

# 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 <sup>1</sup>	391,415	354,478	10.4
Property Operating Expenses	(99,375)	(76,991)	(29.1)
<b>Net Property Income</b>	<b>292,040</b>	<b>277,487</b>	<b>5.2</b>
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 <sup>2</sup>	(21,591)	(23,217)	7.0
- Performance Fee <sup>3</sup>	-	-	-
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
<b>Profit before Interest Income, Finance Cost and Net Change in Fair Value of Investment Properties and Financial Derivatives</b>	<b>318,513</b>	<b>256,481</b>	<b>24.2</b>
Finance Costs (Net)	(69,545)	(72,787)	4.5
<b>Profit before Net Change in Fair Value of Investment Properties and Financial Derivatives</b>	<b>248,968</b>	<b>183,694</b>	<b>35.5</b>
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
<b>(Loss)/Profit After Income Tax</b>	<b>(264,562)</b>	<b>124,266</b>	<b>NM</b>
<b>(Loss)/Profit Attributable to:</b>			
Unitholders	(265,788)	123,556	NM
Non-controlling Interests <sup>4</sup>	1,226	710	72.7
<b>(Loss)/Profit for the Financial Year</b>	<b>(264,562)</b>	<b>124,266</b>	<b>NM</b>
<b>Distribution Statement</b>			
(Loss)/Profit for the Financial Year Attributable to Unitholders	(265,788)	123,556	NM
Distribution Adjustments	475,938	104,372	NM
<b>Distributable Income to Unitholders</b>	<b>210,150</b>	<b>227,928</b>	<b>(7.8)</b>

NM – Not Meaningful

<sup>1</sup> Gateway Plaza and Sandhill Plaza revenue is presented net of applicable value added tax. Japan Properties revenue is presented net of consumption tax.

<sup>2</sup> 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.

<sup>3</sup> 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".

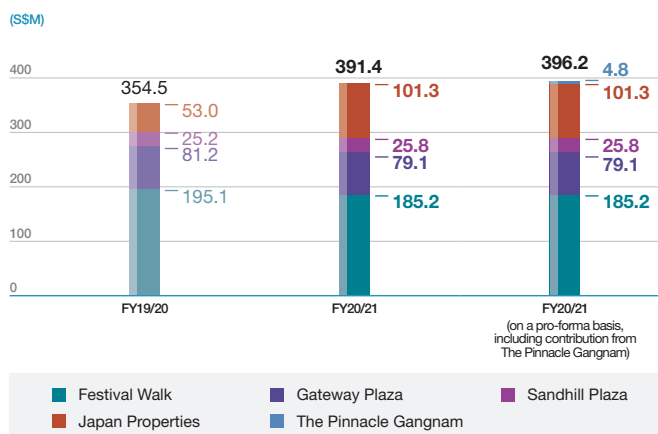
<sup>4</sup> Non-controlling interests refer to the 1.53% effective interest of the Japan Properties held by MIJ.

### Gross Revenue<sup>1</sup>

# \$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

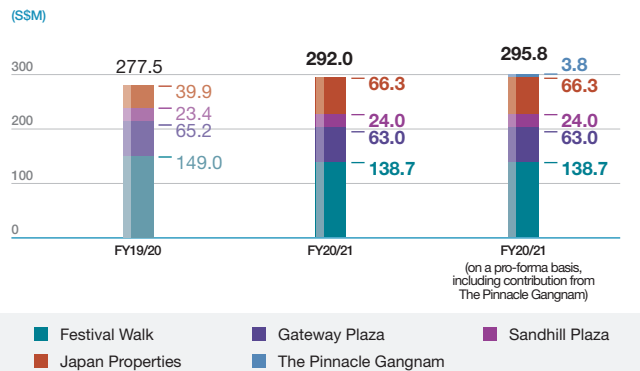
- The 29.1% increase in property operating expenses was primarily attributable to the full-year operations of MBP and Omori, and a low base effect in FY19/20 due to the Festival Walk Temporary Closure.

