	
Customer Health and Safety 2016		
103-1	Explanation of the material topic and its boundary	Materiality, page 100 Health and Safety, pages 112 - 113
103-2	The management approach and its components	Health and Safety, pages 112 - 113
103-3	Evaluation of the management approach	
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	
GRI G4 Sector Disclosures: Construction and Real Estate		
CRE-8	Type and number of sustainability certification, rating and labelling schemes for new construction, management, occupation and redevelopment	Energy, page 105

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Distribution Statements 136
Statements of Movements in Unitholders' Funds 137
Consolidated Statement of Cash Flows 138
Portfolio Statement 140
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REPORT OF THE TRUSTEE

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

DBS Trustee Limited (the “Trustee”) is under a duty to take into custody and hold the assets of Mapletree North Asia Commercial Trust (“MNACT”) and its subsidiaries (the “Group”) in trust for the holders (“Unitholders”) of units in MNACT. In accordance with the Securities and Futures Act (Cap. 289), its subsidiary legislation and the Code on Collective Investment Schemes (“CCIS”) (collectively referred to as the “laws and regulations”), the Trustee shall monitor the activities of Mapletree North Asia Commercial Trust Management Ltd. (the “Manager”) for compliance with the limitations imposed on the investment and borrowing powers as set out in the trust deed dated 14 February 2013 (as amended) (the “Trust Deed”) between the Trustee and the Manager in each annual accounting period and report thereon to Unitholders in an annual report.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed MNACT and the Group during the financial year covered by these financial statements, set out on pages 133 to 193, in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

For and on behalf of the Trustee,
DBS Trustee Limited

Jane Lim
Director

Singapore,
18 May 2021

STATEMENT BY THE MANAGER

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

In the opinion of the Directors of Mapletree North Asia Commercial Trust Management Ltd., the accompanying financial statements of Mapletree North Asia Commercial Trust ("MNACT") and its subsidiaries (the "Group"), as set out on pages 133 to 193, comprising the Statements of Financial Position of MNACT and the Group, and Portfolio Statement of the Group as at 31 March 2021, the Statements of Profit and Loss, Statements of Comprehensive Income, Distribution Statements and Statements of Movements in Unitholders' Funds of MNACT and the Group, the Consolidated Statement of Cash Flows of the Group and Notes to the Financial Statements for the financial year then ended are drawn up so as to present fairly, in all material respects, the financial position of MNACT and of the Group as at 31 March 2021, the portfolio holdings of the Group as at 31 March 2021, and the financial performance, amount distributable and movements in Unitholders' funds of MNACT and of the Group and the consolidated cash flows of the Group for the financial year then ended in accordance with the Singapore Financial Reporting Standards (International) and the applicable requirements of the Code on Collective Investment Schemes relating to financial reporting. At the date of this statement, there are reasonable grounds to believe that MNACT and the Group will be able to meet its financial obligations as and when they materialise.

For and on behalf of the Manager,
Mapletree North Asia Commercial Trust Management Ltd.

Cindy Chow Pei Pei
Director

Singapore,
18 May 2021

INDEPENDENT AUDITOR’S REPORT TO THE UNITHOLDERS OF MAPLETREE NORTH ASIA COMMERCIAL TRUST

(CONSTITUTED UNDER A TRUST DEED IN THE REPUBLIC OF SINGAPORE)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our Opinion

In our opinion, the accompanying consolidated financial statements and Portfolio Statement of Mapletree North Asia Commercial Trust (“MNACT”) and its subsidiaries (the “Group”), and the Statement of Profit and Loss, Statement of Comprehensive Income, Statement of Financial Position, Distribution Statement and Statement of Movement in Unitholders’ Funds of MNACT are properly drawn up in accordance with the Singapore Financial Reporting Standards (International) (“SFRS(I)s”) and the applicable requirements of the Code on Collective Investment Schemes relating to financial reporting, so as to present fairly, in all material respects, the consolidated financial position of the Group, the financial position of MNACT and the consolidated portfolio holdings of the Group as at 31 March 2021, the consolidated financial performance of the Group and the financial performance of MNACT, the consolidated amount distributable of the Group and the amount distributable of MNACT, the consolidated movements in Unitholders’ funds of the Group and the movements in Unitholders’ funds of MNACT, and the consolidated cash flows of the Group for the financial year ended on that date.

What we have audited

The financial statements of MNACT and the Group comprise:
- the statements of profit and loss of MNACT and of the Group for the financial year ended 31 March 2021;
- the statements of comprehensive income of MNACT and of the Group for the financial year then ended;
- the statements of financial position of MNACT and of the Group as at 31 March 2021;
- the distribution statements of MNACT and of the Group for the financial year then ended;
- the statements of movements in Unitholders’ funds of MNACT and of the Group for the financial year then ended;
- the consolidated statement of cash flows of the Group for the financial year then ended;
- the portfolio statement of the Group as at 31 March 2021; and
- the notes to the financial statements, including a summary of significant accounting policies.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (“SSAs”). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (“ACRA Code”) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

Our Audit Approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the accompanying financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year ended 31 March 2021. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of investment properties *Refer to Note 13 (Investment Properties) to the financial statements.*	
As at 31 March 2021, the carrying value of the Group's investment properties of S$7.7 billion accounted for 95% of the Group's total assets. The valuation of the investment properties is a key audit matter due to the significant judgement in the key inputs used in the valuation techniques. These key inputs include capitalisation rates, discount rates and adjusted price per square metre and are dependent on the nature of each investment property and the prevailing market conditions. The key inputs used by the valuers as at 31 March 2021 are disclosed in Note 13 to the accompanying financial statements. Furthermore, the valuation reports obtained from independent property valuers for certain investment properties have highlighted the uncertainty of the Coronavirus Disease 2019 ("COVID-19") outbreak. Accordingly, the valuation of these investment properties may be subjected to more fluctuation subsequent to 31 March 2021 than during normal market conditions.	We involved our internal specialists in our audit procedures. Our audit procedures included the following: • assessed the competency, capabilities and objectivity of the external valuers engaged by the Group; • obtained an understanding of the techniques used by the external valuers in determining the valuations of individual investment properties; • discussed the critical assumptions made by the external valuers for the key inputs used in the valuation techniques; • tested the integrity of information on a sampling basis, including underlying lease and financial information provided to the external valuers; and • assessed the reasonableness of the capitalisation rates, discount rates and adjusted price per square metre by benchmarking these against prior year inputs and those of comparable properties based on information available as at 31 March 2021. We found the external valuers to be members of recognised bodies for professional valuers. We also found that the valuation techniques used were appropriate in the context of the Group's investment properties and the critical assumptions used for the key inputs were within the range of market data. We have also assessed the adequacy of the disclosures relating to the assumptions and the impact of COVID-19 on the valuation of investment properties, as we consider them as likely to be significant to users of the financial statements given the estimation uncertainty and sensitivity of the valuations.

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF MAPLETREE NORTH ASIA COMMERCIAL TRUST

(CONSTITUTED UNDER A TRUST DEED IN THE REPUBLIC OF SINGAPORE)

Other Information

The Manager is responsible for the other information. The other information comprises the "Report of the Trustee" and the "Statement by the Manager" (but does not include the financial statements and our auditor's report thereon) which we obtained prior to the date of this auditor's report, and other sections of MNACT's Annual Report ("Other Sections"), which are expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Other Sections, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

Responsibilities of the Manager for the Financial Statements

The Manager is responsible for the preparation and fair presentation of these financial statements in accordance with the SFRS(I)s and the applicable requirements of the Code on Collective Investment Schemes relating to financial reporting and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to terminate the Group or to cease the Group's operations, or has no realistic alternative but to do so.

The Manager's responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF MAPLETREE NORTH ASIA COMMERCIAL TRUST

(CONSTITUTED UNDER A TRUST DEED IN THE REPUBLIC OF SINGAPORE)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Manager with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Manager, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Alex Toh Wee Keong.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore,
18 May 2021

STATEMENTS OF PROFIT AND LOSS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

		Group		MNACT	
	Note	**2021 S$'000**	2020 S$'000	**2021 S$'000**	2020 S$'000
Gross revenue	3	**391,415**	354,478	**-**	-
Property operating expenses	4	**(99,375)**	(76,991)	**-**	-
Net property income		**292,040**	277,487	**-**	-
Other income					
Dividend income		**-**	-	**128,677**	142,137
Interest income		**2,050**	2,114	**67**	465
Other non-operating income - interim insurance proceeds[1]		**46,393**	-	**-**	-
Other gains					
Net foreign exchange gain		**1,525**	5,110	**453**	43
Expenses					
Manager's management fees					
- Base fee		**(21,591)**	(23,217)	**(15,847)**	(19,761)
- Performance fee		**-**	-	**-**	-
Trustee's fee		**(821)**	(787)	**(821)**	(787)
Other trust expenses	5	**(2,461)**	(2,112)	**(643)**	(248)
Finance costs	6	**(71,595)**	(74,901)	**-**	-
Share of profit of a joint venture	17	**3,428**	-	**-**	-
Profit before net change in fair value of investment properties and financial derivatives		**248,968**	183,694	**111,886**	121,849
Net change in fair value of investment properties	13	**(480,957)**	(17,906)	**-**	-
Net change in fair value of financial derivatives		**3,886**	(4,070)	**-**	-
(Loss)/profit before income tax		**(228,103)**	161,718	**111,886**	121,849
Income tax expenses	7(a)	**(36,459)**	(37,452)	**(12)**	(79)
(Loss)/profit for the financial year		**(264,562)**	124,266	**111,874**	121,770
(Loss)/profit attributable to:					
Unitholders		**(265,788)**	123,556	**111,874**	121,770
Non-controlling interests[2]		**1,226**	710	**-**	-
		(264,562)	124,266	**111,874**	121,770
Earnings per unit (cents)					
- Basic and diluted	8	**(7.857)**	3.862	**3.307**	3.806

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[1] Relates to the interim payments by the insurers, as partial payment on account of the estimated insurance claims for property damage and revenue loss due to business interruption at Festival Walk.

[2] Non-controlling interests refer to the 1.53% effective interest in the Japan Properties held by Mapletree Investments Japan Kabushiki Kaisha ("MIJ").

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

		Group		MNACT	
	Note	**2021 S$'000**	2020 S$'000	**2021 S$'000**	2020 S$'000
(Loss)/profit for the financial year		**(264,562)**	124,266	**111,874**	121,770
Other comprehensive income/(loss):					
Items that may be reclassified subsequently to profit or loss:					
Currency translation differences					
- (Loss)/gains		**(40,161)**	75,327	**-**	-
- Reclassification		**834**	(1,939)	**-**	-
- Share of a foreign joint venture		**(2,188)**	-	**-**	-
Cash flow hedges					
- Fair value changes, net of tax		**39,789**	(30,517)	**3,065**	(5,665)
- Reclassification		**(46,033)**	42,043	**821**	1,595
Other comprehensive (loss)/income, net of tax		**(47,759)**	84,914	**3,886**	(4,070)
Total comprehensive (loss)/income		**(312,321)**	209,180	**115,760**	117,700
Total comprehensive (loss)/income attributable to:					
Unitholders		**(313,260)**	208,189	**115,760**	117,700
Non-controlling interests*		**939**	991	**-**	-
		(312,321)	209,180	**115,760**	117,700

* Non-controlling interests refer to the 1.53% effective interest in the Japan Properties held by Mapletree Investments Japan Kabushiki Kaisha ("MIJ").

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2021

		Group		MNACT	
	Note	**2021** **S$'000**	2020 S$'000	**2021** **S$'000**	2020 S$'000
ASSETS					
Current assets					
Cash and bank balances	9	**252,198**	207,798	**87,092**	53,209
Trade and other receivables	10	**14,596**	17,671	**8,729**	7,059
Other current assets	11	**3,361**	1,893	**-**	-
Inventories		**569**	638	**-**	-
Derivative financial instruments	12	**1,990**	129	**1,404**	128
		272,714	228,129	**97,225**	60,396
Non-current assets					
Derivative financial instruments	12	**22,040**	7,528	**-**	-
Investment properties	13	**7,674,050**	8,347,232	**-**	-
Plant and equipment	15	**3,307**	3,785	**-**	-
Investments in subsidiaries	16	**-**	-	**2,691,823**	2,673,349
Investment in a joint venture	17	**116,562**	-	**-**	-
		7,815,959	8,358,545	**2,691,823**	2,673,349
Total assets		**8,088,673**	8,586,674	**2,789,048**	2,733,745
LIABILITIES					
Current liabilities					
Trade and other payables	18	**122,060**	149,957	**16,069**	41,306
Borrowings	19	**207,406**	352,669	**-**	-
Lease liabilities		**62**	77	**-**	-
Current income tax liabilities	7(b)	**27,805**	33,874	**151**	198
Derivative financial instruments	12	**9,544**	5,313	**1,342**	3,952
		366,877	541,890	**17,562**	45,456
Non-current liabilities					
Trade and other payables	18	**105,861**	109,894	**-**	-
Borrowings	19	**3,063,847**	3,019,639	**-**	-
Lease liabilities		**-**	64	**-**	-
Derivative financial instruments	12	**16,216**	51,397	**-**	-
Deferred tax liabilities	20	**150,749**	133,160	**-**	-
		3,336,673	3,314,154	**-**	-
Total liabilities		**3,703,550**	3,856,044	**17,562**	45,456
NET ASSETS		**4,385,123**	4,730,630	**2,771,486**	2,688,289
Represented by:					
Unitholders' funds		**4,275,933**	4,575,669	**2,771,424**	2,692,113
General reserve	21	**5,167**	3,782	**-**	-
Hedging reserve	22	**(104)**	6,164	**62**	(3,824)
Foreign currency translation reserve	23	**94,688**	135,892	**-**	-
		4,375,684	4,721,507	**2,771,486**	2,688,289
Non-controlling interests*		**9,439**	9,123	**-**	-
		4,385,123	4,730,630	**2,771,486**	2,688,289
UNITS IN ISSUE ('000)	24	**3,434,337**	3,342,916	**3,434,337**	3,342,916
NET ASSET VALUE PER UNIT (S$)		**1.274**	1.412	**0.807**	0.804

* Non-controlling interests refer to the 1.53% effective interest in the Japan Properties held by Mapletree Investments Japan Kabushiki Kaisha ("MIJ").

The accompanying notes form an integral part of these financial statements.

DISTRIBUTION STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

	Group		MNACT	
	2021 S$'000	2020 S$'000	**2021 S$'000**	2020 S$'000
(Loss)/profit for the financial year attributable to Unitholders	**(265,788)**	123,556	**111,874**	121,770
Adjustment for net effect of non-tax deductible/ (chargeable) items and other adjustments (Note A)	**475,938**	104,372	**98,276**	106,158
Amount available for distribution	**210,150**	227,928	**210,150**	227,928
Amount available for distribution to Unitholders at beginning of the financial year	**16,639**	62,141	**16,639**	62,141
	226,789	290,069	**226,789**	290,069
Distribution to Unitholders:				
Distribution of 1.956 cents per unit for the period from 1 January 2019 to 31 March 2019	**-**	(62,081)	**-**	(62,081)
Distribution of 1.950 cents per unit for the period from 1 April 2019 to 30 June 2019	**-**	(62,043)	**-**	(62,043)
Distribution of 1.937 cents per unit for the period from 1 July 2019 to 30 September 2019	**-**	(61,749)	**-**	(61,749)
Distribution of 1.671 cents per unit for the period from 1 October 2019 to 31 December 2019	**-**	(53,378)	**-**	(53,378)
Distribution of 1.070 cents per unit for the period from 1 January 2020 to 27 February 2020 (Note 18)	**-**	(34,179)	**-**	(34,179)
Distribution of 0.496 cents per unit for the period from 28 February 2020 to 31 March 2020	**(16,636)**	-	**(16,636)**	-
Distribution of 2.876 cents per unit for the period from 1 April 2020 to 30 September 2020	**(96,832)**	-	**(96,832)**	-
Total Unitholders' distribution (including capital return) (Note B)	**(113,468)**	(273,430)	**(113,468)**	(273,430)
Amount available for distribution to Unitholders at end of the financial year	**113,321**	16,639	**113,321**	16,639

Note A:
Adjustment for net effect of non-tax (chargeable)/ deductible items and other adjustments comprises:

Major non-tax deductible/(chargeable) items:				
- Trustee's fee	**821**	787	**821**	787
- Financing fees	**4,691**	3,437	**-**	-
- Net change in fair value of investment properties net of deferred tax impact	**476,930**	23,525	**-**	-
- Manager's base fee paid/payable in units	**15,847**	19,761	**15,847**	19,761
- Property Manager's management fees paid/payable in units	**9,605**	10,150	**-**	-
- Net change in fair value of financial derivatives	**(3,886)**	4,070	**-**	-
- Net foreign exchange gain on capital item	**834**	(1,939)	**-**	-
Net overseas income distributed back to MNACT in the form of capital returns	**-**	-	**74,549**	26,387
Net overseas income not distributed to MNACT	**-**	-	**7,371**	26,229
Other non-tax deductible items and other adjustments	**11,144**	11,664	**(312)**	77
	515,986	71,455	**98,276**	73,241
Interim insurance proceeds (net of tax)[1]	**(40,048)**	-	**-**	-
Festival Walk Top-Ups[2]	**-**	32,917	**-**	32,917
	475,938	104,372	**98,276**	106,158

Note B:
Total Unitholders' distribution:

- From operations	**74,936**	178,279	**74,936**	178,279
- From Unitholders' contribution	**38,532**	95,151	**38,532**	95,151
	113,468	273,430	**113,468**	273,430

[1] Interim insurance proceeds (net of tax) of S$40.0 million relating to the claims for property damage and revenue loss due to business interruption ("Business Interruption Insurance Amount") at Festival Walk, were received. As announced on 4 December 2019, the Business Interruption Insurance Amount will be used to repay the external borrowings incurred to fund the distribution top-ups paid to unitholders in FY19/20. Any Business Interruption Insurance Amount in excess of the distribution top-ups will be distributed to unitholders.

