Financial Review and Capital Management

Statement of Profit and Loss and Distribution Statement Highlights

Statement of Profit and Loss	FY18/19 (S$'000)	FY17/18 (S$'000)	Variance % Positive/ (Negative)
Gross Revenue[1]	408,687	355,030	15.1
Property Operating Expenses	(79,657)	(67,880)	(17.3)
Net Property Income	**329,030**	**287,150**	**14.6**
Net Foreign Exchange Gain	2,792	5,317	(47.5)
Net Change in Fair Value of Investment Properties	465,152	417,122	11.5
Net Change in Fair Value of Financial Derivatives	(604)	522	NM
Manager's Management Fees			
– Base Fee[2]	(24,378)	(21,092)	(15.6)
– Performance Fee[3]	(1,560)	(956)	(63.2)
Trustee's Fee	(737)	(651)	(13.2)
Other Trust Expenses	(1,495)	(1,469)	(1.8)
Finance Costs (Net)	(72,366)	(67,691)	(6.9)
Income Tax Expenses	(61,422)	(43,911)	(39.9)
Profit After Income Tax	**634,412**	**574,341**	**10.5**
Profit Attributable to:			
Unitholders	633,933	574,341	**10.4**
Non-controlling Interests[4]	479	-	NM
Profit for the Financial Year	**634,412**	**574,341**	**10.5**
Distribution Statement			
Profit for the Financial Year Attributable to Unitholders	633,933	574,341	**10.4**
Distribution Adjustments[5]	(393,268)	(363,419)	(8.2)
Distributable Income to Unitholders	**240,665**	**210,922**	**14.1**

NM-Not Meaningful

1 Revenue for Gateway Plaza and Sandhill Plaza in China is presented net of value added tax. Revenue for the Japan Properties is presented net of consumption tax.

2 The Manager's base fee is calculated based on 10.0% of the distributable income for the financial year. For FY18/19, the base fee includes the asset management fee in relation to the Japan Properties payable to MIJ in cash, which is calculated based on 10.0% of distributable income from the Japan Properties.

3 Performance fee of S$1.6 million in FY18/19 is calculated based on 25.0% of the growth on FY18/19 DPU over FY17/18 DPU multiplied by the weighted average number of units in issue for FY18/19.

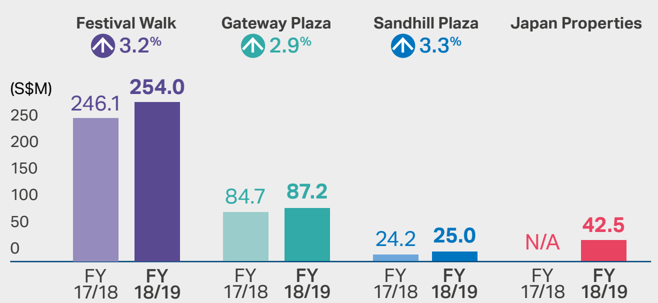
4 Non-controlling interests refer to the 1.53% effective interest of the Japan Properties held by MIJ.

5 Distribution adjustments mainly include the Manager's management fees and Property Manager's management fees which are payable in the form of units, financing fees on borrowings, foreign exchange difference on capital item, as well as the change in the fair value of financial derivatives and investment properties (net of deferred tax).

Gross Revenue
S$408.7M

15.1% Year-on-year from S$355.0M

- The robust revenue growth was mainly driven by the contribution from the Japan Properties 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 Hong Kong Dollar ("HKD") and Renminbi ("RMB") against Singapore Dollar ("SGD") during FY18/19.
- Festival Walk, Gateway Plaza, Sandhill Plaza and the Japan Properties contributed 62.1% (FY17/18: 69.3%), 21.4% (FY17/18: 23.9%), 6.1% (FY17/18: 6.8%), and 10.4% respectively to the portfolio gross revenue in FY18/19.