### NPI<sup>2</sup>

# \$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<sup>3</sup>, 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<sup>4</sup>, 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.

<sup>1</sup> 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.  
<sup>2</sup> 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.  
<sup>3</sup> Please refer to MNACT's SGX-ST Announcements dated 17 June 2020, 9 July 2020 and 14 October 2020 titled "Update on Festival Walk".  
<sup>4</sup> 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.

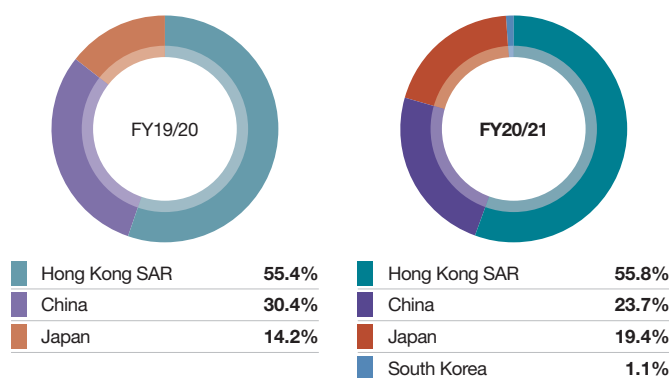
### Profit Before Interest Income, Finance Cost and Net Change In Fair Value Of Investment Properties and Financial Derivatives<sup>1</sup>

**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



### 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.

<sup>1</sup> 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<sup>1</sup>

For Period <sup>2</sup>	Issued Date	Number of Units	Issued Price <sup>3</sup> (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
	<b>Total:</b>	<b>21,290,696</b>	

### Units Issued in FY20/21 for DRP

For Period	Issued Date	Number of Units	Issued Price <sup>3</sup> (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
	<b>Total:</b>	<b>70,129,942</b>	

<sup>1</sup> 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.

<sup>2</sup> 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.

<sup>3</sup> 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.

<sup>4</sup> 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 <sup>1</sup>	DPU (paid) (cents)	Payment Date
<b>1H FY20/21</b> 1 April 2020 to 30 September 2020	96,832	3,366,891,945	2.876	28 December 2020
<b>2H FY20/21</b> 1 October 2020 to 31 March 2021	113,318	3,434,336,938	3.299	21 June 2021

<sup>1</sup> 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 <sup>1</sup>	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)

<sup>1</sup> 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<sup>1</sup> jointly conducted by Colliers International (Hong Kong) Limited and Colliers International (Korea) Limited.

<sup>1</sup> 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\$12.0 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.

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

<sup>1</sup> 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.

<sup>2</sup> Based on exchange rates of \$S\$1 = HK\$5.6574, \$S\$1 = RMB4.9985 and \$S\$1 = JPY77.3652.

<sup>3</sup> Based on exchange rates of \$S\$1 = HK\$5.6051, \$S\$1 = RMB5.0095 and \$S\$1 = JPY74.0401.

<sup>4</sup> Based on 100% effective interest in the properties.

<sup>5</sup> Based on exchange rate of \$S\$1 = KRW828.01.

<sup>6</sup> 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<sup>1</sup>.
- 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**

(\$'000)	FY20/21	FY19/20	Variance % Positive/(Negative)
Net Cash Provided by Operating Activities	<b>313,106</b>	265,768	17.8
Net Cash Used in Investing Activities	<b>(133,859)</b>	(476,250)	(71.9)
Net Cash (Used in)/Provided by Financing Activities	<b>(136,215)</b>	221,300	NM
Net Increase in Cash and Cash Equivalents Held	<b>43,032</b>	10,818	297.8
Cash and Cash Equivalents at End of the Financial Year	<b>229,276</b>	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<sup>2</sup>.
- 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<sup>3</sup> for the acquisitions of MBP and Omori, and repayment of borrowings.

<sup>1</sup> 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".

<sup>2</sup> Please refer to page 18 for more details.