[2] Festival Walk Top-Ups comprise (i) the estimated loss of Festival Walk retail revenue for the period from 13 November 2019 to 15 January 2020 (ii) the estimated loss of Festival Walk office revenue for the period from 13 November 2019 to 25 November 2019. Festival Walk Top-Ups were made so as to mitigate the impact on the distributable income as rental from the tenants was not collectable over those periods that the mall and office were closed. Please refer to Note 3 for more details.

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

	Note	Group		MNACT	
		2021 **S$'000**	2020 S$'000	**2021** **S$'000**	2020 S$'000
Operations					
Beginning of the financial year		**1,735,551**	1,791,595	**(148,005)**	(91,496)
(Loss)/profit for the financial year attributable to Unitholders		**(265,788)**	123,556	**111,874**	121,770
Distributions to Unitholders		**(74,936)**	(178,279)	**(74,936)**	(178,279)
Transfer to general reserve		**(1,385)**	(1,321)	**-**	-
End of the financial year		**1,393,442**	1,735,551	**(111,067)**	(148,005)
Unitholders' contribution					
Beginning of the financial year		**2,840,118**	2,734,001	**2,840,118**	2,734,001
Management fees paid in units		**18,163**	33,692	**18,163**	33,692
Issuance of Transaction Units		**-**	144,776	**-**	144,776
Issuance of units arising from Distribution Reinvestment Plan		**63,422**	23,050	**63,422**	23,050
Issue expenses		**(680)**	(250)	**(680)**	(250)
Distributions to Unitholders		**(38,532)**	(95,151)	**(38,532)**	(95,151)
End of the financial year		**2,882,491**	2,840,118	**2,882,491**	2,840,118
Unitholders' funds at end of the financial year		**4,275,933**	4,575,669	**2,771,424**	2,692,113
General reserve					
Beginning of the financial year		**3,782**	2,461	**-**	-
Transfer from Operations		**1,385**	1,321	**-**	-
End of the financial year	21	**5,167**	3,782	**-**	-
Hedging reserve					
Beginning of the financial year		**6,164**	(5,354)	**(3,824)**	246
Fair value changes, net of tax		**39,784**	(30,505)	**3,065**	(5,665)
Reclassification to profit or loss, net of tax		**(46,052)**	42,023	**821**	1,595
End of the financial year	22	**(104)**	6,164	**62**	(3,824)
Foreign currency translation reserve					
Beginning of the financial year		**135,892**	62,777	**-**	-
Reclassification to profit or loss		**834**	(1,939)	**-**	-
Translation differences relating to financial statements of:					
- foreign subsidiaries and quasi-equity loans		**(39,850)**	75,054	**-**	-
- a foreign joint venture		**(2,188)**	-	**-**	-
End of the financial year	23	**94,688**	135,892	**-**	-
Net assets attributable to Unitholders at end of the financial year		**4,375,684**	4,721,507	**2,771,486**	2,688,289
Non-controlling interests					
Beginning of the financial year		**9,123**	4,675	**-**	-
Profit after tax for the financial year		**1,226**	710	**-**	-
Cash flow hedges					
- Fair value changes, net of tax		**5**	(12)	**-**	-
- Reclassification, net of tax		**19**	20	**-**	-
Contribution from non-controlling interests		**-**	3,741	**-**	-
Distributions to non-controlling interests (capital returns)		**(623)**	(284)	**-**	-
Translation differences relating to financial statements of foreign subsidiaries and quasi-equity loans		**(311)**	273	**-**	-
End of the financial year		**9,439**	9,123	**-**	-

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

	Note	Group 2021 S$'000	 2020 S$'000
Cash flows from operating activities			
(Loss)/profit for the financial year		**(264,562)**	124,266
Adjustments for:			
- Income tax expenses	7(a)	**36,459**	37,452
- Amortisation of rent free incentive		**(119)**	(509)
- Depreciation	15	**1,306**	1,238
- Plant and equipment written off		**35**	101
- Net change in fair value of investment properties	13	**480,957**	17,906
- Net change in fair value of financial derivatives		**(3,886)**	4,070
- Manager's management fees paid/payable in units		**15,847**	19,761
- Property Manager's management fees paid/payable in units		**9,605**	10,150
- Finance costs	6	**71,595**	74,901
- Interest income		**(2,050)**	(2,114)
- Net foreign exchange gain on capital item		**834**	(1,939)
- Share of profit of a joint venture		**(3,428)**	-
Operating cash flows before working capital changes		**342,593**	285,283
Changes in working capital:			
- Trade and other receivables and other current assets		**1,345**	(7,689)
- Inventories		**69**	34
- Trade and other payables		**(5,498)**	8,448
Cash generated from operations		**338,509**	286,076
Income tax paid	7(b)	**(25,403)**	(20,308)
Net cash provided by operating activities		**313,106**	265,768
Cash flows from investing activities			
Additions to investment properties	13	**(19,743)**	(12,803)
Additions to plant and equipment	15	**(957)**	(1,694)
Net cash outflow on acquisition of investment properties[1]		**-**	(464,693)
Net cash outflow on investment in a joint venture		**(114,650)**	-
Interest income received		**1,491**	2,940
Net cash used in investing activities		**(133,859)**	(476,250)
Cash flows from financing activities			
Repayment of borrowings		**(614,599)**	(174,285)
Repayment of medium term note		**-**	(98,313)
Proceeds from borrowings		**638,605**	654,751
Financing fees paid		**(3,889)**	(4,095)
Net proceeds		**20,117**	378,058
Principal payment of lease liabilities		**(77)**	(53)
Proceeds from issuance of Transaction Units		**-**	144,776
Payment of issue expenses		**(500)**	(30)
Payment of distributions to Unitholders (net of distribution in units)[2]		**(84,225)**	(216,201)
Payment of distributions to non-controlling interests (capital returns)		**(623)**	(284)
Contribution from non-controlling interests		**-**	3,741
Interest paid		**(65,904)**	(73,183)
Change in restricted cash		**(5,003)**	(15,524)
Net cash (used in)/ provided by financing activities		**(136,215)**	221,300

The accompanying notes form an integral part of these financial statements.

	Note	Group 2021 S$'000	 2020 S$'000
Net increase in cash and cash equivalents		**43,032**	10,818
Cash and cash equivalents at beginning of the financial year		**188,208**	175,168
Effect of currency translation on cash and cash equivalents		**(1,964)**	2,222
Cash and cash equivalents at end of the financial year	9	**229,276**	188,208

[1] The amount was adjusted for the net identifiable assets acquired, liabilities assumed (2020: S$15,876,000).

[2] This amount excludes S$63.4 million (2020: S$23.1 million) distributed through the issuance of 70,129,942 new units (2020: 19,391,049) in MNACT in FY20/21 as part payment of distributions for the periods from 1 January 2020 to 31 March 2020 and 1 April 2020 to 30 September 2020 (FY19/20: 1 October 2019 to 31 December 2019) pursuant to the Distribution Reinvestment Plan ("DRP").

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

			Non-cash changes		
	Beginning of financial year $'000	Net cash flows $'000	Finance costs (Note 6) $'000	Foreign exchange movement $'000	End of financial year $'000
2021					
Borrowings	**3,372,308**	**20,117**	**4,693**	**(125,865)**	**3,271,253**
Interest payable within "Trade and other payables" (Note 18)	**8,603**	**(65,904)**	**66,902**	**(1,849)**	**7,752**
2020					
Borrowings	2,867,904	378,058	3,448	122,898	3,372,308
Interest payable within "Trade and other payables" (Note 18)	8,285	(73,183)	71,453	2,048	8,603

The accompanying notes form an integral part of these financial statements.

PORTFOLIO STATEMENT

AS AT 31 MARCH 2021

Description of properties	Acquisition date	Term of lease	Remaining term of lease	Location	Existing use
Investment property in The Hong Kong Special Administrative Region of China ("Hong Kong SAR"):					
Festival Walk	07/03/2013	54 years	26 years ending in 2047	No. 80 Tat Chee Avenue, Kowloon Tong, Hong Kong SAR	Commercial
Investment properties in China ("China"):					
Gateway Plaza	07/03/2013	50 years	32 years ending in 2053	No. 18 Xiaguangli, East 3rd Ring Road North, Chaoyang District, Beijing, China	Commercial
Sandhill Plaza	17/06/2015	50 years	39 years ending in 2060	Blocks 1 to 5 and 7 to 9, No. 2290 Zuchongzhi Road, Pudong New District, Shanghai, China	Commercial
Investment properties in Japan ("Japan Properties")					
IXINAL Monzen-nakacho Building("MON")	25/05/2018	Freehold	-	5-4, Fukuzumi 2-chome, Koto-ku, Tokyo, Japan	Commercial
Higashi-nihonbashi 1-chome Building ("HNB")	25/05/2018	Freehold	-	4-6, Higashi-Nihonbashi 1-chome, Chuo-ku, Tokyo, Japan	Commercial
TS Ikebukuro Building ("TSI")	25/05/2018	Freehold	-	63-4, Higashi-Ikebukuro 2-chome, Toshima-ku, Tokyo, Japan	Commercial

The accompanying notes form an integral part of these financial statements.

Gross revenue for financial year ended 31/03/2021 S$'000	Gross revenue for financial year ended 31/03/2020 S$'000	**Occupancy rates at 31/03/2021 %**	Occupancy rates at 31/03/2020 %	Latest valuation date	**Valuation at 31/03/2021 S$'000**	Valuation at 31/03/2020 S$'000	**Percentage of net assets attributable to Unitholders at 31/03/2021**	Percentage of net assets attributable to Unitholders at 31/03/2020
185,163	195,091	**99.6**	99.8	31/03/2021	**4,520,082**	5,090,037	**103.3**	107.8
79,142	81,174	**92.9**	91.5	31/03/2021	**1,334,441**	1,367,996	**30.5**	29.0
25,807	25,243	**97.9**	98.0	31/03/2021	**500,727**	483,879	**11.5**	10.3
5,365	4,356	**100.0**	80.8	31/03/2021	**101,056**	110,352	**2.3**	2.3
1,659	1,652	**100.0**	100.0	31/03/2021	**29,403**	31,858	**0.7**	0.7
3,672	3,590	**100.0**	100.0	31/03/2021	**65,847**	71,589	**1.5**	1.5

PORTFOLIO STATEMENT

AS AT 31 MARCH 2021

Description of properties	Acquisition date	Term of lease	Remaining term of lease	Location	Existing use
Investment properties in Japan (“Japan Properties”) (continued)					
ABAS Shin-Yokohama Building (“ASY”)	25/05/2018	Freehold	-	6-1, Shin-Yokohama 2-chome, Kohoku-ku, Yokohama City, Kanagawa, Japan	Commercial
SII Makuhari Building (“SMB”)	25/05/2018	Freehold	-	8, Nakase 1-chome, Mihama-ku, Chiba-shi, Chiba, Japan	Commercial
Fujitsu Makuhari Building (“FJM”)	25/05/2018	Freehold	-	9-3, Nakase 1-chome, Mihama-ku, Chiba-shi, Chiba, Japan	Commercial
Omori Prime Building (“OPB”)	28/02/2020	Freehold	-	21-12, Minami-oi 6-chome, Shinagawa-ku, Tokyo, Japan	Commercial
mBAY POINT Makuhari (“MBP”)	28/02/2020	Freehold	-	6, Nakase 1-chome, Mihama-ku, Chiba-shi, Chiba, Japan	Commercial
Investment properties - Group					
Other assets and liabilities - Group					
Net assets					
Less: Non-controlling interests					
Net assets attributable to Unitholders					

Notes:

The carrying amounts of the investment properties as at 31 March 2021 (2020: 31 March 2020) were based on independent full valuations undertaken by Cushman & Wakefield Limited (HK SAR and China properties) and CBRE K.K. (Japan Properties) (2020: Cushman & Wakefield K.K.), independent valuers. Cushman & Wakefield Limited and CBRE K.K. (2020: Cushman & Wakefield Limited and Cushman & Wakefield K.K.) have the appropriate professional qualifications and experience in the locations and category of the properties being valued. The full valuations of the investment properties were based on discounted cash flow method, income capitalisation method and direct comparison method. The direct comparison method is only used for China properties.

Investment properties comprise a portfolio of commercial properties that are leased to external customers. Generally, the leases contain an initial non-cancellable period of 1 to 10 years. Subsequent renewals are negotiated with the lessees.

The accompanying notes form an integral part of these financial statements.

Gross revenue for financial year ended 31/03/2021 S$'000	Gross revenue for financial year ended 31/03/2020 S$'000	**Occupancy rates at 31/03/2021 %**	Occupancy rates at 31/03/2020 %	Latest valuation date	**Valuation at 31/03/2021 S$'000**	Valuation at 31/03/2020 S$'000	**Percentage of net assets attributable to Unitholders at 31/03/2021**	Percentage of net assets attributable to Unitholders at 31/03/2020
2,282	2,225	**100.0**	100.0	31/03/2021	**34,839**	38,089	**0.8**	0.8
23,392	22,768	**100.0**	100.0	31/03/2021	**349,621**	370,067	**8.0**	7.8
14,896	14,506	**100.0**	100.0	31/03/2021	**238,434**	259,324	**5.4**	5.5
5,309	449	**100.0**	100.0	31/03/2021	**88,208**	95,894	**2.0**	2.0
44,728	3,424	**93.9**	86.6	31/03/2021	**411,392**	428,147	**9.4**	9.1
391,415	354,478				**7,674,050**	8,347,232	**175.4**	176.8
					(3,288,927)	(3,616,602)	**(75.2)**	(76.6)
					4,385,123	4,730,630	**100.2**	100.2
					(9,439)	(9,123)	**(0.2)**	(0.2)
					4,375,684	4,721,507	**100.0**	100.0

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. GENERAL

Mapletree North Asia Commercial Trust ("MNACT") is a Singapore-domiciled Real Estate Investment Trust constituted pursuant to the Trust Deed dated 14 February 2013 (as amended) between Mapletree North Asia Commercial Trust Management Ltd. (as Manager) and DBS Trustee Limited (as Trustee). The Trust Deed is governed by the laws of the Republic of Singapore.

MNACT was formally admitted to the Official List of the Singapore Exchange Securities Trading Limited ("SGX-ST") on 7 March 2013 and was approved for inclusion under the Central Provident Fund ("CPF") Investment Scheme on 23 January 2013.

The principal activity of MNACT and its subsidiaries (the "Group") is to invest, directly or indirectly, in a diversified portfolio of income-producing real estate in China, Hong Kong SAR, Japan and South Korea. It focuses primarily on commercial assets (predominantly for retail and/or office use), as well as other real estate-related assets. It has the primary objective of achieving an attractive level of return from rental income and long-term capital growth.

MNACT has entered into several service agreements in relation to the management of MNACT and its property operations. The fee structures for these services are as follows:

(A) Trustee's fees

The Trustee's fees shall not exceed 0.1% per annum of the value of all the assets of MNACT ("Deposited Property") (subject to a minimum of S$15,000 per month) or such higher percentage as may be fixed by an Extraordinary Resolution of a meeting of Unitholders. The Trustee's fees are payable out of the Deposited Property of MNACT monthly, in arrears. The Trustee is also entitled to reimbursement of expenses incurred in the performance of its duties under the Trust Deed.

Based on the current arrangement between the Manager and the Trustee, the Trustee's fees are charged on a scaled basis of up to 0.02% per annum of the value of the Deposited Property (subject to a minimum of S$15,000 per month). At inception, the Trustee was paid a one-time inception fee of S$50,000.

(B) Management fees

The Manager or its nominees are entitled to receive the following remuneration:

(i) a base fee of 10.0% per annum of the Distributable Income or such higher percentage as may be approved by an Extraordinary Resolution of a meeting of Unitholders; and

(ii) a performance fee of 25.0% of the difference in Distribution per Unit ("DPU") in a financial year with the DPU in the preceding financial year (calculated before accounting for the performance fee in each financial year) multiplied by the weighted average number of units in issue for such financial year, or such higher percentage as may be approved by an Extraordinary Resolution of a meeting of Unitholders.

The management fees payable to the Manager or its nominees will be paid in the form of cash and/or Units. In relation to the Japan Properties, the asset management services are provided by Mapletree Investments Japan Kabushiki Kaisha ("MIJ"). In view of the fees payable in cash to the MIJ for the Japan Properties, the Manager has elected to waive the Base Fee, which it is otherwise entitled to under the Trust Deed for as long as the Manager and MIJ are wholly-owned by Mapletree Investments Pte Ltd and the MIJ continues to receive the Japan Asset Management Fee in respect of the Japan Properties.

1. **GENERAL** (continued)

(B) Management fees (continued)

Where the management base fees are paid in cash, the amounts are paid monthly, in arrears. Where the management base fees are paid in the form of Units, the amounts are paid quarterly, in arrears.