Property Operating Expenses
S$79.7M

17.3% Year-on-year from S$67.9M

- The increase in property operating expenses was largely due to the addition of the Japan Properties and higher property and lease management fee in line with the growth in revenue.
- There was also higher marketing and promotion expenses, as well as higher utilities expenses and property maintenance expenses at Festival Walk.
- The increase in property operating expenses was partially offset by the lower average rate of HKD and RMB.

Net Change in Fair Value of Investment Properties
S$465.2M

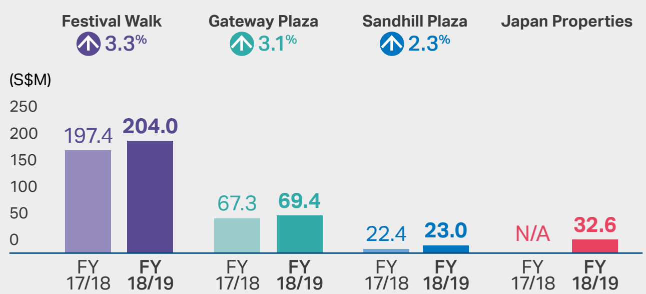
11.5% Year-on-year from S$417.1M

- The valuations of Festival Walk, Gateway Plaza and Sandhill Plaza were carried out by CBRE Limited as of 31 March 2019 and the valuations on the Japan Properties were carried out by Cushman & Wakefield K.K. as of 31 March 2019.
- The net change in fair value of investment properties represents the total fair value gain recognised for the properties.
- The total fair value gain came from Festival Walk of S$326.8 million (2018: S$338.4 million), Gateway Plaza of S$83.3 million (2018: S$65.9 million), Sandhill Plaza of S$50.4 million (2018: S$12.8 million) and Japan Properties of S$4.7 million.
- The total fair value gain is unrealised and has no impact on the distribution to Unitholders.

Net Property Income
S$329.0M

14.6% Year-on-year from S$287.2M

- By percentage contribution to portfolio NPI in FY18/19, Festival Walk, Gateway Plaza, Sandhill Plaza and the Japan Properties accounted for 62.0% (FY17/18: 68.8%), 21.0% (FY17/18: 23.4%), 7.0% (FY17/18: 7.8%), and 10.0% respectively.



Net Loss in Fair Value of Financial Derivatives
S$0.6M

from Net Gain of S$0.5M in FY17/18

- 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 for future HKD, RMB and JPY distributable income.
- 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.

Foreign Exchange Gain (Net)
S$2.8M

47.5% Year-on-year from S$5.3M

- This was mainly due to exchange gain of S$3.8 million (FY17/18: S$3.2 million) from the partial settlement of inter-company loans, which is capital in nature and not distributable.
- It was partially offset by the net realised exchange loss of S$0.9 million (FY17/18: gain of S$1.6 million) from the settlement of currency forward contracts undertaken to hedge HKD, RMB and Japanese Yen ("JPY") distributable income.

Finance Costs (Net)
S$72.4M

6.9% Year-on-year from S$67.7M

- The increase in finance costs (net) was mainly due to finance costs on the incremental borrowings to partially fund the acquisition of the Japan Properties (S$3.6 million), and the rising interest rate on floating rate debt, mitigated by the refinancing of borrowings at lower cost of debt (S$1.5 million) as well as the lower average rate of HKD and RMB (S$0.5 million).

Financial Review and Capital Management

Income Tax Expenses
S$61.4M
39.9% Year-on-year from S$43.9M

- The higher income tax expenses of S$17.5 million was mainly due to the increase of S$11.7 million in deferred tax expenses arising from fair value gains of the investment properties and higher taxes of S$5.6 million as a result of higher taxable income.

Income Available for Distribution
S$240.7M
14.1% Year-on-year from S$210.9M

DPU
7.690 cents
2.8% Year-on-year from 7.481 cents

- The Manager continues to pay out 100.0% of the income available for distribution to Unitholders in FY18/19.
- Total number of units in issue as of 31 March 2019 was 3,173,891,965 (FY17/18: 2,826,267,943).
- During FY18/19, MNACT issued 316,968,910 new units in respect of the private placement to partially fund the acquisition of the Japan Properties ("Private Placement") and acquisition fee payable to the Manager for the acquisition of the Japan Properties ("Acquisition Fee"). There was also a payment of management fees to the Manager and the Property Manager of 30,655,112 new units during the year.