<sup>3</sup> 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 <sup>1</sup> (S\$ million)	<b>3,439.9</b>	3,383.5
Aggregate Leverage Ratio <sup>2</sup> (%)	<b>41.5</b>	39.3
Average Term to Maturity for Debt (years)	<b>3.12</b>	3.35
Effective Interest Rate (% per annum) for the Financial Year	<b>1.99</b>	2.43
Interest Cover Ratio <sup>2</sup> (times) on a Trailing 12-month Basis	<b>3.7</b>	3.5
Unsecured Debt as a Percentage of Total Debt (%)	<b>75</b>	77

#### Total Gross Debt

**S\$3,439.9m**

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

- MNACT's gross debt<sup>1</sup> 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<sup>3</sup>. These include two green loan facilities which amounted to HK\$1,200 million for loans relating to Festival Walk<sup>4</sup>. 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<sup>5</sup>, with the remaining denominated in KRW, SGD and RMB.

<sup>1</sup> Includes the proportionate share of KRW onshore borrowings in relation to The Pinnacle Gangnam.

<sup>2</sup> The leverage ratio and interest cover ratio are within the financial covenants stipulated in the unsecured debt facility agreements.

<sup>3</sup> 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.

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

<sup>5</sup> 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%**<sup>1</sup>

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%<sup>2</sup> 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**

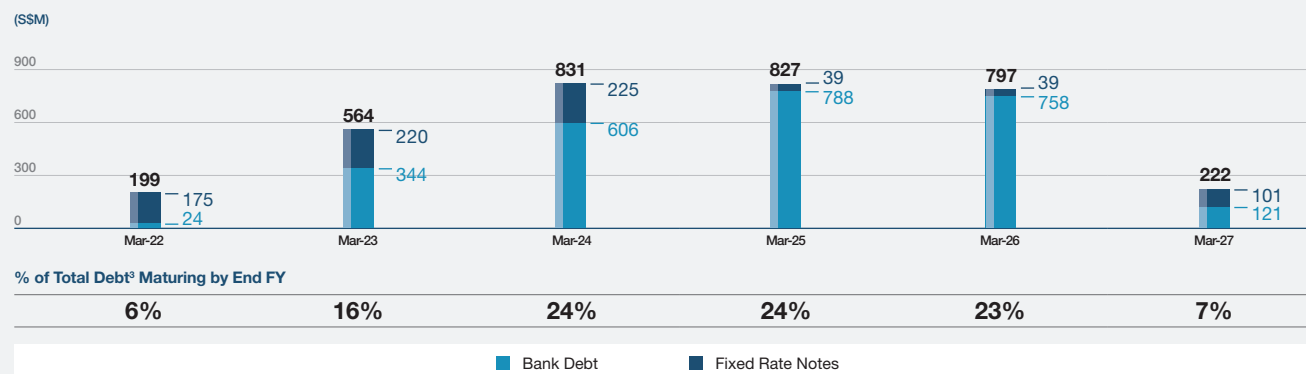
**75%**

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.



<sup>1</sup> 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.

<sup>2</sup> 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%).

<sup>3</sup> Includes the proportionate share of KRW onshore borrowings in relation to The Pinnacle Gangnam.

## FINANCIAL REVIEW AND CAPITAL MANAGEMENT

Interest Rate Risk Management	Foreign Currency Risk Management
<ul style="list-style-type: none"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>The Manager uses currency forwards to hedge expected portfolio distributable income.</li> <li>About 90% of the expected distributable income for 1H FY21/22 has been hedged into SGD.</li> <li>The Manager will continue to actively monitor the currency markets and progressively hedge to provide certainty over future distributions as appropriate.</li> </ul>

### 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<sup>1</sup>.

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<sup>2</sup> if the average rates of all of the foreign currencies (HKD, RMB, JPY and KRW) against SGD strengthened or weakened by 5%.

<sup>1</sup> 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.

<sup>2</sup> 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<sup>1</sup>**

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

**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.

<sup>1</sup> Please refer to MNACT's SGX-ST Announcements for the results announcements for the respective financial years.