The management performance fees are paid annually in arrears, whether in the form of cash and/or Units.

The Manager has waived its entitlement to any performance fee as provided under the Trust Deed until such time that the Group's DPU exceeds 7.124 cents ("Threshold DPU"), which was the DPU achieved in FY19/20, prior to the full year impact of COVID-19.

Upon the Group's DPU performance exceeding the Threshold DPU, the waiver will cease (and the Threshold DPU will no longer be applicable) in subsequent years, and the Manager will continue to be entitled to receive the performance fee in accordance with the Trust Deed.

(C) Acquisition and Divestment fee

The Manager or its nominees are entitled to receive the following fees:

(i) an acquisition fee not exceeding 0.75% and 1.0% of the acquisition price of any Authorised Investments (as defined in the Trust Deed) from Related Parties and all other acquisitions respectively, acquired directly or indirectly, through one or more Special Vehicles ("SPV"), pro-rated if applicable to the proportion of MNACT's interest; and

(ii) a divestment fee not exceeding 0.5% of the sale price of any Authorised Investments, sold or divested directly or indirectly through one or more SPVs, pro-rated if applicable to the proportion of MNACT's interest.

The acquisition and disposal fee will be paid in the form of cash and/or Units and is payable as soon as practicable after completion of the acquisition and disposal respectively.

(D) Fees under the Property Management Agreement

(i) Property management services

The Trustee will pay Mapletree North Asia Commercial Property Management Limited (the "Property Manager"), for each Fiscal Year (as defined in the Property Management Agreement), the following fees:

- 2.0% per annum of the gross revenue for the relevant property;
- 2.0% per annum of the net property income ("NPI") for the relevant property (calculated before accounting for the property management fee in that financial period); and
- where any service is provided by a third party service provider, the Property Manager will be entitled to receive a fee equal to 20% of all fees payable to such third party service provider for supervising and overseeing the services rendered by the third party service provider. Such services shall include, but not limited to, master planning work, retail planning work and environmental impact studies.

The property management fees will be paid in the form of cash and/or Units (as the Manager may in its sole discretion determine).

1. GENERAL (continued)

(D) Fees under the Property Management Agreement (continued)

(ii) Marketing services

Under the Property Management Agreement, the Trustee will pay the Property Manager, the following commissions:

- up to 1 month's gross rent inclusive of service charge for securing a tenancy of 3 years or less;
- up to 2 months' gross rent inclusive of service charge for securing a tenancy of more than 3 years;
- up to 0.5 month's gross rent inclusive of service charge for securing a renewal of tenancy of 3 years or less; and
- up to 1 month's gross rent inclusive of service charge for securing a renewal tenancy of more than 3 years.

The Property Manager is not entitled to the marketing services commissions if such service is (i) performed by staff of the asset holding company or (ii) performed by third party service providers.

The marketing services commissions will be paid in the form of cash and/or Units (as the Manager may in its sole discretion determine).

(iii) Project management services

The Trustee will pay the Property Manager a project management fee subject to:

- a limit of up to 3.0% of the total construction costs incurred for the development or redevelopment, the refurbishment, retrofitting and renovation works on a property; and
- (in the event that the project management fee is more than S$100,000), an opinion issued by an independent quantity surveyor, to be appointed by the Trustee upon recommendation by the Manager, that the project management fee is within market norms and reasonable range.

The project management fees will be paid in the form of cash and/or Units (as the Manager may in its sole discretion determine).

(iv) Staff costs reimbursement

The Property Manager employs the centre management team and the persons to run the ice rink business of Festival Walk. The Property Manager is entitled to the following:

- reimbursement for the cost of employing the centre management team of Festival Walk and the persons to run the ice rink business of Festival Walk; and
- 3.0% of such employment cost.

The staff costs reimbursement will be paid in the form of cash.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) ("SFRS(I)"), the applicable requirements of the Code on Collective Investment Schemes ("CCIS") issued by the Monetary Authority of Singapore ("MAS") relating to financial reporting and the provisions of the Trust Deed.

These financial statements, which are expressed in Singapore Dollars and rounded to the nearest thousand, have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with SFRS(I) requires the Manager to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. Information about an area involving a higher degree of judgement, where assumptions and estimates are significant to the financial statements, is disclosed in Note 13 - Investment Properties. The assumptions and estimates were used by the independent valuers in arriving at their valuations.

New or amended financial reporting standards effective this financial year

On 1 April 2020, the Group has adopted the new or amended SFRS(I) and Interpretations of SFRS(I) ("INT SFRS(I)") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and INT SFRS(I).

The adoption of these new or amended SFRS(I) and INT SFRS(I) did not result in substantial changes to the Group's accounting policies and had no material effect on the amounts reported for the current or prior financial years, except as follows:

Interest Rate Benchmark Reform

Following the 2007-2008 global financial crisis, the reform and replacement of benchmark interest rates such as LIBOR, SOR, HIBOR, TIBOR and other IBORs has become a priority for global regulators. There is currently uncertainty around the timing and precise nature of these changes.

In accordance with the transition provisions, the Group has adopted the amendments to SFRS(I) 9, SFRS(I) 1- 39 and SFRS(I) 7 in relation to the interest rate benchmark reform. The amendments provide temporary relief from applying specific hedge accounting requirements to hedging relationships directly affected by inter-bank offered rate ("IBOR") reform. The reliefs have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness continues to be recorded in the income statement. The reliefs will cease to apply when the uncertainties arising from interest rate benchmark reform are no longer present.

Currently, there are no changes to the various inter-bank offered rates ("IBORs") applicable to the Group's hedged debts, interest rate on the cash flows of the hedged debts as well as the associated interest swaps and cross currency interest rate swaps.

As such, no changes were required to any of the amounts recognised, including hedging reserve, in the current or prior period as a result of these amendments.

2.2 Revenue recognition

(a) Rental income and service charges from operating leases

Rental income and service charges from operating leases (net of any incentives given to the lessees) on investment properties are recognised on a straight-line basis over the lease term. Contingent rents, which include turnover rental income, are recognised as income in the profit or loss when earned.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Revenue recognition (continued)

(a) Rental income and service charges from operating leases (continued)

Any changes in the scope or the consideration for a lease, that was not part of the original terms and conditions of the lease (for example, rent concessions given which were not contemplated as part of the original terms and conditions of the lease) are accounted for as lease modifications.

For operating leases, the Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, recognising the remaining lease payments as income on a either a straight-line basis or another systematic basis over the remaining lease term.

(b) Interest income

Interest income is recognised on a time proportion basis using the effective interest method.

(c) Dividend income

Dividend income is recognised when the right to receive payment is established.

2.3 Expenses

(a) Property operating expenses

Property operating expenses are recognised on an accrual basis. Included in property operating expenses are Property Manager's fees which are based on the applicable formula set out in Note 1(D).

(b) Management fees

Management fees are recognised on an accrual basis using the applicable formula set out in Note 1(B).

(c) Trustee's fees

Trustee's fees are recognised on an accrual basis using the applicable formula set out in Note 1(A).

2.4 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method, except for those costs that are directly attributable to the construction or development of properties. This includes those costs on borrowings acquired specifically for the construction or development of properties, as well as those in relation to general borrowings used to finance the construction or development of properties.

The actual borrowing costs incurred during the financial period up to the issuance of the temporary occupation permit less any investment income on temporary investment of these borrowings, are capitalised in the cost of the property under development. Borrowing costs on general borrowings are capitalised by applying a capitalisation rate to construction or development expenditure that are financed by general borrowings.

2.5 Income tax

Taxation on the return for the financial year comprises current and deferred income tax.

Current income tax for the current and prior periods is recognised at the amount expected to be paid or to be recovered from the tax authorities, using tax rates enacted or substantively enacted by the reporting date.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Income tax (continued)

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised. The carrying amount of deferred income tax asset is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

A deferred income tax liability is recognised on temporary differences arising on investment in subsidiaries and joint venture except where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax asset and liability are offset when there is a legally enforceable right to set off current income tax asset against current income tax liability and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current income tax asset and liability on a net basis.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amounts of its assets and liabilities, except for investment properties. Investment properties measured at fair value are presumed to be recovered entirely through sale.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a transaction which is recognised directly in Unitholders’ funds and/or hedging reserve, in which case the tax is also recognised directly in Unitholders’ funds and/or hedging reserve, or where the tax arises from the initial accounting for a business combination.

Except for the tax exemption as described below, taxable income earned by the Trust will be subject to Singapore income tax at the prevailing corporate tax rate.

The Trustee is exempted from Singapore income tax under Section 13(12) of the Singapore Income Tax Act (“SITA”) on the dividend income from its subsidiaries in Cayman out of underlying rental income derived from the investment properties in Hong Kong SAR and in China. This exemption is granted subject to certain conditions.

The Trustee is also exempted from Singapore income tax under Section 13(8) of the SITA on the dividends received from the Hong Kong Treasury Company provided that the underlying income is subject to profits tax in Hong Kong SAR and the highest rate of profits tax rate in Hong Kong SAR at the time the income is received in Singapore is not less than 15.0%.

The tax exemption also applies to dividend income from the Trust’s subsidiaries out of gains, if any, derived from disposal of shares in the subsidiaries unless the gains are considered income of trade or business. Gains arising from the sales of subsidiaries, if considered to be trading gains, will be assessed to tax, currently at 17%, on the Trust under Section 10(1)(a) of the SITA.

Any return of capital received by the Trust from these subsidiaries is capital in nature and hence, is not taxable on the Trustee.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Group accounting

(a) Subsidiaries

(i) Consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests comprise the portion of a subsidiary's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the Unitholders of the Trust. They are shown separately in the consolidated statement of profit and loss, statement of comprehensive income, statement of changes in equity, and balance sheet. Total comprehensive income is attributed to the noncontrolling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

(ii) Acquisitions

The acquisition method of accounting is used to account for business combinations by the Group.

The consideration transferred for the acquisition of a subsidiary comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any noncontrolling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill.

(iii) Disposals

When a change in the Group's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised.

Any retained interest in the entity is re-measured at fair value. The difference between the carrying amount of the retained investment at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to the paragraph "Investments in subsidiaries and joint venture", for the accounting policy on investments in subsidiaries (Note 2.7) in the separate financial statements of MNACT.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Group accounting (continued)

(b) Transactions with non-controlling interests

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with Unitholders of the Trust. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised within equity attributable to the Unitholders of the Trust.

(c) Joint ventures

Joint ventures are entities over which the Group has joint control as a result of contractual arrangements, and rights to the net assets of the entities.

Investment in a joint venture is accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

(i) Acquisition

An investment in a joint venture is initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on joint ventures represents the excess of the cost of acquisition of the joint ventures over the Group's share of the fair value of the identifiable net assets of the joint ventures and is included in the carrying amount of the investments.

(ii) Equity method of accounting

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of its joint ventures' post-acquisition profits or losses of the investee in profit or loss and its share of movements in other comprehensive income of the investee's other comprehensive income. Dividends received or receivable from the joint ventures are recognised as a reduction of the carrying amount of the investments. When the Group's share of losses in a joint venture equals to or exceeds its interest in the joint venture, the Group does not recognise further losses, unless it has legal or constructive obligations to make, or has made, payments on behalf of the joint venture.

If the joint venture subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised. Interest in a joint venture includes any long-term loans for which settlement is never planned nor likely to occur in the foreseeable future.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transactions provide evidence of impairment of the assets transferred. The accounting policies of joint ventures are changed where necessary to ensure consistency with the accounting policies adopted by the Group.

(iii) Disposals

Investments in joint ventures are derecognised when the Group loses joint control. If the retained equity interest in the former joint venture is a financial asset, the retained equity interest is measured at fair value. The difference between the carrying amount of the retained interest at the date when joint control is lost, and its fair value and any proceeds on partial disposal, is recognised in profit or loss.

Please refer to the paragraph "Investments in subsidiaries and joint venture" for the accounting policy on investment in a joint venture (Note 2.7) in the separate financial statements of MNACT.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 Investments in subsidiaries and joint venture

Investments in subsidiaries and joint venture are stated at cost less accumulated impairment losses (Note 2.10) in MNACT's Statement of Financial Position. On disposal of investments in subsidiaries and joint venture, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

2.8 Investment properties

Investment properties are properties held either to earn rental income and/or capital appreciation.

Investment properties are accounted for as non-current assets and initially recognised at cost on acquisition, and subsequently carried at fair value. Fair values are determined in accordance with the Trust Deed, which requires the investment properties to be valued by independent registered valuers at least once a year, in accordance with CCIS. Changes in fair values are recognised in profit or loss.

Investment properties are subject to renovations or improvement from time to time. The cost of major renovations and improvement are capitalised and the carrying amounts of the replaced components are written off to profit or loss. The costs of maintenance, repairs and minor improvements are recognised in profit or loss when incurred.

On disposal of an investment property, the difference between the net disposal proceeds and the carrying amount is taken to profit or loss.

If an investment property becomes substantially owner-occupied, it is reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its cost for accounting purposes.

2.9 Plant and equipment

(a) Measurement

All plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

The cost of an item of plant and equipment includes its purchase price and any costs that are directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Manager.

(b) Depreciation

Depreciation on plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives. The estimated useful lives are as follows:

	Useful lives
Computer equipment	5 years
Other fixed assets	3 to 5 years

The residual values and estimated useful lives of plant and equipment are reviewed, and adjusted as appropriate, at each reporting date. The effects of any revision are included in profit or loss for the financial period in which the changes arise.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.9 Plant and equipment (continued)

(c) Subsequent expenditure

Subsequent expenditure relating to plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Group and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial period in which it is incurred.

(d) Disposal

On disposal of an item of plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to profit or loss.

2.10 Impairment of non-financial assets

Plant and equipment
Investments in subsidiaries and joint venture

Plant and equipment and investments in subsidiaries and joint venture are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the Cash Generating Unit ("CGU") to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset is reversed only if, there has been a change in the estimates used to determine the asset's recoverable amount or if there is a change in the events that had given rise to the impairment since the last impairment loss was recognised.

The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior financial period. A reversal of impairment loss for an asset is recognised in profit or loss.

2.11 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost represents average unit cost of purchase and net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.12 Financial assets

Classification and measurement

The Group classifies its financial assets as held at amortised cost.

The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.12 Financial assets (continued)

Classification and measurement (continued)

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

(i) At initial recognition

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

(ii) At subsequent measurement

Debt instruments

Debt instruments mainly comprise of cash and bank balances, trade and other receivables and other current assets (except for prepayments).

There are three prescribed subsequent measurement categories, depending on the Group's business model in managing the assets and the cash flow characteristic of the assets.

The Group managed these group of financial assets by collecting the contractual cash flow and these cash flows represents solely payment of principal and interest. Accordingly, these group of financial assets are measured at amortised cost subsequent to initial recognition.

A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets are recognised using the effective interest rate method.

The Group assesses on forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost.

For trade receivable, the Group applied the simplified approach permitted by the SFRS(I) 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

For other receivables, other current assets (except for prepayments) and cash and bank balances, the general 3 stage approach is applied. Credit loss allowance is based on 12-month expected credit loss if there is no significant increase in credit risk since initial recognition of the assets. If there is a significant increase in credit risk since initial recognition, lifetime expected credit loss will be calculated and recognised.

2.13 Cash and cash equivalents

Cash and cash equivalents include cash balances and deposits with financial institutions.

2.14 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the reporting date, in which case they are presented as non-current liabilities.

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.15 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially measured at fair value, and subsequently at amortised cost, using the effective interest method.

2.16 Derivative financial instruments and hedging activities

The Group uses derivative financial instruments such as interest rate swaps, cross currency interest rate swaps and forward currency contracts to hedge its exposure to interest rate risks and currency risks arising from operational, financing and investment activities. In accordance with its treasury policy, which is in line with the CCIS, the Group does not hold or issue derivative financial instruments for trading purposes.

Derivative financial instruments are recognised initially at fair value on the date the contracts are entered into and are subsequently carried at their fair value.

The Group documents at the inception of the transaction the relationship between the hedging instruments and hedged items, as well as its risk management objective and strategies for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives designated as hedging instruments are highly effective in offsetting changes in cash flows of the hedged items.

The carrying amount of a derivative designated as a hedge is presented as a non-current asset or liability if the remaining expected life of the hedged item is more than 12 months and as a current asset or liability if the remaining expected life of the hedged item is less than 12 months.

(a) Cash flow hedge

(i) Interest rate swaps

The Group has entered into interest rate swaps that are cash flow hedges for the Group's exposure to interest rate risk on its borrowings. These contracts entitle the Group to receive interest at floating rates on notional principal amounts and oblige the Group to pay interest at fixed rates on the same notional principal amounts, thus allowing the Group to raise borrowings at floating rates and swap them into fixed rates.

The fair value changes on the effective portion of interest rate swaps designated as cash flow hedges are recognised in other comprehensive income and transferred to profit or loss when the hedged interest expense on the borrowings is recognised in profit or loss. The fair value changes on the ineffective portion of interest rate swaps are recognised immediately in profit or loss.

(ii) Cross currency interest rate swaps

The Group has entered into cross currency interest rate swaps that are cash flow hedges and are used to reduce the Group's exposure to interest rate risk and currency risk on its borrowings and interest.