Units Issued in FY18/19 for Base Fee, Property Manager's Fees and Performance Fee

Type of Fees[1]	For Period	Issued Date	Number of Units	Issued Price[2] (S$)
Base Fee & Property Manager's Fees	1 January to 31 March 2018	25 May 2018	7,313,407	1.1609
Performance Fee	1 April 2017 to 31 March 2018	25 May 2018	823,799	1.1609
Base Fee & Property Manager's Fees	1 April to 30 June 2018	29 August 2018	7,547,947	1.1363
Base Fee & Property Manager's Fees	1 July to 30 September 2018	26 November 2018	7,540,036	1.1279
Base Fee & Property Manager's Fees	1 October to 31 December 2018	22 February 2019	7,429,923	1.1488
		Total:	**30,655,112**	

Units Issued in FY18/19 in Relation to the Acquisition of the Japan Properties

Type of Fees	Issued Date	Number of Units	Issued Price (S$)
New Units for the Private Placement	8 May 2018	311,602,000	1.0600
Acquisition Fee[3]	29 August 2018	5,366,910	1.0600
	Total:	**316,968,910**	

1 The Manager has elected to receive 100% of the Base Fee and the Performance Fee in the form of units. In relation to the Japan Properties, the asset management services are provided by MIJ (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 Mapletree Management Services Japan Kabushiki Kaisha (the "Japan Property Manager") from the date of acquisition on 25 May 2018.

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

3 In accordance with the Trust Deed, the Acquisition Fee was paid in units and were issued at the issue price of the new units pursuant to the Private Placement. Please refer to MNACT's SGX-ST Announcement dated 29 August 2018 titled "Payment of Base Fee, Property Management Fee & Acquisition Fee by Way of Issue of New Units in MNACT".

Quarterly Distribution

Quarter	Period	Distributable Income for the Period (S$'000)	Number of Issued Units as at End Period[1]	DPU (paid) (cents)	Payment Date
1Q FY18/19	1 April to 7 May 2018[2]	56,743	2,826,267,943	0.764	25 May 2018
	8 May to 30 June 2018		3,146,007,149	1.117	29 August 2018
2Q FY18/19	1 July to 30 September 2018	60,846	3,158,922,006	1.926	26 November 2018
3Q FY18/19	1 October to 31 December 2018	61,006	3,166,462,042	1.927	22 February 2019
4Q FY18/19	1 January to 31 March 2019	62,070	3,173,891,965	1.956	27 May 2019

1 There were no convertibles, treasury units and subsidiary holdings as of 31 March 2019 and 31 March 2018.
2 Unitholders received an advanced distribution for the period from 1 April 2018 to 7 May 2018, which was the day immediately prior to the date on which the new units were issued pursuant to the Private Placement (refer to SGX-ST announcement dated 7 May 2018 titled "Details of Cumulative Distribution in Connection with the Private Placement by MGCCT").

- With effect from 1 April 2018, MNACT changed its distribution policy to make distributions on a quarterly basis, instead of on a semi-annual basis.
- The quarterly DPU was calculated based on the distributable income for the period over the number of issued units as at the end of the quarter.
- The reported number of units in issue as at the end of each quarter does not include the payment of the Manager's Base Fee and the Property Manager's Management Fees (collectively referred to as "Fees") in units for the quarter. The payment of Fees in units are issued in the months of August, November, February and May for the first, second, third and fourth quarters respectively, and these units issued are included in the computation of the DPU payable (on a quarterly basis) for the following quarter.

Analysis of Quarterly DPU

1Q FY18/19

- 1Q FY18/19 DPU of 1.881 cents was 1.6% higher than 1Q FY17/18 DPU of 1.851 cents.
- The increase was mainly due to the contribution by the Japan Properties from 25 May 2018, higher revenue growth from Festival Walk, Gateway Plaza and Sandhill Plaza, and lower translated average cost of debt (post-refinancing).
- The increase was partially impacted by the lower average rate of HKD.