The fair value changes on the effective portion of cross currency interest rate swaps designated as cash flow hedges are recognised in other comprehensive income and transferred to profit or loss when the hedged interest expense on the borrowings and/or the exchange differences arising from the translation of the borrowings is recognised in profit or loss. The fair value changes on the ineffective portion of cross currency interest rate swaps are recognised immediately in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.16 Derivative financial instruments and hedging activities (continued)

(a) Cash flow hedge (continued)

(iii) Forward currency contracts

MNACT has entered into forward currency contracts that qualify as cash flow hedges at MNACT level and are used to hedge the highly probable forecasted foreign currency income received from the offshore assets, back into Singapore Dollars.

The fair value changes on the effective portion of forward currency contracts designated as cash flow hedges are recognised in other comprehensive income and transferred to profit or loss as part of dividend income upon the receipt of the dividend income. The fair value changes on the ineffective portion of currency forwards are recognised immediately in the profit or loss.

(b) Derivatives that are not designated or do not qualify for hedge accounting

Fair value changes on forward currency contracts which do not qualify for hedge accounting at Group level, are recognised in the profit or loss when the changes arise. Such derivatives are presented as current assets or liabilities if they are either held for trading or are expected to be realised within 12 months after the balance sheet date.

2.17 Fair value estimation of financial assets and liabilities

The carrying amounts of current financial assets and liabilities carried at amortised cost approximate their fair values.

The fair values of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) are determined by using valuation techniques. The fair values of currency forwards are determined using banks' quoted forward rates and foreign exchange spot rates at the reporting date. The fair values of interest rate swaps and cross currency interest rate swaps are calculated as the present value of the estimated future cash flows, using assumptions based on market conditions existing at the reporting date.

The fair values of non-current financial liabilities carried at amortised cost are determined from adjusted quoted prices or cash flow analysis discounted at the current market interest rates that are available to the Group for similar financial liabilities.

2.18 Leases

(a) When the Group is a lessee

At contract inception, the Group assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

(i) Right-of-use ("ROU") assets

The Group recognises a ROU asset and lease liability at the date which the underlying asset is available for use. ROU assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentive received.

These ROU assets are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the ROU assets or the end of the lease term, and are presented within "Property, plant and equipment".

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.18 Leases (continued)

(a) When the Group is a lessee (continued)

(ii) Lease liabilities

Lease liability is initially measured at the present value of the lease payments discounted using the implicit rate in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Group shall use its incremental borrowing rate.

Lease liability is subsequently measured at amortised cost using the effective interest method.

(iii) Short term and low value leases

The Group has elected to not recognise ROU assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low value leases, except for sublease arrangements. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease.

(b) When the Group is a lessor

Refer to Note 2.2(a) for the accounting policy applicable to the Group as a lessor.

2.19 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event where it is probable that such obligation will result in an outflow of economic benefits that can be reasonably estimated.

2.20 Currency translation

(a) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements are presented in Singapore Dollars, which is MNACT's functional currency.

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Currency translation gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the reporting date are recognised in profit or loss, except for currency translation differences on the net investment in foreign operations, borrowings in foreign currencies and other currency instruments qualifying as net investment hedges for foreign operations, which are recognised in other comprehensive income and included in the foreign currency translation reserve within the Statements of Movements in Unitholders' Funds of the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.20 Currency translation (continued)

(c) Translation of Group entities' financial statements

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities are translated at the closing rates at the reporting date;
(ii) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and
(iii) All resulting exchange differences are recognised in other comprehensive income and taken to the foreign currency translation reserve within the Statements of Movements in Unitholders' Funds of the Group.

(d) Consolidation adjustments

On consolidation, currency translation differences arising from the net investment in foreign operations, borrowings in foreign currencies, and other currency instruments designated as hedges of such investments, are recognised in other comprehensive income and taken to the foreign currency translation reserve. When a foreign operation is sold or any loan forming part of the net investment in foreign operation is repaid, such currency translation differences recorded in the foreign currency translation reserve are recognised in profit and loss as part of the gain or loss on sale.

2.21 Units and unit issuance expenses

Proceeds from the issuance of Units in MNACT are recognised as Unitholders' funds. Incremental costs directly attributable to the issuance of new Units are deducted directly from the net assets attributable to the Unitholders.

2.22 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Manager who is responsible for allocating resources and assessing performance of the operating segments.

2.23 Distribution policy

MNACT's distribution policy is to distribute at least 90.0% of its distributable income, comprising substantially its income from the letting of its properties and related property services income and after deduction of allowable expenses and allowances, and of its tax-exempt income (if any). With effect from 1 April 2020, the distribution is on a half-yearly basis instead of quarterly basis.

The Manager has introduced and implemented the Distribution Reinvestment Plan ("DRP") on 4 December 2019. The DRP provides Unitholders with the option to receive their distributions declared, either in the form of units or cash or a combination of both. DRP enables MNACT to conserve its cash balance and improve its liquidity position and aggregate leverage.

3. GROSS REVENUE

	Group	
	2021 **S$'000**	2020 S$'000
Rental income (net of rental reliefs granted)	**317,190**	303,394
Service charges	**26,296**	11,615
Other operating income	**47,929**	39,469
	391,415	354,478

The turnover rental income recognised in rental income during the financial year was S$4,499,000 (2020: S$2,648,000).

Ad-hoc rental reliefs of S$50,463,000 (2020: S$18,136,000) were granted to the Group's tenants during the financial year. The rental reliefs granted are recognised as a reduction of revenue in the financial period in which they are granted to the tenants.

In the previous financial year, there was lower revenue from Festival Walk as there were no rental collection during the closure of Festival Walk's mall from 13 November 2020 to 15 January 2021 and its office tower from 13 to 25 November 2020. To mitigate the above impact on the distributable income when the mall and office tower were closed, the Manager had implemented Festival Walk Top-Ups over the third and the fourth quarters of the previous financial year. Please refer to footnote 2 of the Distribution Statements for more details on Festival Walk Top-Ups. The loss of retail and office revenue during the closures as well as property damage sustained are covered under the insurance policies.

Other operating income comprises car park revenue and other income attributable to the operations of the properties, such as additional air-conditioning and chilled water charges, ice rink income, rental from event space and refuse compactor charge.

4. PROPERTY OPERATING EXPENSES

	Group	
	2021 **S$'000**	2020 S$'000
Staff costs*	**3,969**	4,012
Utilities and property maintenance	**33,361**	16,376
Marketing and promotion expenses	**4,732**	4,443
Professional fees	**2,784**	1,512
Property and other taxes	**26,603**	23,456
Property and lease management fees	**15,401**	13,803
Property management reimbursements**	**9,493**	10,311
Other operating expenses	**3,032**	3,078
	99,375	76,991

* This relates to employees of Festival Walk and includes contribution to defined contribution plans of S$240,000 (2020: S$240,000).

** Includes reimbursements paid/payable to the Property Manager in respect of agreed employee expenditure incurred by the Property Manager for providing its services under the Property Management Agreement.

The Group's daily operations and administrative functions are provided by the Manager and Property Manager.

All of the Group's investment properties generate rental income and the above expenses are direct operating expenses arising therefrom.

NOTES TO THE FINANCIAL STATEMENTS

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5. OTHER TRUST EXPENSES

	Group		MNACT	
	2021 **S$'000**	2020 S$'000	**2021** **S$'000**	2020 S$'000
Consultancy and professional fees	**600**	468	**85**	72
Valuation fees	**101**	62	**-**	-
Other trust expenses	**1,760**	1,582	**558**	176
	2,461	2,112	**643**	248

Total fees to auditors included in other trust expenses are as follows:

	Group		MNACT	
	2021 **S$'000**	2020 S$'000	**2021** **S$'000**	2020 S$'000
Auditors' remuneration	**361**	354	**48**	45

Auditors of the Group comprise member firms of PricewaterhouseCoopers International Limited.

6. FINANCE COSTS

	Group	
	2021 **S$'000**	2020 S$'000
Interest expense	**66,240**	81,475
Cash flow hedges, reclassified from hedging reserve (Note 22)	**662**	(10,022)
Financing fees	**4,693**	3,448
	71,595	74,901

7. INCOME TAX

(a) Income tax expenses

	Group		MNACT	
	2021 **S$'000**	2020 S$'000	**2021** **S$'000**	2020 S$'000
Tax expense attributable to current financial year's results is made up of:				
Current income tax				
- Singapore	**12**	79	**12**	79
- Foreign	**9,999**	10,546	**-**	-
	10,011	10,625	**12**	79
Withholding tax – Foreign	**10,233**	11,088	**-**	-
	20,244	21,713	**12**	79
Deferred tax (Note 20)	**16,353**	15,771	**-**	-
	36,597	37,484	**12**	79
Over provision in preceding financial years:				
Current income tax – Foreign	**(138)**	(32)	**-**	-
	36,459	37,452	**12**	79

7. INCOME TAX (continued)

(a) Income tax expenses (continued)

The expenses on the results for the financial year differ from the amount that would arise using the Singapore standard rate of income tax due to the following:

	Group		MNACT	
	2021 S$'000	2020 S$'000	**2021 S$'000**	2020 S$'000
(Loss)/profit before tax	**(228,103)**	161,718	**111,886**	121,849
Less: share of profit of a joint venture	**(3,428)**	-	**-**	-
	(231,531)	161,718	**111,886**	121,849
Tax calculated at a tax rate of 17% (2020: 17%)	**(39,360)**	27,492	**19,021**	20,714
Effects of:				
- Expenses not deductible for tax purposes	**5,857**	4,925	**2,865**	3,528
- Income not subject to tax	**(5,116)**	(1,939)		-
- Changes in fair value of investment properties:				
- Not subject to tax	**72,874**	7,909	**-**	-
- Different tax rates	**4,455**	538	**-**	-
- Income not subject to tax due to tax transparency ruling (Note 2.5)	**-**	-	**(21,874)**	(24,163)
- Different tax rates in other countries	**(2,299)**	(1,386)	**-**	-
- Over provision in preceding financial years	**(138)**	(32)	**-**	-
- Others	**186**	(55)	**-**	-
Tax charge	**36,459**	37,452	**12**	79

(b) Movements in current income tax liabilities

	Group		MNACT	
	2021 S$'000	2020 S$'000	**2021 S$'000**	2020 S$'000
Beginning of the financial year	**33,874**	31,216	**198**	119
Income tax paid	**(25,403)**	(20,308)	**(59)**	*
Tax expense	**20,244**	21,713	**12**	79
Over provision in preceding financial years	**(138)**	(32)	**-**	-
Translation differences on consolidation	**(772)**	1,285	**-**	-
End of the financial year	**27,805**	33,874	**151**	198

* The amount is below S$1,000.

(c) The tax charge relating to each component of other comprehensive income is as follows:

	2021			2020		
	Before tax S$'000	**Tax charge S$'000**	**After tax S$'000**	Before tax S$'000	Tax charge S$'000	After tax S$'000
Cash flow hedges						
- Fair value changes	**42,776**	**(2,987)**	**39,789**	(33,370)	2,853	(30,517)
- Reclassification	**(46,153)**	**120**	**(46,033)**	40,163	1,880	42,043
Currency translation differences						
- (Loss)/gains	**(40,161)**	**-**	**(40,161)**	75,327	-	75,327
- Reclassification	**834**	**-**	**834**	(1,939)	-	(1,939)
- Share of a foreign joint venture	**(2,188)**	**-**	**(2,188)**	-	-	-
Other comprehensive income	**(44,892)**	**(2,867)**	**(47,759)**	80,181	4,733	84,914

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FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

8. EARNINGS PER UNIT

The calculation of basic and diluted earnings per unit is based on:

	Group		MNACT	
	2021	2020	**2021**	2020
Net (loss)/profit attributable to Unitholders of MNACT (S$'000)	**(265,788)**	123,556	**111,874**	121,770
Weighted average number of units outstanding during the financial year ('000)	**3,382,632**	3,199,143	**3,382,632**	3,199,143
Basic and diluted (loss)/earnings per unit (cents)	**(7.857)**	3.862	**3.307**	3.806

Diluted earnings per unit is the same as the basic earnings per unit as there are no dilutive instruments in issue during the financial year.

9. CASH AND BANK BALANCES

	Group		MNACT	
	2021 **S$'000**	2020 S$'000	**2021** **S$'000**	2020 S$'000
Cash at bank and on hand	**117,020**	145,662	**10,092**	46,653
Short-term bank deposits	**135,178**	62,136	**77,000**	6,556
	252,198	207,798	**87,092**	53,209

For purpose of presenting the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	Group	
	2021 **S$'000**	2020 S$'000
Cash and bank balances	**252,198**	207,798
Less: Restricted cash*	**(22,922)**	(19,590)
Cash and cash equivalents per consolidated statement of cash flows	**229,276**	188,208

* Restricted cash relates to the amount of cash reserves for the Japan Properties which is required to be maintained based on the agreements with the banks. Restricted cash are reserves for use in capital expenditure, interest expense and certain property related expenses to ensure these liabilities can be met when incurred.

10. TRADE AND OTHER RECEIVABLES

	Group		MNACT	
	2021 **S$'000**	2020 S$'000	**2021** **S$'000**	2020 S$'000
Trade receivables:				
- Non-related parties	**3,349**	1,892	**1,840**	390
Amounts due from subsidiaries (non-trade)	**-**	-	**6,874**	6,479
Accrued revenue	**6,923**	7,020	**-**	-
Interest receivables	**901**	342	**11**	2
Other receivables	**3,423**	8,417	**4**	188
	14,596	17,671	**8,729**	7,059

The amounts due from subsidiaries are unsecured, interest-free and repayable on demand.

Included in other receivables in the previous financial year was the refundable withholding tax and consumption tax relating to the acquisition of MBP and Omori, total amounting to S$6,484,000. These were received in the current financial year.

11. OTHER CURRENT ASSETS

	Group	
	2021 **S$'000**	2020 S$'000
Deposits	**51**	52
Prepayments	**3,310**	1,841
	3,361	1,893

12. DERIVATIVE FINANCIAL INSTRUMENTS

The Group holds derivatives instruments, as part of its hedging strategy, to hedge its foreign currency and interest rate risk exposures.

	Group			
			Fair value	
	Maturity	Contract notional amount S$'000	Assets S$'000	Liabilities S$'000
31 March 2021				
Cash flow hedging instruments:				
Interest rate swaps (current)	July 2021- March 2022	**198,628**	**-**	**(2,214)**
Interest rate swaps (non-current)	July 2022 - May 2025	**1,040,750**	**-**	**(13,506)**
Cross currency interest rate swaps (current)	September 2021 - March 2022	**175,000**	**586**	**(5,988)**
Cross currency interest rate swaps (non-current)	November 2022 - March 2027	**724,387**	**22,040**	**(2,710)**
Non-hedging instruments:				
Currency forwards (current)	April 2021 - December 2021	**107,523**	**1,404**	**(1,342)**
			24,030	**(25,760)**
Represented by:				
Current position			**1,990**	**(9,544)**
Non-current position			**22,040**	**(16,216)**
Percentage of derivatives to the Group's net asset value				**(0.04%)**
31 March 2020				
Cash flow hedging instruments:				
Interest rate swaps (current)	April 2020 - March 2021	392,502	1	(1,361)
Interest rate swaps (non-current)	July 2021 - May 2025	1,080,315	1,152	(12,602)
Cross currency interest rate swaps (non-current)	September 2021 - March 2027	906,373	6,376	(38,795)
Non-hedging instruments:				
Currency forwards (current)	June 2020 - December 2020	112,761	128	(3,952)
			7,657	(56,710)
Represented by:				
Current position			129	(5,313)
Non-current position			7,528	(51,397)
Percentage of derivatives to the Group's net asset value				(1.04%)

At 31 March 2021, the fixed interest rates payable on interest rate swaps and cross currency interest rate swaps vary from 0.13% to 3.58% (2020: 0.13% to 3.58%) per annum and the fixed and floating interest rates receivable vary from 0.08% to 3.96% (2020: 0.07% to 3.96%) per annum.

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12. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

	MNACT			
			Fair value	
	Maturity	Contract notional amount S$'000	Assets S$'000	Liabilities S$'000
31 March 2021				
Cash flow hedging instruments:				
Currency forwards (current)	April 2021 – December 2021	**107,523**	**1,404**	**(1,342)**
Percentage of derivatives to MNACT's net asset value				*****
31 March 2020				
Cash flow hedging instruments:				
Currency forwards (current)	June 2020 - December 2020	112,761	128	(3,952)
Percentage of derivatives to MNACT's net asset value				(0.14%)

* Less than 0.01%

The exposure of contractual notional amount of derivative financial instruments held for hedging which are based on IBORs are S$1,443,588,000 (2020: S$1,680,712,000).

Interest rate benchmark reform

To transition existing contracts and agreements that reference the various IBORs to their respective new benchmark interest rates, adjustments for term differences and credit differences might need to be applied to the new benchmark interest rates, to enable the two benchmark rates to be economically equivalent on transition.

In calculating the change in fair value attributable to the hedged risk of floating-rate debts, the Group has made the following assumptions that reflect its current expectations:

- The floating-rate debts will move to the respective new IBORs (except for HIBOR and TIBOR which will co-exist with their respective new IBORs in the respective countries) during 2022 and the spread will be similar to the spread included in the interest rate swaps and cross currency interest rate swaps used as hedging instruments; and
- No other changes to the terms of the floating-rate debts are anticipated.

12. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

		Carrying Amount		Changes in fair value used for calculating hedge ineffectiveness			
	Contractual notional amount S$'000	Assets/ (Liabilities) S$'000	Financial statement line item	Hedging instrument S$'000	Hedged Item S$'000	Hedge ineffectiveness recognised in P&L S$'000	Maturity date
Hedging instruments used in Group's hedging strategy in 2021							
Group							
Cash flow hedge							
Interest rate risk							
- Interest rate swaps to hedge floating rate borrowings	1,239,378	(15,720)	Derivative financial instruments	(11,328)	11,328	-	July 2021 - May 2025
Interest rate risk/foreign exchange risk							
- Cross currency interest rate swaps to hedge foreign currency interest and principal payments and floating rate borrowings	899,387	13,928	Derivative financial instruments	54,104	(54,104)	-	September 2021 - March 2027
MNACT							
Cash flow hedge							
Foreign exchange risk							
- Forward contracts to hedge highly probable transactions	107,523	62	Derivative financial instruments	3,065	(3,065)	-	April 2021 - December 2021
Hedging instruments used in Group's hedging strategy in 2020							
Group							
Cash flow hedge							
Interest rate risk							
- Interest rate swaps to hedge floating rate borrowings	1,472,817	(12,810)	Derivative financial instruments	(3,729)	3,729	-	April 2020 - May 2025
Interest rate risk/foreign exchange risk							
- Cross currency interest rate swaps to hedge foreign currency interest and principal payments and floating rate borrowings	906,373	(32,419)	Derivative financial instruments	(29,641)	29,641	-	September 2021 - March 2027
MNACT							
Cash flow hedge							
Foreign exchange risk							
- Forward contracts to hedge highly probable transactions	112,761	(3,824)	Derivative financial instruments	(5,665)	5,665	-	June 2020 - December 2020

At 31 March 2021, the Group's weighted average hedge rates for interest rate swaps and cross currency swaps were 0.94% and 2.07% (SGD1: HKD5.75, USD1: HKD7.79, SGD1: JPY81.23 and HKD1: JPY14.28) [2020: 1.21% and 2.06% (SGD1: HKD5.75, USD1: HKD7.79, SGD1: JPY81.23 and HKD1: JPY14.28)] respectively.

At 31 March 2021, MNACT's weighted average hedged rates for outstanding forward contracts were SGD1: HKD5.76, SGD1: RMB5.05, SGD1: JPY77.91 and SGD1: KRW 839.20 (2020: SGD1: HKD5.65, SGD1: RMB5.18 and SGD1: JPY77.29).

NOTES TO THE FINANCIAL STATEMENTS

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13. INVESTMENT PROPERTIES

(a) Movements during the financial year

	Group 31 March **2021** **S$'000**	 2020 S$'000
Beginning of the financial year	**8,347,232**	7,609,543
Additions (Note 13(c))	**19,743**	12,803
Acquisition	**-**	484,746
Net change in fair value of investment properties	**(480,957)**	(17,906)
Translation difference on consolidation	**(211,968)**	258,046
End of the financial year	**7,674,050**	8,347,232

Details of the properties are shown in the Portfolio Statement.

(b) Fair value hierarchy

The following level presents the investment properties at fair value and classified by level of fair value measurement hierarchy:

- Level 1: quoted prices (unadjusted) in active markets for identical assets;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset that are not based on observable market data (unobservable inputs).

All properties within the Group's portfolio are classified within Level 3 of the fair value hierarchy.

(c) Reconciliation of movements in Level 3 fair value measurements

	Hong Kong SAR S$'000	China S$'000	Japan S$'000	Total S$'000
2021				
Beginning of the financial year	**5,090,037**	**1,851,875**	**1,405,320**	**8,347,232**
Additions*, including effect of amortisation of leasing related and capitalised costs	**12,111**	**(380)**	**8,012**	**19,743**
Net change in fair value of investment properties	**(428,673)**	**(78,783)**	**26,499**	**(480,957)**
Translation differences on consolidation	**(153,393)**	**62,456**	**(121,031)**	**(211,968)**
End of the financial year	**4,520,082**	**1,835,168**	**1,318,800**	**7,674,050**

	Hong Kong SAR S$'000	China S$'000	Japan S$'000	Total S$'000
2020				
Beginning of the financial year	4,966,850	1,859,835	782,858	7,609,543
Additions, including effect of amortisation of leasing related and capitalised costs	8,202	13	4,588	12,803
Acquisition*	-	-	484,746	484,746
Net change in fair value of investment properties	(46,526)	14,536	14,084	(17,906)
Translation differences on consolidation	161,511	(22,509)	119,044	258,046
End of the financial year	5,090,037	1,851,875	1,405,320	8,347,232

* Included non-audit fees of S$32,000 (2020: S$145,000) paid to the auditor of MNACT Group for the service rendered as the independent reporting auditor in relation to non-audit services in connection with acquisition of MBP and OBP.

The TMK bonds and certain bank loans are secured on the Japan Properties with carrying amounts on the balance sheet of S$1,318,800,000 (2020: S$1,405,320,000) (Note 19).

13. INVESTMENT PROPERTIES (continued)

(d) Valuation techniques and key unobservable inputs

Fair values of the Group's properties have been derived using the following valuation techniques:

- Income capitalisation – Properties are valued by capitalising the net income on a fully leased basis at a blended rate to arrive at the core capital value. The net income of the building is the estimated current rate and potential future income from existing vacancies after deducting all necessary outgoings and expenses. The adopted yield reflects the nature, location and tenancy profile of the property together with the prevailing property market condition.

- Discounted cash flow - Properties are valued by discounting the net cash flows over the assumed cash flow period at an appropriate rate to reflect risk.

- Direct comparison - Properties are valued by using transacted prices for comparable properties for which price information is available, with adjustments made for differences in size, location, time, amenities, building age, building quality, remaining land tenure and other relevant factors.

The following table presents the valuation techniques and key inputs that were used to determine the fair value of the investment properties categorised under Level 3 of the fair value hierarchy:

Valuation techniques	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Income capitalisation	Capitalisation rate	4.15% – 5.50% (2020: 4.15% - 5.50%) per annum	The higher the capitalisation rate, the lower the fair value.
Discounted cash flow	Discount rate	3.80% – 9.25% (2020: 3.90% - 9.25%) per annum	The higher the discount rate, the lower the fair value.
Direct comparison (only for China properties)	Adjusted price per square metre	RMB 37,766 – RMB 61,997 (2020: RMB 37,766 - RMB 65,003)	The higher the adjusted price per square metre, the higher the fair value.

(e) Valuation processes of the Group

The Group engages independent and qualified valuers to determine the fair value of the Group's properties at the end of every financial year based on the properties' highest and best use. As at 31 March 2021, the fair values of the properties were determined by Cushman & Wakefield Limited and CBRE K.K. (2020: Cushman & Wakefield Limited and Cushman & Wakefield K.K.).

The independent valuers are of the view that the valuation techniques and estimates they have employed are reflective of the current market conditions and have taken into account the impact of COVID-19 based on information available as at 31 March 2021. Given the uncertainty over the length and severity of the COVID-19 outbreak in the respective countries in which the Group operates and the ongoing measures being adopted by them to address the outbreak, valuations for certain investment properties may be subjected to more fluctuations subsequent to 31 March 2021 than during normal market conditions. The Manager has reviewed the appropriateness of the valuation techniques and the assumptions applied by the independent valuers.

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14. LEASES – THE GROUP AS A LESSOR

The Group has leased out their owned investment properties to third parties and related parties (Note 28) for monthly lease payments. These leases are classified as operating leases because the risk and rewards incidental to ownership of the assets are not substantially transferred.

Although the Group is exposed to changes in the residual values of its investment properties at the end of the current leases, the Group typically enters into new operating leases and therefore will not immediately realise any reduction in residual value at the end of these leases. Expectations about the future residual values are reflected in the fair value of the investment properties in Note 13.

Rental income from investment properties are disclosed in Note 3.

Undiscounted non-cancellable lease payments from the operating leases to be received after the reporting date are as follows:

	31 March 2021 S$'000	31 March 2020 S$'000
Less than one year	**343,570**	363,047
One to two years	**262,264**	298,327
Two to three years	**154,112**	218,318
Three to four years	**53,211**	131,010
Four to five years	**24,500**	44,481
Later than five years	**6,504**	22,348
Total undiscounted lease payments	**844,161**	1,077,531

The future minimum lease receivables under non-cancellable leases exclude the portion of lease receivables which is computed based on a percentage of the sales achieved by some of the lessees. The contingent lease receivables received during the financial year and recognised in the Group's revenue are disclosed in Note 3.

Some of the operating leases are subject to revision of lease rentals at periodic intervals. For the purpose of the above disclosure, the prevailing lease rentals are used.

15. PLANT AND EQUIPMENT

	Computer equipment S$'000	Other fixed assets S$'000	Total S$'000
Group			
2021			
Cost			
Beginning of the financial year	**1,693**	**6,379**	**8,072**
Additions	**320**	**637**	**957**
Write-offs	**(10)**	**(191)**	**(201)**
Translation difference on consolidation	**(51)**	**(200)**	**(251)**
End of the financial year	**1,952**	**6,625**	**8,577**
Accumulated depreciation			
Beginning of the financial year	**1,515**	**2,772**	**4,287**
Depreciation charge	**106**	**1,200**	**1,306**
Write-offs	**(8)**	**(158)**	**(166)**
Translation difference on consolidation	**(47)**	**(110)**	**(157)**
End of the financial year	**1,566**	**3,704**	**5,270**
Net book value			
End of the financial year	**386**	**2,921**	**3,307**

15. PLANT AND EQUIPMENT (continued)

	Computer equipment S$'000	Other fixed assets S$'000	Total S$'000
Group			
2020			
Cost			
Beginning of the financial year	1,603	4,852	6,455
Additions	94	1,600	1,694
Write-offs	(53)	(226)	(279)
Translation difference on consolidation	49	153	202
End of the financial year	1,693	6,379	8,072
Accumulated depreciation			
Beginning of the financial year	1,400	1,704	3,104
Depreciation charge	123	1,115	1,238
Write-offs	(53)	(125)	(178)
Translation difference on consolidation	45	78	123
End of the financial year	1,515	2,772	4,287
Net book value			
End of the financial year	178	3,607	3,785

ROU assets acquired under leasing arrangements are presented together with the owned assets of the same class.

16. INVESTMENTS IN SUBSIDIARIES

	MNACT	
	2021 S$'000	2020 S$'000
Equity investments at cost	**1,139,696**	1,132,875
Loans to subsidiaries	**1,552,127**	1,540,474
	2,691,823	2,673,349

The loans to subsidiaries are unsecured, interest-free and with no fixed repayment terms and are intended to be a long-term source of additional capital for the subsidiaries. Settlement of these loans is neither planned nor likely to occur in the foreseeable future. Accordingly, the Manager considers these loans to be part of the Trust's net investment in the subsidiaries and has accounted for these loans in accordance with Note 2.7.

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16. INVESTMENTS IN SUBSIDIARIES (continued)

The Group has the following significant subsidiaries as at 31 March 2021 and 2020:

Name of subsidiary	Principal activities	Country of incorporation	Effective interest held by the Group	
			2021 **%**	2020 %
Festival Walk (2011) Limited [a]	Property investment	Hong Kong SAR	**100.0**	100.0
HK Gateway Plaza Company Limited [b]	Property investment	Hong Kong SAR	**100.0**	100.0
Shanghai Zhan Xiang Real Estate Company Limited [b]	Property investment	China	**100.0**	100.0
Tsubaki Tokutei Mokuteki Kaisha [c]	Property investment	Japan	**98.47**	98.47
GK Makuhari Blue [c]	Property investment	Japan	**98.47**	98.47

[a] Audited by PricewaterhouseCoopers, Hong Kong

[b] Audited by PricewaterhouseCoopers Zhong Tian, China

[c] Audited by PricewaterhouseCoopers Aarata LLC, Japan

As at 31 March 2021 and 2020, the Group only had two subsidiaries with non-controlling interests of 1.53%. The non-controlling interests are not material to the Group.

The Group does not have any other subsidiaries that has non-controlling interests that are material to the Group. Accordingly, no summarised financial information of subsidiaries with non-controlling interests are presented.

17. INVESTMENT IN A JOINT VENTURE

	Group	
	2021 **S$'000**	2020 S$'000
Unquoted equity, at costs	**115,322**	-
Share of post-acquisition reserves	**1,240**	-
	116,562	-

The movement in investment in a joint venture is as follows:

	Group	
	2021 **S$'000**	2020 S$'000
Beginning of the financial year	**-**	-
Acquisition*	**115,322**	-
Share of profit	**3,428**	-
Share of other comprehensive income	**(2,188)**	-
End of the financial year	**116,562**	-

* Acquisition includes accrued transaction costs amounting to $672,000 as at 31 March 2021 (2020: Nil). There are fees for non-audit services paid/payable to auditors of MNACT Group of $107,000 which has been capitalised as part of investment in joint venture.

On 30 October 2020, the Group acquired 50% interest in a joint venture which owns a high quality office building, The Pinnacle Gangnam, located at Gangnam-gu, Seoul, South Korea ("TPG").

17. INVESTMENT IN A JOINT VENTURE (continued)

The Group's interest in the joint venture is as follows:

Name of joint venture	Principal activities	Country of incorporation	Effective interest held by the Group	
			2021 **%**	2020 %
IGIS Qualified Investment Type Private Placement Real Estate Investment Trust No. 6*	Property investment	South Korea	**50.0**	-

* Not required to be audited under the laws of the country of incorporation.

Set out below is the summarised financial information for the Group's material joint venture.

Summarised statement of comprehensive income

	TPG **2021** **S$'000**
Revenue	**9,563**
Profit before tax*	**8,082**
Income tax expense	**(1,226)**
Profit after tax	**6,856**
Other comprehensive income	**(4,376)**
Total comprehensive income	**2,480**
Dividends received from joint venture	**-**

* Includes interest income and interest expense of $28,000 and $3,158,000 respectively.

Summarised statement of financial position

	TPG **2021** **S$'000**
Cash and bank balances	**26,791**
Other current assets	**321**
Non-current asset - Investment property	**543,469**
Total assets	**570,581**
Current trade and other payables	**27,536**
Deferred tax liabilities	**1,233**
Non-current borrowings	**315,746**
Total liabilities	**344,515**
Net assets	**226,066**
Group's equity interest	**50%**
Group's share of net assets	**113,033**
Acquisition cost	**3,529**
Carrying amount of investment	**116,562**

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18. TRADE AND OTHER PAYABLES

	Group		MNACT	
	2021 **S$'000**	2020 S$'000	**2021** **S$'000**	2020 S$'000
Current				
Trade payables	**1,877**	2,863	**336**	154
Accruals	**36,094**	34,888	**2,265**	2,679
Amounts due to subsidiaries (non-trade)	**-**	-	**4,439**	56
Amounts due to related parties (trade)	**14,829**	8,429	**9,027**	4,224
Amount due to a related party (non-trade)	**2**	14	**2**	14
Tenancy deposits and advance rental	**53,805**	56,287	**-**	-
Other deposits	**1,041**	1,083	**-**	-
Interest payable	**7,752**	8,603	**-**	-
Advanced distribution payable	**-**	34,179	**-**	34,179
Other payables	**6,660**	3,611	**-**	-
	122,060	149,957	**16,069**	41,306
Non-current				
Tenancy deposits and advance rental	**105,861**	109,894	**-**	-
	227,921	259,851	**16,069**	41,306

Accruals include accrued capital expenditure and property taxes for investment properties.

In the previous year, there was an advanced distribution payment accrued of S$34,179,000 or 1.07 cents per unit which was declared payable to eligible Unitholders on 28 February 2020. This represents the distribution for the period from 1 January 2020 to 27 February 2020 to Unitholders existing as at 28 February 2020 and prior to the issuance of new units pursuant to the Transaction Units (Note 24(iii)).

Included in trade amounts due to related parties are amounts due to the Property Manager of S$5,802,000 (2020: S$4,205,000) and the Manager of S$9,027,000 (2020: S$4,224,000).

The non-trade amounts due to subsidiaries and a related party are unsecured, interest-free and repayable on demand.

19. BORROWINGS

	Group	
	2021 **S$'000**	2020 S$'000
Current		
Bank loans	**32,987**	353,148
Medium-term notes	**175,000**	-
	207,987	353,148
Non-current		
Bank loans	**2,450,335**	2,213,635
TMK bonds	**78,943**	86,305
Medium-term notes	**544,713**	730,406
Gross borrowings	**3,281,978**	3,383,494
Less: Unamortised transaction costs	**(10,725)**	(11,186)
Net borrowings	**3,271,253**	3,372,308
Represented by:		
Current position	**207,406**	352,669
Non-current position	**3,063,847**	3,019,639

The above borrowings are unsecured except for the TMK bonds and certain bank loans amounting to S$703,764,000 (2020: S$774,424,000), which are secured over the Japan Properties (Note 13).

19. BORROWINGS (continued)

(a) Maturity of borrowings

The bank loans mature between 2021 and 2026 (2020: 2020 and 2025), TMK bonds mature between 2024 and 2025 (2020: 2024 and 2025), and medium-term notes mature between 2021 and 2027 (2020: 2021 and 2027).