2Q FY18/19

- 2Q FY18/19 DPU of 1.926 cents was 3.1% higher than 2Q FY17/18 DPU of 1.868 cents.
- The growth was underpinned by the full quarter contribution from the Japan Properties and organic growth from the Hong Kong SAR and China properties, partially offset by the lower average rate of HKD and higher net finance costs.

3Q FY18/19

- 3Q FY18/19 DPU of 1.927 cents was 3.2% higher than 3Q FY17/18 DPU of 1.868 cents.
- The growth continued to be driven by higher contribution from Festival Walk, Gateway Plaza and Sandhill Plaza as a result of higher average rental rates from these properties, improved average occupancy rates from Gateway Plaza and Sandhill Plaza as well as contribution from the Japan Properties.
- The growth was partially offset by the increase in net finance cost and the lower average rate of HKD.

4Q FY18/19

- 4Q FY18/19 DPU of 1.956 cents was 2.7% higher than 4Q FY17/18 DPU of 1.904 cents.
- The growth was underpinned by the acquisition of the Japan Properties and higher rental income from Festival Walk, Gateway Plaza and Sandhill Plaza, partially offset by higher net finance costs.

Financial Review and Capital Management

Statement of Financial Position Highlights

	As of 31 March 2019 (S$ million)	As of 31 March 2018 (S$ million)	Variance %
Investment Properties	**7,609.5**	6,292.0	20.9
Total Assets	**7,820.4**	6,522.7	19.9
Total Liabilities	**3,230.2**	2,634.0	22.6
Net Assets Attributable to Unitholders	**4,585.5**[1]	3,888.8	17.9
NAV per Unit (S$)	**1.445**	1.376	5.0

1 MNACT holds a 98.47% effective interest in the Japan Properties. The net assets attributable to Unitholders as of 31 March 2019 exclude the non-controlling interests of 1.53% held by MIJ.

Acquisition
S$777.5M
Total Acquisition Cost

- On 25 May 2018, MNACT completed the acquisition[1] of an effective interest of 98.47% in a portfolio of six freehold commercial real estate assets located in Greater Tokyo, Japan (specifically in Tokyo, Chiba and Yokohama) at a total acquisition cost of S$777.5 million from MJOF Pte. Ltd.[2] The total acquisition cost comprises the Acquisition Price of JPY63,304.0 million[1] (S$770.0 million)[3], the acquisition fee paid to the Manager of S$5.7 million as well as acquisition-related transaction costs.
- The Acquisition Price of JPY63,304.0 million[1] was arrived at on a willing-buyer and willing-seller basis after taking into account the independent valuations of the portfolio commissioned by the Trustee and the Manager. It was also at a discount of approximately 1.0% to the valuation[4] conducted by Morii Appraisal & Investment Consulting, Inc. ("MAIC") (commissioned by the Trustee) and approximately 1.1% to the average of the two valuations[4] conducted by CBRE K.K., Valuation & Advisory Services ("CBRE") and Savills Japan Co., Ltd ("Savills") (both commissioned by the Manager).
- The acquisition fee paid in units to the Manager for the acquisition of the Japan properties was S$5.7 million.

1 Please refer to MNACT's SGX-ST Announcement dated 28 March 2018 titled "Proposed Acquisition of a Portfolio of Six Freehold Office Properties in Greater Tokyo, Japan".
2 MJOF Pte. Ltd. ("MJOF") is a private real estate closed-end fund, managed by MIJ, an indirect wholly-owned subsidiary of the Sponsor. The Sponsor held an approximate 36.0% stake in MJOF.
3 Based on the exchange rate of S$1.00 = JPY82.18.
4 In arriving at the valuations, MAIC, CBRE and Savills relied on the discounted cash flow method.

Valuation of Properties

S$7.6B

20.9% Year-on-year from S$6.3B

- The increased portfolio value was mainly due to the acquisition of the Japan Properties at S$777.5 million, fair value gains of all the properties of S$465.2 million and net translation gains (against SGD) of S$71.4 million from the stronger HKD and JPY, partially offset by the weaker RMB.

	Valuation (Local Currency/S$)			Valuation Cap Rate		
	As of 31 March 2019[1] ($ million)	As of 31 March 2018[2] ($ million)	% Change Year-on-year	As of 31 March 2019	As of 31 March 2018	Valuer[3]
Festival Walk	HKD28,750 **S$4,967**	HKD26,840 S$4,514	7.1% 10.0%	**4.15%** **(Gross)**	4.25% (Gross)	CBRE Limited
Gateway Plaza	RMB6,851 **S$1,385**	RMB6,442 S$1,340	6.3% 3.4%	**5.75%** **(Gross)**	6.25% (Gross)	CBRE Limited
Sandhill Plaza	RMB2,352 **S$475**	RMB2,103 S$438	11.8% 8.4%	**5.00%** **(Gross)**	5.50% (Gross)	CBRE Limited
Japan Properties ("JP")	JPY64,310 **S$783**	Acquisition Price (25 May 2018) JPY63,304 S$770[5]	1.6%[4] 1.7%[4]	**4.10% - 4.80% (Net)**	-	Cushman & Wakefield K.K.
Portfolio	**S$7,610**	S$6,292 (Excluding JP)	20.9%			

1 Valuation methodologies used as of 31 March 2019 by CBRE Limited include: income capitalisation method, discounted cashflow method and direct comparison method (for Gateway Plaza and Sandhill Plaza). Valuation methodologies used as of 31 March 2019 by Cushman & Wakefield K.K. include discounted cashflow method and direct capitalisation method.
Based on the exchange rates of S$1= HKD5.7884, S$1 = RMB4.9483 and S$1 = JPY82.1477.

2 Based on the exchange rates of S$1= HKD5.9457 and S$1 = RMB4.8065.

3 The Trustee of MNACT had appointed both valuers.

4 As compared to the Acquisition Price (25 May 2018).

5 Based on the exchange rate of S$1 = JPY82.18.

Total Assets

S$7,820.4M

19.9% Year-on-year from S$6,522.7M

- The higher total assets was mainly attributed to the increase in investment properties of S$1,317.5 million, partially offset by the decrease of S$22.8 million in financial derivative assets due to movement in fair value.

Total Liabilities

S$3,230.2M

22.6% Year-on-year from S$2,634.0M

- The higher total liabilities was mainly due to the increase in net proceeds from borrowings of S$462.8 million to partially fund the acquisition of the Japan Properties and for working capital, together with the net translation effect of S$46.8 million arising from the stronger HKD, offset by the weaker RMB and translation loss of JPY during the period.
- There was also an increase in trade and other payables of S$45.2 million mainly due to the tenancy deposits and advanced rent relating to the Japan Properties, following the completion of the acquisition on 25 May 2018.
- Deferred tax liabilities also increased by S$27.6 million, mainly arising from the fair value gain of investment properties.

Net Assets Attributable to Unitholders

S$4,585.5M

17.9% Year-on-year from S$3,888.8M

- The increase was mainly due to higher total return attributable to Unitholders including fair value gains of all the properties and net translation gains for the year, partially offset by distribution payments to Unitholders.

NAV per Unit

S$1.445

5.0% Year-on-year from S$1.376

- After taking into account distribution payments to Unitholders on 27 May 2019 and 25 May 2018, NAV per unit would be S$1.425 and S$1.338 respectively.