(b) Interest rates

The weighted average effective interest rates per annum are as follows:

	2021 **%**	2020 %
Group		
Bank loans	**1.34**	2.13
TMK bonds	**0.41**	0.41
Medium-term notes	**3.42**	3.42

(c) Interest rate risks

The exposure of the borrowings of the Group at the reporting dates (before taking into account the derivatives to swap the floating rates to fixed rates) to interest rate changes and the contractual repricing dates are as follows:

	Variable rates 1 to 6 months S$'000	Fixed rates 1 to 5 years S$'000	Fixed rates more than 5 years S$'000	Total S$'000
Group				
31 March 2021				
Borrowings	**2,473,748**	**-**	**797,505**	**3,271,253**
31 March 2020				
Borrowings	2,557,115	-	815,193	3,372,308

(d) Carrying amounts and fair values

The carrying amount of the current and non-current bank loans and TMK bonds, which are at variable market rates, approximate their fair values at the reporting date.

The fair value of the current and non-current fixed-rate medium-term notes of S$746,105,000 (2020: S$736,697,000) is determined from adjusted quoted prices and is within Level 2 of the fair value hierarchy.

(e) Medium-term notes

In May 2013, the Group established, together with DBS Trustee Limited, in its capacity as Trustee of MNACT ("MNACT Trustee"), a US$1,500,000,000 Euro Medium Term Securities Programme ("MTN Programme") via its subsidiaries, Mapletree North Asia Commercial Trust Treasury Company (S) Pte. Ltd. ("MNACT S-TCo") and Mapletree North Asia Commercial Treasury Company (HKSAR) Limited ("MNACT HK-TCo").

Under the MTN Programme, MNACT Trustee, MNACT S-TCo and MNACT HK-TCo (collectively "the Issuers") may, subject to compliance with all relevant laws, regulations and directives, from time to time issue Medium-term notes or perpetual securities in series or tranches in Singapore Dollars or any other currency.

Each series or tranche of Medium-term notes may be issued in various amounts and tenors, and may bear fixed, floating or variable rates of interest. Hybrid notes or zero coupon notes may also be issued under the MTN Programme.

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19. BORROWINGS (continued)

(e) Medium-term notes (continued)

The Medium-term notes shall constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuers and rank pari passu and without any preference among themselves and equally with all other unsecured obligations of the Issuers, from time to time outstanding. All sums payable in respect of the Medium-term notes will be unconditionally and irrevocably guaranteed by DBS Trustee Limited, in its capacity as Trustee of MNACT.

Total Medium-term notes outstanding as at 31 March 2021 under the MTN Programme was S$719,713,000 (2020: S$730,406,000) consisting of:

	Maturity date	Fixed interest rate	Interest payment in arrear	**31 March 2021 '000**	31 March 2020 '000
(i)	8 September 2021	3.20%	Semi-annually	**S$75,000**	S$75,000
(ii)	9 March 2022	3.43%	Semi-annually	**S$100,000**	S$100,000
(iii)	9 November 2022	3.96%	Semi-annually	**S$100,000**	S$100,000
(iv)	22 March 2023	3.50%	Semi-annually	**S$120,000**	S$120,000
(v)	20 April 2023	3.25%	Semi-annually	**HK$600,000**	HK$600,000
(vi)	20 September 2023	3.00%	Semi-annually	**HK$700,000**	HK$700,000
(vii)	11 March 2027	3.65%	Semi-annually	**HK$580,000**	HK$580,000

(f) TMK Bonds

The TMK bonds of JPY6,390 million as at 31 March 2021 and 2020 bear floating interest rate of 3 Month JPY Tibor plus spread (0.32% and 0.36%) per annum and mature between 2024 and 2025.

(g) Undrawn committed borrowing facilities

As at 31 March 2021, the Group had unutilised facilities of S$378,217,000 (2020: S$283,218,000) available to meet its future obligations.

20. DEFERRED TAX

	Group	
	2021 S$'000	2020 S$'000
Beginning of the financial year	**133,160**	119,889
Tax charge to profit or loss (Note 7(a))	**16,353**	15,771
Tax charge/(tax credit) to other comprehensive income (Note 7(c))	**2,867**	(4,733)
Translation difference on consolidation	**(1,631)**	2,233
End of the financial year	**150,749**	133,160

20. DEFERRED TAX (continued)

The movement in deferred income tax liabilities prior to offsetting of balances within the same tax jurisdiction is as follows:

	Accelerated tax depreciation S$'000	Change in fair value of investment properties S$'000	Change in fair value of derivative financial instruments S$'000	Unremitted earnings S$'000	Total S$'000
Group					
2021					
Beginning of the financial year	**70,039**	**63,611**	**(3,789)**	**3,299**	**133,160**
Tax charge to profit or loss (Note 7(a))	**19,270**	**(4,432)**	**-**	**1,515**	**16,353**
Tax charge to other comprehensive income (Note 7(c))	**-**	**-**	**2,867**	**-**	**2,867**
Translation difference on consolidation	**(3,020)**	**1,556**	**-**	**(167)**	**(1,631)**
End of the financial year	**86,289**	**60,735**	**(922)**	**4,647**	**150,749**
2020					
Beginning of the financial year	57,501	58,666	944	2,778	119,889
Tax charge to profit or loss (Note 7(a))	10,143	5,402	-	226	15,771
Tax credit to other comprehensive income (Note 7(c))	-	-	(4,733)	-	(4,733)
Translation difference on consolidation	2,395	(457)	-	295	2,233
End of the financial year	70,039	63,611	(3,789)	3,299	133,160

21. GENERAL RESERVE

Shanghai Zhan Xiang Real Estate Company Limited, an entity incorporated in China, is required to transfer 10% of its profits after taxation, as determined under the accounting principles and relevant financial regulations of China, to the general reserve until the reserve balance reaches 50% of registered capital. The transfer to this reserve must be made before distribution of dividends to its shareholders. This general reserve can be used to make good previous years' losses, if any, and may be converted to registered capital in proportion to the existing interests of the shareholders, provided that the balance after such conversion is not less than 25% of the registered capital.

22. HEDGING RESERVE

	Group					
	2021			2020		
	Interest rate risk S$'000	**Interest rate/ foreign exchange risk S$'000**	**Total S$'000**	Interest rate risk S$'000	Interest rate/ foreign exchange risk S$'000	Total S$'000
Beginning of the financial year	**(11,674)**	**17,838**	**6,164**	(8,422)	3,068	(5,354)
Fair value changes	**(11,328)**	**54,104**	**42,776**	(3,729)	(29,641)	(33,370)
Tax charge (Note 7(c))	**726**	**(3,593)**	**(2,867)**	722	4,011	4,733
Reclassification to profit or loss						
- Finance costs (Note 6)	**8,418**	**(7,756)**	**662**	(237)	(9,785)	(10,022)
- Foreign exchange	**-**	**(46,815)**	**(46,815)**	-	50,185	50,185
Less: Non-controlling interests	**(24)**	**-**	**(24)**	(8)	-	(8)
End of the financial year	**(13,882)**	**13,778**	**(104)**	(11,674)	17,838	6,164

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22. HEDGING RESERVE (continued)

	MNACT	
	2021	2020
	Foreign exchange risk S$'000	Foreign exchange risk S$'000
Beginning of the financial year	**(3,824)**	246
Fair value changes, net of tax	**3,065**	(5,665)
Reclassification to profit or loss	**821**	1,595
End of the financial year	**62**	(3,824)

23. FOREIGN CURRENCY TRANSLATION RESERVE

	Group	
	2021 S$'000	2020 S$'000
Beginning of the financial year	**135,892**	62,777
Translation differences relating to financial statements of:		
- foreign subsidiaries and quasi-equity loans	**(40,161)**	75,327
- a foreign joint venture	**(2,188)**	-
Reclassification to profit or loss	**834**	(1,939)
Less: Non-controlling interests	**311**	(273)
End of the financial year	**94,688**	135,892

The foreign currency translation reserve comprises foreign exchange differences arising from the translation of the financial statements of foreign entities and the translation of foreign currency loans used to hedge or form part of the Group's net investments in foreign entities. The Group's foreign currency translation reserve arises from HKD, RMB, JPY and KRW.

24. UNITS IN ISSUE

	Group and MNACT 31 March	
	2021 '000	2020 '000
Beginning of the financial year	**3,342,916**	3,173,892
Units issued for		
- settlement of Management fees	**21,291**	25,925
- Transaction Units	**-**	123,708
- Distribution Reinvestment Plan	**70,130**	19,391
End of the financial year	**3,434,337**	3,342,916

24. UNITS IN ISSUE (continued)

The following units were issued during the financial year:

(i) 21,290,696 (2020: 25,925,151) units, at issue prices ranging from S$0.76 to S$0.92 (2020: S$1.14 to S$1.42) per unit as payment of Management fees to the Manager and the Property Manager. The issue prices were determined based on the volume weighted average traded price for all trades done on SGX-ST in the ordinary course of trading for the last 10 business days of the relevant quarter in which the management fees accrued.

(ii) 70,129,942 (2020: 19,391,049) units, at issue prices ranging from S$0.86 to S$1.14 (2020: S$1.19) per unit, pursuant to the Distribution Reinvestment Plan ("DRP"). The DRP was introduced on 4 December 2019 whereby the Unitholders are given the option to receive their distribution in units instead of cash or a combination of units and cash.

The following units were issued in the prior financial year:

(iii) 123,708,135 units, at an issue price of S$1.17 per unit, in respect of issuance of transaction units (the "Transaction Units") to the Sponsor's Nominee for the acquisition of the Japan Properties.

Each unit in MNACT represents an undivided interest in MNACT. The rights and interests of Unitholders are contained in the Trust Deed and include the right to:

- Receive income and other distributions attributable to the units held;
- Participate in the termination of MNACT by receiving a share of all net cash proceeds derived from the realisation of the assets of MNACT less any liabilities, in accordance with their proportionate interests in MNACT. However, a Unitholder does not have the right to require that any assets (or part thereof) of MNACT be transferred to him; and
- Attend all Unitholders' meetings. The Trustee or the Manager (and the Manager shall at the request in writing of not less than 50 Unitholders or Unitholders representing not less than 10.0% of the issued units of MNACT) may at any time convene a meeting of Unitholders in accordance with the provisions of the Trust Deed.

The restrictions of a Unitholder include the following:

- A Unitholder's right is limited to the right to require due administration of MNACT in accordance with the provisions of the Trust Deed; and
- A Unitholder has no right to request to redeem his units while the units are listed on SGX-ST.

A Unitholder's liability is limited to the amount paid or payable for any units in MNACT. The provisions of the Trust Deed provide that no Unitholder will be personally liable to indemnify the Trustee or any creditor of the Trustee in the event that the liabilities of MNACT exceed its assets.

25. CAPITAL COMMITMENTS

Development expenditures contracted for at the reporting date but not recognised in the financial statements amounted to S$13,758,604 (2020: S$1,062,000).

26. FINANCIAL RISK MANAGEMENT

Financial risk factors

The Group's activities expose it to market risk (including currency risk and interest rate risk), credit risk and liquidity risk in the normal course of its business. The Group's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance. The Group uses financial instruments such as currency forwards, interest rate swaps, cross currency interest rate swaps, and foreign currency borrowings to hedge certain financial risk exposures.

The Board of Directors ("BOD") of the Manager is responsible for setting the objectives and underlying principles of financial risk management for the Group. This is supported by comprehensive internal processes and procedures which are formalised in the Manager's organisational and reporting structure, operating manuals and delegation of authority guidelines.

(a) Market risk

(i) Currency risk

The Manager's investment strategy includes investing in the North Asia region. In order to manage the currency risk involved in investing in assets outside Singapore, the Manager adopts strategies that may include:

- the use of foreign currency denominated borrowings to match the currency of the investment asset as a natural currency hedge;
- the use of cross currency interest rate swaps to swap a portion of borrowings and interest in another currency into the currency of the investment asset to reduce the underlying currency exposure on the borrowings and interest; and
- entering into currency forward contracts to hedge the foreign currency income receivable from the offshore assets, back into Singapore Dollars.

26. FINANCIAL RISK MANAGEMENT (continued)

Financial risk factors (continued)

(a) **Market risk** (continued)

(i) ***Currency risk*** (continued)

The Group's currency exposure is as follows:

	SGD S$'000	HKD S$'000	RMB S$'000	JPY S$'000	USD S$'000	KRW S$'000	Total S$'000
Group							
31 March 2021							
Financial assets							
Cash and bank balances	**85,745**	**14,332**	**84,560**	**67,460**	**101**	**-**	**252,198**
Trade and other receivables and other current assets[1]	**1,855**	**5,001**	**4,480**	**3,311**	**-**	**-**	**14,647**
Derivative financial instruments	**1,404**	**8,092**	**-**	**14,534**	**-**	**-**	**24,030**
	89,004	**27,425**	**89,040**	**85,305**	**101**	**-**	**290,875**
Financial liabilities							
Trade and other payables	**(13,436)**	**(100,321)**	**(45,066)**	**(68,924)**	**(174)**	**-**	**(227,921)**
Lease liabilities	**-**	**(62)**	**-**	**-**	**-**	**-**	**(62)**
Derivative financial instruments	**(1,342)**	**(19,364)**	**-**	**(5,054)**	**-**	**-**	**(25,760)**
Borrowings	**(804,000)**	**(1,624,453)**	**(35,365)**	**(700,230)**	**(107,205)**	**-**	**(3,271,253)**
	(818,778)	**(1,744,200)**	**(80,431)**	**(774,208)**	**(107,379)**	**-**	**(3,524,996)**
Net financial assets/ (liabilities)	**(729,774)**	**(1,716,775)**	**8,609**	**(688,903)**	**(107,278)**	**-**	**(3,234,121)**
Less: Net financial (assets)/ liabilities denominated in the respective entities' functional currencies	**37,988**	**1,616,920**	**(4,683)**	**689,119**	**-**	**-**	
Currency forwards	**-**	**(52,875)**	**(30,762)**	**(21,985)**	**-**	**(1,901)**	
Cross currency interest rate swaps[#]	**692,000**	**100,178**	**-**	**-**	**107,205**	**-**	
Net currency exposure	**214**	**(52,552)***	**(26,836)***	**(21,769)***	**(73)**	**(1,901)***	

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26. FINANCIAL RISK MANAGEMENT (continued)

Financial risk factors (continued)

(a) **Market risk** (continued)

(i) ***Currency risk*** (continued)

	SGD S$'000	HKD S$'000	RMB S$'000	JPY S$'000	USD S$'000	Total S$'000
Group						
31 March 2020						
Financial assets						
Cash and bank balances	45,250	20,876	76,570	63,544	1,558	207,798
Trade and other receivables and other current assets[1]	591	5,603	2,778	8,745	6	17,723
Derivative financial instruments	128	1,153	-	6,376	-	7,657
	45,969	27,632	79,348	78,665	1,564	233,178
Financial liabilities						
Trade and other payables	(41,766)	(106,174)	(39,680)	(72,034)	(197)	(259,851)
Lease liabilities	-	(141)	-	-	-	(141)
Derivative financial instruments	(3,952)	(30,483)	-	(22,275)	-	(56,710)
Borrowings	(692,000)	(1,765,018)	(34,973)	(769,426)	(110,891)	(3,372,308)
	(737,718)	(1,901,816)	(74,653)	(863,735)	(111,088)	(3,689,010)
Net financial assets/(liabilities)	(691,749)	(1,874,184)	4,695	(785,070)	(109,524)	(3,455,832)
Less: Net financial (assets)/ liabilities denominated in the respective entities' functional currencies	(272)	1,771,102	1,695	785,072	-	
Currency forwards	-	(51,523)	(34,172)	(27,066)	-	
Cross currency interest rate swaps[#]	692,000	103,478	-	-	110,895	
Net currency exposure	(21)	(51,127)*	(27,782)*	(27,064)*	1,371	

[1] Excludes prepayments.

26. FINANCIAL RISK MANAGEMENT (continued)

Financial risk factors (continued)

(a) **Market risk** (continued)

(i) ***Currency risk*** (continued)

MNACT's currency exposure is as follows:

	SGD S$'000	HKD S$'000	RMB S$'000	JPY S$'000	USD S$'000	KRW S$'000	Total S$'000
MNACT							
31 March 2021							
Financial assets							
Cash and bank balances	**83,081**	**85**	**3,926**	**-**	**-**	**-**	**87,092**
Trade and other receivables	**7,603**	**506**	**-**	**-**	**620**	**-**	**8,729**
Derivative financial instruments	**1,404**	**-**	**-**	**-**	**-**	**-**	**1,404**
	92,088	**591**	**3,926**	**-**	**620**	**-**	**97,225**
Financial liabilities							
Trade and other payables	**(16,069)**	**-**	**-**	**-**	**-**	**-**	**(16,069)**
Derivative financial instruments	**(1,342)**	**-**	**-**	**-**	**-**	**-**	**(1,342)**
	(17,411)	**-**	**-**	**-**	**-**	**-**	**(17,411)**
Net financial assets	**74,677**	**591**	**3,926**	**-**	**620**	**-**	**79,812**
Less: Net financial assets denominated in MNACT's functional currency	**(74,677)**	**-**	**-**	**-**	**-**	**-**	
Add: Highly probable forecast transactions	**-**	**52,875**	**30,762**	**21,985**	**-**	**1,901**	
Less: Currency forwards	**-**	**(52,875)**	**(30,762)**	**(21,985)**	**-**	**(1,901)**	
Net currency exposure	**-**	**591**	**3,926**	**-**	**620**	**-**	

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26. FINANCIAL RISK MANAGEMENT (continued)

Financial risk factors (continued)

(a) **Market risk** (continued)

(i) ***Currency risk*** (continued)

	SGD S$'000	HKD S$'000	RMB S$'000	JPY S$'000	USD S$'000	Total S$'000
MNACT						
31 March 2020						
Financial assets						
Cash and bank balances	45,174	88	6,389	1	1,557	53,209
Trade and other receivables	5,896	522	-	-	641	7,059
Derivative financial instruments	128	-	-	-	-	128
	51,198	610	6,389	1	2,198	60,396
Financial liabilities						
Trade and other payables	(41,306)	-	-	-	-	(41,306)
Derivative financial instruments	(3,952)	-	-	-	-	(3,952)
	(45,258)	-	-	-	-	(45,258)
Net financial assets	5,940	610	6,389	1	2,198	15,138
Less: Net financial assets denominated in MNACT's functional currency	(5,940)	-	-	-	-	
Add: Highly probable forecast transactions	-	51,523	34,172	27,066	-	
Less: Currency forwards	-	(51,523)	(34,172)	(27,066)	-	
Net currency exposure	-	610	6,389	1	2,198	

[#] At 31 March 2021, the Group had cross currency interest rate swaps to swap S$395.0 million (2020: S$395.0 million) Medium-term notes to HK$2,270.0 (2020: HK$2,270.0 million), and US$80.0 million (2020: US$80.0 million) bank loan to HK$623.3 million (2020: HK$623.2 million), S$297.0 million (2020: S$297.0 million) bank loan to JPY 24,126.0 million (2020: JPY 24,126.0 million) and HK$580.0 million (2020: HK$580.0 million) Medium-term note to JPY8,281.8 million (2020: JPY8,281.8 million).