Financial Review and Capital Management

Consolidated Statement of Cash Flow Highlights

(S$'000)	FY18/19	FY17/18
Net Cash Provided by Operating Activities	**308,972**	306,397
Net Cash Used in Investing Activities	**(736,530)**	(4,681)
Net Cash Provided by/ (Used in) Financing Activities	**426,365**	(304,148)
Net Decrease in Cash and Cash Equivalents Held	**(1,193)**	(2,432)
Cash and Cash Equivalents at End of the Financial Year	**175,168**	177,981

- Higher net cash provided by operating activities for FY18/19 was mainly due to increased cash generated from operations and a lower income tax paid. MNACT and its subsidiaries (the "Group") paid a higher income tax in FY17/18 upon obtaining clarification from the local authorities in March 2017 on the applicable value added tax rate and implementation process for Gateway Plaza.
- Increase in net cash used in investing activities was mainly attributed to the cash outflow for the acquisition of the Japan Properties.
- Higher net cash provided by financing activities mainly comprised net proceeds from borrowings, issuance of Tokutei Mokuteki Kaisha ("TMK") bonds and issuance of new units pursuant to the private placement for the acquisition of the Japan Properties; this was partially offset by higher financing fees paid, higher distribution payments to Unitholders and higher interest payments.

Capital Management

The Manager continues to adopt a proactive capital management strategy to address funding requirements, mitigate MNACT's exposure to interest rate and foreign exchange volatilities, as well as diversify sources of funding.

Key Financial Indicators

	As of 31 March 2019	As of 31 March 2018
Total Gross Debt Outstanding (S$ million)	**2,878**	2,368
Aggregate Leverage Ratio[1] (%)	**36.6**	36.2
Average Term to Maturity for Debt (years)	**3.70**	3.43
Interest Cover Ratio[2] (times) for the Financial Year	**4.2**	3.9
Effective Interest Rate (% per annum) for the Financial Year	**2.47**	2.72
Unencumbered Assets as % of Total Assets (%)	**90**	100
MNACT's Corporate Rating by Moody's	**Baa1 Stable**	Baa1 Stable

1 MNACT holds a 98.47% effective interest in the Japan Properties. In accordance with Property Funds Guidelines, the leverage ratio is aggregated on a proportionate basis based on MNACT's share of both JPY onshore borrowings and total assets attributed to the Japan Properties.

2 Interest cover ratio is calculated based on profit before income tax not taking into account net finance costs, foreign exchange differences, depreciation and changes in fair value of derivatives and investment properties, and over net finance costs. The leverage ratio and interest cover ratio are within the financial covenants stipulated in the debt facility agreements.

Total Gross Debt
S$2,878M
21.5% Year-on-year from S$2,368M

- MNACT's borrowings of S$2,878 million as of 31 March 2019 comprised bank debt of S$1,985 million and bonds of S$893 million (TMK bonds and bonds issued under MNACT's Euro Medium Term Securities Programme ("Euro MTN Programme") established on 31 May 2013).
- As of 31 March 2019, MNACT has an untapped balance of approximately US$899 million from its Euro MTN Programme as well as unutilised committed bank facilities of approximately S$236 million.
- During FY18/19, MNACT and its subsidiaries entered into seven loan facility agreements[1]. Approximately S$101 million of the debt due by March 2019 and S$174 million of the debt maturing by March 2021 were refinanced during the financial year.

1 Please refer to MNACT's SGX-ST announcements dated 11 May 2018, 22 May 2018, 28 August 2018, 4 September 2018, 10 September 2018, 13 September 2018 and 27 December 2018 on MNACT's disclosures pursuant to Rule 704(31) of the Listing Manual of the SGX-ST.

Total Gross Debt (continued)

- Mapletree North Asia Commercial Treasury Company (HKSAR) Limited[1] issued HKD580 million eight-year Fixed Rate Notes due in 2027 and bearing a coupon rate of 3.65% to partially refinance existing borrowings. In conjunction with the issuance, the HKD fixed interest rate was swapped into JPY fixed interest rate.
- In March 2019, Sandhill Plaza's onshore RMB loan was converted into a green loan[2].
- As of 31 March 2019, MNACT had less than S$204 million (equivalent to approximately 7% of the total gross debt) refinancing requirement due by March 2020.
- About 72% 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 26% of the total gross debt is denominated in JPY[3].
- Only a small percentage of the total gross debt is denominated in RMB and the debt relates to the onshore debt for the acquisition of Sandhill Plaza.