[*] Net currency exposure of S$52.6 million, S$26.8 million, S$21.8 million and S$1.9 million (2020: S$51.1 million, S$27.8 million, S$27.1 million and Nil) for HKD, RMB and JPY (subsidiaries) and KRW (joint venture) respectively mainly relates to currency forward contracts entered into to hedge future foreign currency income receivable in FY2021/2022 (2020: FY2020/2021), back into SGD.

26. FINANCIAL RISK MANAGEMENT (continued)

Financial risk factors (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

The Group's main foreign currency exposure is in HKD, RMB, JPY and KRW. If the HKD, RMB, JPY and KRW change against the SGD by 5% (2020: 5%) with all other variables including tax being held constant, the effects on profit after tax and Unitholders' funds for the year arising from the net financial asset/liability position will be as follows:

	Group Increase/(decrease)	
	2021 S$'000	2020 S$'000
HKD against SGD		
- strengthened	**(2,627)**	(2,556)
- weakened	**2,627**	2,556
RMB against SGD		
- strengthened	**(1,342)**	(1,389)
- weakened	**1,342**	1,389
JPY against SGD		
- strengthened	**(1,088)**	(1,353)
- weakened	**1,088**	1,353
KRW against SGD		
- strengthened	**(95)**	-
- weakened	**95**	-

As at 31 March 2021 and 2020, MNACT's foreign currency exposure mainly relates to its cash and bank balances denominated in RMB. If the RMB change against the SGD by 5% with all other variables including tax being held constant, the effects on profit after tax and Unitholders' funds for the year arising from the net financial asset/liability position will be S$196,000 (2020: S$319,000).

(ii) Cash flow and fair value interest rate risk

The Group's exposure to changes in interest rates relates primarily to interest-earning financial assets and interest-bearing financial liabilities. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Group has no significant interest-bearing assets.

The Group's policy is to maintain at least 50% of its borrowings in fixed-rate instruments. The Group's exposure to cash flow interest rate risks arises mainly from variable-rate borrowings. The Manager manages these cash flow interest rate risks using floating-to-fixed interest rate swaps and cross currency interest rate swaps.

A change of 50 basis point ("bps") in interest rates at the reporting date would have increased/(decreased) profit after tax and Unitholders' funds by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

26. FINANCIAL RISK MANAGEMENT (continued)

Financial risk factors (continued)

(a) **Market risk** (continued)

(ii) ***Cash flow and fair value interest rate risk*** (continued)

	Profit after tax		Unitholders' fund (including hedging reserve)	
	50bps increase S$'000	50bps (decrease) S$'000	50bps increase S$'000	50bps (decrease) S$'000
Group				
2021				
Interest rate swap	**-**	**-**	**17,033**	**(17,033)**
Unhedged variable rate instruments	**(3,332)**	**3,332**	**(3,332)**	**3,332**
Cash flow sensitivity (net)	**(3,332)**	**3,332**	**13,701**	**(13,701)**
2020				
Interest rate swap	-	-	20,669	(20,669)
Unhedged variable rate instruments	(3,140)	3,140	(3,140)	3,140
Cash flow sensitivity (net)	(3,140)	3,140	17,529	(17,529)

(b) **Credit risk**

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the Group, as and when they fall due.

The Manager has established credit limits for customers and monitors their balances on an ongoing basis. Credit evaluations are performed by the Manager before lease agreements are entered into with customers. The risk is also mitigated due to customers placing security deposits or furnishing bankers guarantees for lease rentals. Cash and short-term bank deposits are placed with financial institutions which are regulated.

At the reporting date, there was no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying value of each financial asset in the Statements of Financial Position.

The Group's and MNACT's major classes of financial assets are cash and bank balances and trade and other receivables.

Information on trade receivables provided to management are as follows:

	Group		MNACT	
	2021 S$'000	2020 S$'000	**2021 S$'000**	2020 S$'000
<u>**By geographical areas**</u>				
Singapore	**1,840**	390	**1,840**	390
Hong Kong SAR	**712**	698	**-**	-
China	**797**	804	**-**	-
Japan	**-**	-	**-**	-
	3,349	1,892	**1,840**	390

26. FINANCIAL RISK MANAGEMENT (continued)

Financial risk factors (continued)

(b) Credit risk (continued)

(i) Financial assets that are neither past due nor impaired

Bank deposits that are neither past due nor impaired are mainly deposits with banks which are regulated and with high credit-ratings assigned by international credit-rating agencies. Trade and other receivables that are neither past due nor impaired are substantially from companies with a good collection track record with the Group.

(ii) Financial assets that are past due and/or impaired

There is no other class of financial assets that is past due and/or impaired except for trade receivables.

The age analysis of trade receivables past due but not impaired is as follows:

	Group		MNACT	
	2021 **S$'000**	2020 S$'000	**2021** **S$'000**	2020 S$'000
Past due 0 to 3 months	**478**	1,047	**-**	-
Past due 3 to 6 months	**178**	65	**-**	-
Past due over 6 months	**227**	2	**-**	-
	883	1,114	**-**	-

Management assessed that no allowance for impairment is required in respect of trade receivables in the view of the Group's credit management policy, where the outstanding account receivables balances can be offset by tenancy deposits in the event of default. Hence, the credit losses for the Group is not expected to be significant.

There were no allowances for impairment provided based on the collection trend in the last two financial years. MNACT will monitor the current approach of recognising impairment allowances based on lifetime expected losses i.e. credit loss expected over the life of the receivables and adjusted for current and forward-looking estimates.

As at 31 March 2021 and 2020, the Group and MNACT had no trade receivables which it determined to be impaired and there are no allowances for impairment provided for.

(c) Liquidity risk

The Manager monitors and maintains a sufficient level of cash, bank balances and adequate committed credit facilities, as part of the Manager's prudent liquidity risk management. As at 31 March 2021, the Group had a net current liabilities of S$94,163,000 (2020: S$313,761,000) which is mainly due to borrowings maturing by March 2022 (2020: March 2021). As at 31 March 2021, the Group has undrawn but committed borrowing facilities of S$378,217,000 (2020: S$283,218,000) and an untapped balance of S$1,290,466,000 (2020: S$1,250,749,000) from the MTN Programme to meet operational expenses, refinance borrowings and for the servicing of financial obligations as and when they fall due.

The Manager also monitors and observes the CCIS issued by the MAS concerning the leverage limit as well as bank covenants imposed by the banks on the various borrowings.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

26. FINANCIAL RISK MANAGEMENT (continued)

Financial risk factors (continued)

(c) Liquidity risk (continued)

The table below analyses the maturity profile of the Group's and MNACT's financial liabilities (including derivative financial liabilities) based on contractual undiscounted cash flows.

	Less than 1 year S$'000	Between 1 and 2 years S$'000	Between 2 and 5 years S$'000	Over 5 years S$'000
Group				
31 March 2021				
Derivative financial instruments:				
Net-settled interest rate swaps				
- Net payments	**(8,816)**	**(5,369)**	**(2,194)**	**-**
Gross-settled cross currency interest rate swaps				
- Receipts	**2,416**	**1,364**	**2,641**	**-**
- Payments	**(3,929)**	**(2,673)**	**(5,177)**	**-**
Gross-settled currency forwards				
- Receipts	**63,225**	**-**	**-**	**-**
- Payments	**(64,567)**	**-**	**-**	**-**
Trade and other payables	**(122,060)**	**(41,467)**	**(62,760)**	**(1,634)**
Lease liabilities	**(62)**	**-**	**-**	**-**
Borrowings	**(264,552)**	**(611,610)**	**(2,342,939)**	**(224,961)**
	(398,345)	**(659,755)**	**(2,410,429)**	**(226,595)**
31 March 2020				
Derivative financial instruments:				
Net-settled interest rate swaps				
- Net payments	(2,346)	(1,598)	(3,677)	(100)
Gross-settled cross currency interest rate swaps				
- Receipts	24,322	22,774	22,963	-
- Payments	(18,257)	(16,402)	(16,241)	-
Gross-settled currency forwards				
- Receipts	102,488	-	-	-
- Payments	(106,440)	-	-	-
Trade and other payables	(149,957)	(21,783)	(77,534)	(10,577)
Lease liabilities	(77)	(64)	-	-
Borrowings	(429,912)	(475,511)	(2,305,594)	(414,474)
	(580,179)	(492,584)	(2,380,083)	(425,151)
MNACT				
31 March 2021				
Derivative financial instruments:				
Gross-settled currency forwards				
- Receipts	**63,225**	**-**	**-**	**-**
- Payments	**(64,567)**	**-**	**-**	**-**
Trade and other payables	**(16,069)**	**-**	**-**	**-**
	(17,411)	**-**	**-**	**-**
31 March 2020				
Derivative financial instruments:				
Gross-settled currency forwards				
- Receipts	102,488	-	-	-
- Payments	(106,440)	-	-	-
Trade and other payables	(41,306)	-	-	-
	(45,258)	-	-	-

26. FINANCIAL RISK MANAGEMENT (continued)

Financial risk factors (continued)

(d) Capital management

The primary objective of the Manager's capital management is to ensure the Group maintains an optimal capital structure within the borrowing limit set out in the CCIS issued by the MAS. The Manager seeks to maintain an optimal capital structure to balance the cost of capital and the returns to Unitholders. There were no changes to the Manager's approach to capital management during the financial year.

The Group is subject to the aggregate leverage limit as defined in Appendix 6 of the CCIS ("Property Funds Appendix"). The Property Funds Appendix stipulates that the total borrowings and deferred payments (collectively, the "Aggregate Leverage") of a property fund should not exceed 50.0% (2020: 45.0%) of the fund's deposited property. The Group has complied with the Aggregate Leverage requirement for the financial years ended 31 March 2021 and 2020.

The aggregate leverage ratio is calculated as total borrowings divided by total assets, including the Group's proportionate share of its joint venture's borrowings and deposited property value.

	Group	
	2021 **S$'000**	2020 S$'000
Total borrowings*	**3,418,406**	3,360,525
Total assets*	**8,236,402**	8,560,659
Aggregate leverage ratio	**41.5%**	39.3%
Percentage of the Group's total borrowings (Note 19) to the Group's net asset value	**74.6%**	71.4%

* Excludes share attributable to non-controlling interests, and includes the Group's proportionate share of joint venture's borrowings and deposited property value.

The Group and MNACT are in compliance with the borrowing limit requirement imposed by the CCIS and all externally imposed capital requirements for the financial years ended 31 March 2021 and 2020.

(e) Fair value measurements

The following table presents derivative financial instruments measured and carried at fair value at reporting dates and classified by level of the following fair value measurement hierarchy:

(i) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

(ii) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

(iii) Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Group		MNACT	
Level 2	**2021** **S$'000**	2020 S$'000	**2021** **S$'000**	2020 S$'000
Assets				
Derivative financial instruments	**24,030**	7,657	**1,404**	128
Liabilities				
Derivative financial instruments	**(25,760)**	(56,710)	**(1,342)**	(3,952)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

26. FINANCIAL RISK MANAGEMENT (continued)

Financial risk factors (continued)

(e) Fair value measurements (continued)

The fair values of derivative financial instruments that are not traded in an active market (for example, over-the-counter derivatives) are determined by using valuation techniques. The fair values of currency forwards are determined using banks' quoted forward rates and foreign exchange spot rates at the reporting date. The fair values of interest rate swaps and cross currency interest rate swaps are calculated as the present value of the estimated future cash flows, using assumptions based on market conditions existing at the reporting date.

The carrying value of cash and bank balances, trade and other receivables, other current assets and trade and other payables approximate their fair values. The fair value of borrowings approximates their carrying amounts as the interest rates of such loans are adjusted for changes in relevant market interest rate except for non-current fixed rate borrowings as disclosed in Note 19(d).

(f) Categories of financial assets and financial liabilities

The following table sets out the different categories of financial instruments as at the reporting date:

	Group		MNACT	
	2021 **S$'000**	2020 S$'000	**2021** **S$'000**	2020 S$'000
Financial derivative assets at fair value through profit or loss	**24,030**	7,657	**1,404**	128
Financial derivative liabilities at fair value through profit or loss	**(25,760)**	(56,710)	**(1,342)**	(3,952)
Financial assets at amortised cost[1]	**266,845**	225,521	**95,821**	60,268
Financial liabilities at amortised cost	**(3,499,236)**	(3,632,300)	**(16,069)**	(41,306)

[1] Excludes prepayments.

27. PARENT AND ULTIMATE PARENT

For financial reporting purposes under SFRS(I) 10 *Consolidated Financial Statements*, the Group is regarded as a subsidiary of Mapletree Investments Pte Ltd, incorporated in Singapore. The ultimate parent is Temasek Holdings (Private) Limited, incorporated in Singapore.

28. SIGNIFICANT RELATED PARTY TRANSACTIONS

For the purposes of these financial statements, parties are considered to be related to the Group when the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common significant influence. Related parties may be individuals or other entities. The Manager and the Property Manager are indirect wholly-owned subsidiaries of the parent.

28. SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)

During the financial year, other than those disclosed elsewhere in the financial statements, the following significant related party transactions took place at terms agreed between the parties as follows:

	Group		MNACT	
	2021 **S$'000**	2020 S$'000	**2021** **S$'000**	2020 S$'000
Manager's management fees paid/payable	**15,847**	19,761	**15,847**	19,761
Japan asset management fee	**5,744**	3,456	**-**	-
Property Manager's management fees paid/payable	**14,122**	13,153	**-**	-
Acquisition fees waived by the Manager	**-**	3,523	**-**	3,523
Lease rental received/receivable	**23,941**	20,687	**-**	-
Project management fee paid/payable	**945**	58	**-**	-
Property management cost reimbursements	**9,493**	10,311	**-**	-
Interest expense and financing fees paid/payable	**9,134**	10,282	**-**	-
Transaction Units issued	**-**	144,776	**-**	144,776
Reimbursement of bank guarantees and due diligence consultant costs for the acquisition of TPG	**289**	-	**-**	-
Acquisition fees paid	**2,729**	-	**-**	-

29. SEGMENT INFORMATION

The Group has determined the operating segments based on the reports reviewed by Management that are used to make strategic decisions. Management comprises the Chief Executive Officer and the Chief Financial Officer.

Management considers the business from a geographic segment perspective. Geographically, Management manages and monitors the business in North Asia, primarily China, Hong Kong SAR, Japan and South Korea. The Group is in the business of investing, directly or indirectly, in a diversified portfolio of income-producing real estate in the North Asia region which is used primarily for commercial purposes (including real estate used predominantly for retail and/or office purposes), as well as other real estate-related assets.

Management assesses the performance of the geographic segments based on a measure of its net property income and profit before interest income, finance costs and change in fair value of investment properties and financial derivatives as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Manager management fees, trustee fees, other trust expenses are allocated based on the total asset of the respective geographic segments. Interest income and finance costs are not allocated to segments, as the treasury activities are centrally managed by the Group.