Aggregate Leverage Ratio

36.6%

0.4 Percentage Points Year-on-year from 36.2%

- The increase was largely due to borrowings to partially fund the acquisition of the Japan Properties, partially offset by fair value gains of all the properties and net translation gains from the stronger HKD and JPY, partially offset by the weaker RMB. The aggregate leverage ratio is below the Monetary Authority of Singapore's ("MAS") regulatory limit of 45% and less than the Manager's target aggregate leverage limit of not more than 42.0%.
- The aggregate leverage ratio of 36.6% provides a debt headroom of approximately S$720 million before reaching the targeted 42% aggregate leverage limit. This provides the REIT with significant financial flexibility to fund potential acquisitions.
- As of 31 March 2019, total debt to net asset value ratio and net debt[4] to net asset value ratio were 62.4% and 61.1% respectively.

Average Term to Maturity for Debt

3.70 years

0.27 Years Year-on-year from 3.43 Years

- Average term to maturity for debt was extended to 3.70 years as of 31 March 2019 as a result of MNACT's proactive refinancing efforts during the year.

Effective Interest Rate

2.47%

0.25 Percentage Points Year-on-year from 2.72%

- The effective interest rate was lowered despite the effects of higher interest rates on floating rate debt.

Unencumbered Assets

90%

- The percentage of total assets unencumbered was at 90% as of 31 March 2019 as the JPY onshore TMK bonds and bank loans used to partially finance the acquisition of the Japan Properties were secured[5] against the assets.

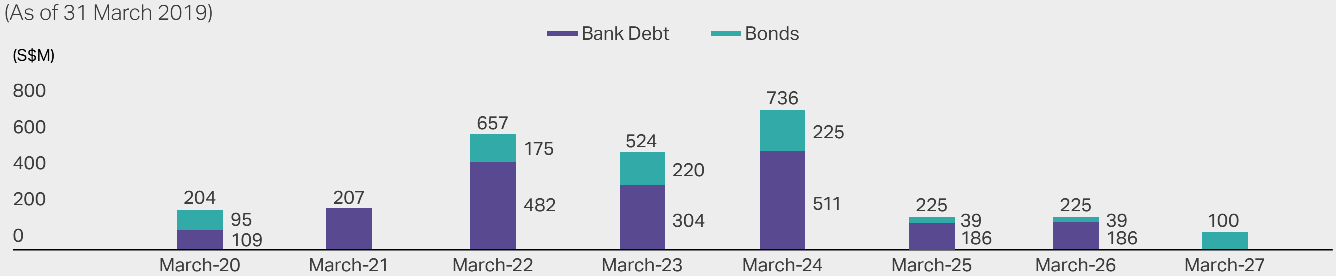
Moody's Rating

Baa1 Stable

- Moody's Investors Service ("Moody's") reaffirmed MNACT's 'Baa1' issuer rating with a stable outlook on 12 April 2019, given the geographical and income diversification benefits from acquiring the Japan Properties.

Well-Staggered Debt Maturity Profile

(As of 31 March 2019)



	March-20	March-21	March-22	March-23	March-24	March-25	March-26	March-27
% of total debt maturing by end financial year	**7%**	**7%**	**23%**	**18%**	**26%**	**8%**	**8%**	**3%**

1 A wholly-owned subsidiary of MNACT.
2 Sandhill Plaza meets the requirements of the green loan principles of the current lender.
3 JPY debt relates to the debt from the acquisition of the Japan Properties in May 2018 and the HKD580 million Fixed Rate Notes issued in March 2019.
4 Total debt less cash and cash equivalents held in MNACT's functional currency (SGD).
5 Please refer to Note 17 (page 169) of the Financial Statements section of this Annual Report.

Financial Review and Capital Management

Equity Fund Raising

- The Manager launched an Equity Fund Raising[1] on 25 April 2018 to partially fund the acquisition of the Japan Properties. Comprising an overnight private placement tranche of 311.6 million new units, the fund raising was well-received by existing and new investors. Priced at S$1.06 per new unit (representing a discount of 3.2% to the adjusted VWAP of S$1.0953 per unit), the private placement was approximately 2.4 times covered. Gross proceeds of S$330.3 million was raised.