The Group provides a single product/service - commercial business.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

29. SEGMENT INFORMATION (continued)

The segment information provided to Management for the reportable segments for the financial year ended 31 March 2021 is as follows:

	Hong Kong SAR S$'000	China S$'000	Japan S$'000	South Korea S$'000	Others* S$'000	Total S$'000
Gross revenue	**185,164**	**104,948**	**101,303**	**-**	**-**	**391,415**
Net property income	**138,748**	**86,966**	**66,326**	**-**	**-**	**292,040**
Profit before interest income, finance cost and net change in fair value of investment properties and financial derivatives	**177,742**	**75,628**	**61,850**	**3,535**	**(242)**	**318,513**
Interest income						**2,050**
Finance cost						**(71,595)**
Net change in fair value of investment properties	**(428,673)**	**(78,783)**	**26,499**	**-**	**-**	**(480,957)**
Net change in fair value of financial derivatives						**3,886**
Loss before income tax						**(228,103)**
Income tax expense						**(36,459)**
Loss after income tax						**(264,562)**
Other Segment items						
Other non-operating income - interim insurance proceeds	**46,393**	**-**	**-**	**-**	**-**	**46,393**
Share of profit of a joint venture	**-**	**-**	**-**	**3,428**	**-**	**3,428**
Capital expenditure						
- Investment properties[@]	**12,111**	**(380)**	**8,012**	**-**	**-**	**19,743**
- Plant and equipment	**957**	**-**	**-**	**-**	**-**	**957**
	13,068	**(380)**	**8,012**	**-**	**-**	**20,700**
Segment assets						
- Investment properties[#]	**4,520,082**	**1,835,168**	**1,318,800**	**-**	**-**	**7,674,050**
- Investment in a joint venture	**-**	**-**	**-**	**116,562**	**-**	**116,562**
- Other segment assets	**23,980**	**86,743**	**71,747**	**2,528**	**89,033**	**274,031**
	4,544,062	**1,921,911**	**1,390,547**	**119,090**	**89,033**	**8,064,643**
Derivative financial instruments						**24,030**
Consolidated total assets						**8,088,673**
Segment liabilities						
- Trade and other payables	**100,495**	**45,072**	**68,924**	**684**	**12,746**	**227,921**
- Lease liabilities	**62**	**-**	**-**	**-**	**-**	**62**
- Current income tax liabilities						**27,805**
- Deferred tax liabilities						**150,749**
						406,537
Borrowings and Derivative financial instruments						**3,297,013**
Consolidated total liabilities						**3,703,550**

29. SEGMENT INFORMATION (continued)

The segment information provided to Management for the reportable segments for the financial year ended 31 March 2020 is as follows:

	Hong Kong SAR S$'000	China S$'000	Japan S$'000	Others* S$'000	Total S$'000
Gross revenue	195,091	106,417	52,970	-	354,478
Net property income	148,967	88,583	39,937	-	277,487
Profit before interest income, finance cost and net change in fair value of investment properties and financial derivatives	142,122	78,117	36,476	(234)	256,481
Interest income					2,114
Finance cost					(74,901)
Net change in fair value of investment properties	(46,526)	14,536	14,084	-	(17,906)
Net change in fair value of financial derivatives					(4,070)
Profit before income tax					161,718
Income tax expense					(37,452)
Profit after income tax					124,266
Other Segment items					
Capital expenditure					
- Investment properties[@]	8,202	13	4,588	-	12,803
- Plant and equipment	1,694	-	-	-	1,694
	9,896	13	4,588	-	14,497
Segment assets					
- Investment properties[#]	5,090,037	1,851,875	1,405,320	-	8,347,232
- Other segment assets	31,231	73,765	72,999	53,790	231,785
	5,121,268	1,925,640	1,478,319	53,790	8,579,017
Derivative financial instruments					7,657
Consolidated total assets					8,586,674
Segment liabilities					
- Trade and other payables	106,370	39,681	72,033	41,767	259,851
- Lease liabilities	141	-	-	-	141
- Current income tax liabilities					33,874
- Deferred tax liabilities					133,160
					427,026
Borrowings and Derivative financial instruments					3,429,018
Consolidated total liabilities					3,856,044

* Others segment comprises MNACT and a subsidiary, which are not reportable segments individually.

[#] Investment properties contribute significantly to total non-current assets.

[@] Included in additions are capitalised expenditure and amortisation of capitalised expenditure during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

30. FINANCIAL RATIOS

	Group	
	2021 **%**	2020 %
Ratio of expenses to weighted average net assets[1]		
- including performance component of Manager's management fees	**0.54**	0.57
- excluding performance component of Manager's management fees	**0.54**	0.57
Ratio of total operating expenses to net asset value[2]	**2.84**	2.18
Portfolio turnover ratio[3]	**-**	-

[1] The ratios are computed in accordance with the guidelines of Investment Management Association of Singapore. The expenses used in the computation relate to expenses of the Group, excluding property expenses, finance costs, foreign exchange gain/(loss) and income tax expenses.

[2] The ratio is computed based on the total property expenses, which include fees and charges paid/payable to interested persons, Manager's management fees, trustee's fee and other trust expenses amounting to S$124,350,000 (2020: S$103,107,000) for the financial year and as a percentage of net asset value at the reporting date.

[3] In accordance with the formulae stated in the CCIS, the ratio reflects the number of times per year that a dollar of assets is reinvested. The ratio is computed based on the lesser of purchases or sales of underlying investment properties of the Group expressed as a percentage of daily average net asset value.

31. EVENTS OCCURRING AFTER REPORTING DATE

Distributions payable

	cents per unit	S$'000
Distribution for the period 1 October 2020 to 31 March 2021 announced on 22 April 2021 payable on 21 June 2021	**3.299**	**113,318**

32. NEW OR AMENDED ACCOUNTING STANDARDS AND INTERPRETATIONS EFFECTIVE FOR FUTURE FINANCIAL PERIODS

Several new or amended standards and interpretations to existing standards are effective for annual periods beginning on or after 1 April 2021, and have not been applied in the preparation of the Group financial statements for the financial year ended 31 March 2021.

The new or amended standards and interpretations which are relevant for the Group are listed below, and the Group plans to adopt these standards and interpretations on the required effective date. These standards are not expected to have any significant effect on the financial statements of the Group.

SFRS(I)	Title	Effective date (annual periods beginning on or after)
Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7	Interest Rate Benchmark Reform (Phase 2)	1 April 2021
Amendments to SFRS(I) 1-1	Classification of Liabilities as Current or Non-current	1 April 2023

32. NEW OR AMENDED ACCOUNTING STANDARDS AND INTERPRETATIONS EFFECTIVE FOR FUTURE FINANCIAL PERIODS (continued)

Amendments to SFRS(I) 1-1 *Classification of Liabilities as Current or Non-current*

The narrow-scope amendments to SFRS(I) 1-1 Presentation of Financial Statements clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g. the receipt of a waver or a breach of covenant). The amendments also clarify what SFRS(I) 1-1 means when it refers to the 'settlement' of a liability.

The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity.

The Group does not expect any significant impact arising from applying these amendments.

Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7 *Interest Rate Benchmark Reform (Phase 2)*

The Phase 2 amendments to SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7 and SFRS(I) 16 are applicable for periods beginning on or after 1 January 2021 ("Phase 2 amendments"). The Phase 2 amendments provide further reliefs for hedge accounting as well as practical expedients for modifications of debts instruments and lease liabilities for lessees with Interbank Offer Rates ("IBOR") based terms. The Group has not early adopted the Phase 2 amendments.

Management is currently assessing the impact of the Phase 2 amendments on the Group.

33. AUTHORISATION OF THE FINANCIAL STATEMENTS

The financial statements were authorised for issue by the Manager and the Trustee on 18 May 2021.

STATISTICS OF UNITHOLDINGS

AS AT 28 MAY 2021

ISSUED AND FULLY PAID UNITS

3,447,765,347 units (voting rights: one vote per unit)
Market capitalisation: S$3,551,198,307.41 (based on closing price of S$1.030 per unit on 28 May 2021)

Distribution of Unitholdings

Size of Unitholdings	No. of Unitholders	%	No. of Units	%
1 - 99	211	0.74	9,427	0.00
100 - 1,000	4,153	14.49	3,808,693	0.11
1,001 - 10,000	15,440	53.89	74,714,235	2.17
10,001 - 1,000,000	8,809	30.74	353,548,544	10.25
1,000,001 and above	40	0.14	3,015,684,448	87.47
Total	**28,653**	**100.00**	**3,447,765,347**	**100.00**

Location of Unitholders

Country	No. of Unitholders	%	No. of Units	%
Singapore	27,994	97.70	3,337,755,448	96.81
Malaysia	463	1.62	12,902,614	0.37
Others	196	0.68	97,107,285	2.82
Total	**28,653**	**100.00**	**3,447,765,347**	**100.00**

Twenty Largest Unitholders

No.	Name	No. of Units	%
1.	Kent Assets Pte. Ltd.	757,364,339	21.97
2.	DBS Nominees (Private) Limited	483,693,763	14.03
3.	Citibank Nominees Singapore Pte Ltd	480,000,815	13.92
4.	HSBC (Singapore) Nominees Pte Ltd	298,702,227	8.66
5.	Suffolk Assets Pte. Ltd.	267,641,062	7.76
6.	Mapletree North Asia Commercial Trust Management Ltd.	181,212,399	5.26
7.	DBSN Services Pte. Ltd.	114,957,272	3.33
8.	Raffles Nominees (Pte.) Limited	109,752,162	3.18
9.	Mapletree North Asia Property Management Limited	90,154,063	2.61
10.	United Overseas Bank Nominees (Private) Limited	31,952,761	0.93
11.	ABN Amro Clearing Bank N.V.	29,907,667	0.87
12.	DB Nominees (Singapore) Pte Ltd	29,404,483	0.85
13.	OCBC Securities Private Limited	21,268,572	0.62
14.	BPSS Nominees Singapore (Pte.) Ltd.	19,152,771	0.56
15.	UOB Kay Hian Private Limited	17,933,465	0.52
16.	Phillip Securities Pte Ltd	11,251,138	0.33
17.	OCBC Nominees Singapore Private Limited	10,841,234	0.31
18.	iFAST Financial Pte. Ltd.	8,624,317	0.25
19.	Maybank Kim Eng Securities Pte. Ltd.	6,897,813	0.20
20.	BNP Paribas Nominees Singapore Pte. Ltd.	6,847,209	0.20
	Total	**2,977,559,532**	**86.36**

Substantial Unitholdings as at 28 May 2021

No.	Name of Company	No. of Units Direct Interest	No. of Units Deemed Interest	% of Total Issued Capital
1.	Temasek Holdings (Private) Limited (1)	-	1,340,816,873	38.88
2.	Fullerton Management Pte Ltd (1)	-	1,296,371,863	37.60
3.	Mapletree Investments Pte Ltd (2)	-	1,296,371,863	37.60
4.	Kent Assets Pte. Ltd.	757,364,339	-	21.97
5.	Suffolk Assets Pte. Ltd.	267,641,062	-	7.76
6.	Mapletree North Asia Commercial Trust Management Ltd.	181,212,399	-	5.26

Notes:

(1) Each of Temasek Holdings (Private) Limited ("Temasek") and Fullerton Management Pte Ltd ("Fullerton") is deemed to be interested in the 757,364,339 units held by Kent Assets Pte. Ltd. ("Kent"), 267,641,062 units held by Suffolk Assets Pte. Ltd. ("Suffolk"), 181,212,399 units held by Mapletree North Asia Commercial Trust Management Ltd. ("MNACTM") and 90,154,063 units held by Mapletree North Asia Property Management Limited ("MNAPM"). In addition, Temasek is deemed to be interested in the 44,445,010 units in which its other subsidiaries and associated companies have direct or deemed interests. Kent and Suffolk are wholly-owned subsidiaries of Mapletree Investments Pte Ltd (“MIPL”). MNACTM and MNAPM are wholly-owned subsidiaries of Mapletree Capital Management Pte. Ltd. and Mapletree Property Services Pte. Ltd. respectively, which are wholly-owned subsidiaries of MIPL. MIPL is a wholly-owned subsidiary of Fullerton which is in turn 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 involved in their business or operating decisions, including those regarding their unitholdings.

(2) MIPL is deemed to be interested in the 757,364,339 units held by Kent, 267,641,062 units held by Suffolk, 181,212,399 units held by MNACTM and 90,154,063 units held by MNAPM.

Unitholdings of the Directors of the Manager as at 21 April 2021

No.	Name	No. of Units Direct Interest	No. of Units Deemed Interest
1.	Paul Ma Kah Woh	1,194,805	100,000
2.	Lok Vi Ming	-	190,000
3.	Kevin Kwok	775,156	-
4.	Lawrence Wong Liang Ying	-	-
5.	Michael Kok Pak Kuan	540,000	-
6.	Tan Su Shan	-	-
7.	Chua Tiow Chye	1,633,721	560,687
8.	Koh Mui Ai Wendy	-	416,000
9.	Cindy Chow Pei Pei	-	786,052

Free Float

Based on the information made available to the Manager as at 28 May 2021, approximately 60.93% of the units in MNACT were held in the hands of the public. Accordingly, Rule 723 of the Listing Manual of the SGX-ST has been complied with.

INTERESTED PERSON TRANSACTIONS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

The transactions entered into with interested persons during the financial year, which fall under the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") and the Property Funds Appendix of the Code on Collective Investment Schemes (excluding transactions of less than S$100,000 each) are as follows:

Name of interested person (SGD'000)	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)
Exempted under Rule 905 and 906 of the Listing Manual		
Mapletree Investments Pte Ltd and its subsidiaries		
- Manager's management fees	15,847	-
- Japan asset management fee	5,744	-
- Property Manager's management fees	14,122	-
- Project management fee	945	-
- Property management cost reimbursements	9,493	-
- Reimbursement of bank guarantees and due diligence consultant costs for the acquisition of TPG	289	-
- Acquisition fees	2,729	-
DBS Group Holdings Ltd and its subsidiaries		
- Trustee's fee	821	-
- Lease rental and lease related income	2,299	-
Exceptions under Rule 916 of the Listing Manual		
Mapletree Investments Pte Ltd and its subsidiaries[1]		
- Joint Venture – Acquisition of interest in TPG	272,944	-
Total	**325,233**	**-**

For the purpose of the disclosure, the full contract sum was used where an interested person transaction had a fixed term and contract value, while the annual amount incurred and/or accrued was used where an interested person transaction had an indefinite term or where the contract sum was not specified.

Save as disclosed above, there were no interested person transactions (excluding transactions of less than S$100,000 each), nor material contracts entered into by MNACT Group that involved the interests of the CEO or Director of the Manager, or any controlling Unitholder of the Trust, either still subsisting at the end of the financial year or entered into since the end of the previous financial year.

As set out in the MNACT's Prospectus dated 27 February 2013, fees and charges payable by MNACT to the Manager under the Trust Deed and to the Property Manager under the Property Management Agreement are not subject to Rules 905 and 906 of the SGX-ST's Listing Manual. MNACT Group has not obtained a general mandate from Unitholders pursuant to Rule 920 for any interested person transactions.

Please also see Significant Related Party Transactions in Note 28 of the Financial Statements.

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[1] The joint venture is considered an interested person transaction under Rule 906 of the Listing Manual as well as Paragraph 5 of the Property Funds Appendix. However, the entry into the joint venture agreement falls within the exception under Rule 916 of the Listing Manual and accordingly, the approval of Unitholders for the joint venture is not required.

CORPORATE DIRECTORY

MANAGER

Mapletree North Asia Commercial Trust Management Ltd.
(Company Registration Number:201229323R)

MANAGER'S REGISTERED OFFICE

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

T: +65 6377 6111
F: +65 6273 2753

W: www.mapletreenorthasiacommercialtrust.com
E: enquiries_mnact@mapletree.com.sg

BOARD OF DIRECTORS

Mr. Paul Ma Kah Woh
Non-Executive Chairman and Director

Mr. Lok Vi Ming
Lead Independent Non-Executive Director and Chairman of the Nominating and Remuneration Committee

Mr. Kevin Kwok
Independent Non-Executive Director and Chairman of the Audit and Risk Committee

Mr. Lawrence Wong Liang Ying
Independent Non-Executive Director and Member of the Audit and Risk Committee

Mr. Michael Kok Pak Kuan
Independent Non-Executive Director and Member of the Audit and Risk Committee

Ms. Tan Su Shan
Independent Non-Executive Director and Member of the Nominating and Remuneration Committee

Mr. Chua Tiow Chye
Non-Executive Director and Member of the Nominating and Remuneration Committee

Ms. Koh Mui Ai Wendy
Non-Executive Director

Ms. Cindy Chow Pei Pei
Executive Director and Chief Executive Officer

MANAGEMENT

Ms. Cindy Chow Pei Pei
Executive Director and Chief Executive Officer

Mr. Ng Wah Keong
Chief Financial Officer

Mr. Ng Chern Shiong
General Manager, Investment and Asset Management

Ms. Elizabeth Loo Suet Quan
Director, Investor Relations

CORPORATE SERVICES

Mr. Wan Kwong Weng
Joint Company Secretary

Ms. See Hui Hui
Joint Company Secretary

UNIT REGISTRAR

Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place #32-01
Singapore Land Tower
Singapore 048623

T: +65 6536 5355
F: +65 6438 8710
E: srs.teamd@boardroomlimited.com

TRUSTEE

DBS Trustee Limited
12 Marina Boulevard
Level 44
DBS Asia Central @ Marina Bay
Financial Centre Tower 3
Singapore 018982

T: +65 6878 8888
F: +65 6878 3977

AUDITOR

PricewaterhouseCoopers LLP
7 Straits View
Level 12
Marina One, East Tower
Singapore 018936

T: +65 6236 3388
F: +65 6236 3300

PARTNER-IN-CHARGE

Mr. Alex Toh Wee Keong
(appointed since financial year ended 31 March 2019)

INVESTOR RELATIONS

For enquiries on MNACT's business performance, please contact the Investor Relations team at email: enquiries_mnact@mapletree.com.sg

SUSTAINABILITY

E: enquiries_mnact@mapletree.com.sg

Mapletree North Asia Commercial Trust Management Ltd.
As Manager of Mapletree North Asia Commercial Trust
(Company Registration Number: 201229323R)

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

T: +65 6377 6111
F: +65 6273 2753
E: enquiries_mnact@mapletree.com.sg

www.mapletreenorthasiacommercialtrust.com

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