Use of Proceeds[2]

- The gross proceeds of S$330.3 million from the Equity Fund Raising has been fully utilised to partially fund the acquisition of the Japan Properties, in accordance with the use and percentage as set out in the SGX-ST announcement dated 26 April 2018 titled "Results of the Private Placement and Pricing of New Units under the Private Placement".

Interest Rate Risk Management

- As of 31 March 2019, approximately 86% 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 75% of the expected distributable income for the period from 1 April 2019 to 30 September 2019 ("1H FY19/20") 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)"), issued by the Accounting Standards Council (Singapore), 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[3].

The MAS has granted the Group a waiver from compliance with the requirement under Paragraph 4.3 of Appendix 6 to the CCIS to prepare its financial statements in accordance with the SFRS(I).

The financial statements for the year ended 31 March 2019 are the first set of financial statements the Group prepared in accordance with SFRS(I). The Group's previously issued financial statements for prior periods were prepared in accordance with the Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants.

The Group's significant accounting policies are discussed in more detail in the notes to the financial statements. 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.

1 Please refer to MNACT's SGX-ST Announcements dated 25 April 2018 titled "Launch of Private Placement to Raise Gross Proceeds of Approximately S$325.0 million" and dated 26 April 2018 titled "Results of the Private Placement and Pricing of New Units under the Private Placement".

2 Please refer to MNACT's SGX-ST Announcement dated 25 May 2018 "Completion of Acquisition of the Japan Properties and Use of Proceeds of the Private Placement".

3 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.

Sensitivity Analysis

- As of 31 March 2019, interest cost on 86% 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 FY18/19 DPU by about 0.059 cents.
- MNACT has an aggregate leverage ratio of 36.6% as of 31 March 2019. A 1.0% increase in portfolio valuation would have decreased the aggregate leverage ratio by approximately 0.3 percentage points.
- MNACT's total return for FY18/19 would decrease or increase by S$3.0 million[1] if the average rate of HKD against SGD strengthened or weakened by 5%. In the case of RMB, total return would have decreased or increased by S$1.7 million[1]. For JPY, if the average rate of JPY against SGD strengthened or weakened by 5%, the total return would have decreased or increased by S$1.0 million[1].

Five-year Financial Performance Profile[2]

	FY14/15	FY15/16	FY16/17	FY17/18	FY18/19
Gross Revenue (S$ million)	281.1	336.6	350.6	355.0	**408.7**
Net Property Income (S$ million)	229.3	277.5	285.6	287.2	**329.0**
Distributable Income (S$ million)	178.0	199.9	204.6	210.9	**240.7**
Distribution per Unit (cents)	6.560	7.270	7.341	7.481	**7.690**

FY14/15

- Portfolio gross revenue and NPI exceeded FY13/14 by 11.3% and 12.2% respectively.
- DPU was 10.4% higher than FY13/14.
- This was contributed by healthy rental reversions across the portfolio, high occupancy and effective cost management.

FY15/16

- Portfolio gross revenue and NPI were up by 19.7% and 21.0% respectively, as compared to FY14/15.
- Robust organic growth was achieved through strong rental reversions at Festival Walk and Gateway Plaza, and the contribution from Sandhill Plaza, which was acquired in June 2015.
- Total distributable income in FY15/16 increased 12.3% compared to the previous financial year. Correspondingly, DPU for FY15/16 recorded a 10.8% increase compared to FY14/15.

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

- 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.

1 The foreign currency sensitivity analysis is performed using the similar methodology of SFRS (I) 7 (Financial Instruments: Disclosures) as disclosed in the Notes to Financial Statements section on page 181. This analysis includes financial assets and liabilities (but does not include investment properties), as well as "mark-to-market" losses/gains on currency forwards.

2 Please refer to MNACT's SGX-ST announcements for the results announcements of the respective financial years.