FINANCIAL REVIEW AND CAPITAL MANAGEMENT

STATEMENT OF PROFIT AND LOSS AND DISTRIBUTION STATEMENT HIGHLIGHTS

Statement of Profit and Loss	FY19/20 (S$'000)	FY18/19 (S$'000)	Variance % Positive/ (Negative)
Gross Revenue[1]	354,478	408,687	(13.3)
Property Operating Expenses	(76,991)	(79,657)	3.3
Net Property Income	**277,487**	**329,030**	**(15.7)**
Net Foreign Exchange Gain	5,110	2,792	83.0
Net Change in Fair Value of Investment Properties	(17,906)	465,152	NM
Net Change in Fair Value of Financial Derivatives	(4,070)	(604)	NM
Manager's Management Fees			
– Base Fee[2]	(23,217)	(24,378)	4.8
– Performance Fee[3]	-	(1,560)	100.0
Trustee's Fee	(787)	(737)	(6.8)
Other Trust Expenses	(2,112)	(1,495)	(41.3)
Finance Costs (Net)	(72,787)	(72,366)	(0.6)
Income Tax Expenses	(37,452)	(61,422)	39.0
Profit After Income Tax	**124,266**	**634,412**	**(80.4)**
Profit Attributable to:			
Unitholders	123,556	633,933	(80.5)
Non-controlling Interests[4]	710	479	48.2
Profit for the Financial Year	**124,266**	**634,412**	**(80.4)**
Distribution Statement			
Profit for the Financial Year Attributable to Unitholders	123,556	633,933	(80.5)
Distribution Adjustments	104,372	(393,268)	NM
Distributable Income to Unitholders	**227,928**	**240,665**	**(5.3)**

NM – Not Meaningful

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

[2] The Manager's base fee is calculated based on 10.0% of the distributable income for the financial year. The base fee also 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] There is no performance fee for FY19/20. 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.

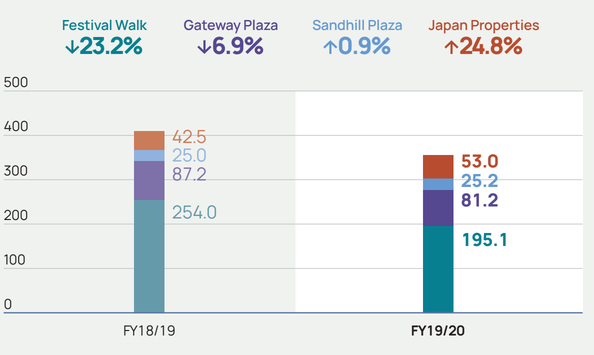
[4] Non-controlling interests refer to the 1.53% effective interest of the Japan Properties held by MIJ.

Gross Revenue

S$354.5m From **S$408.7m** in FY18/19

- Gross revenue decreased 13.3% mainly due to rental reliefs granted to tenants of S$18.1 million as a result of the COVID-19 impact and the social unrests prior to Festival Walk's mall closure.
- There were also no rentals collected during the closure of the mall during 13 November 2019 to 15 January 2020 as well as lower average occupancy at Gateway Plaza.
- The decrease was buffered by a full year's contribution from the six office properties in Greater Tokyo, Japan, that were acquired on 25 May 2018 and one month's contribution from the acquisitions of MBP and Omori on 28 February 2020. This is consistent with MNACT's diversification strategy.
- There was also the higher average rates of HKD and JPY, partially offset by the lower average rate of RMB against SGD during FY19/20.
- Festival Walk, Gateway Plaza, Sandhill Plaza and the Japan Properties contributed 55.1% (FY18/19: 62.1%), 22.9% (FY18/19: 21.4%), 7.1% (FY18/19: 6.1%), and 14.9% (FY18/19: 10.4%) respectively to the portfolio gross revenue in FY19/20.

Gross Revenue by Asset
(S$M)



Property Operating Expenses

S$77.0m From **S$79.7m** in FY18/19

- The 3.3% decrease in property operating expenses was primarily attributable to lower expenses at Festival Walk due to the closure of the mall from 13 November 2019 to 15 January 2020.
- The decrease was partially offset by the full-year's operations of the six office properties in Greater Tokyo, Japan, that were acquired on 25 May 2018 and one month's operations of MBP and Omori acquired on 28 February 2020.
- There was also the higher average rates of HKD and JPY offset by the lower average rate of RMB against SGD.

Net Change in Fair Value of Investment Properties

Net Loss of S$17.9m From Net Gain of **S$465.2m** in FY18/19

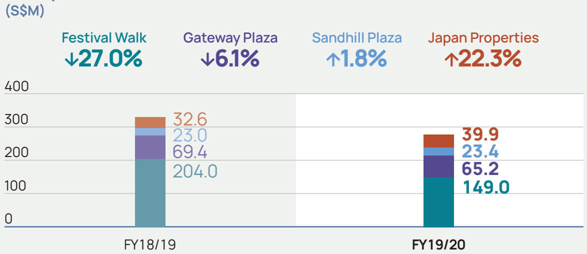
- Cushman & Wakefield Limited and Cushman & Wakefield K.K. have performed a valuation of the investment properties as of 31 March 2020.
- The net fair value loss of S$17.9 million was mainly due to the fair value loss of Festival Walk of S$46.5 million (FY18/19: gain of S$326.8 million).
- This was partially offset by the fair value gain of Sandhill Plaza of S$14.2 million (FY18/19: S$50.4 million), the fair value gain of Japan Properties (including MBP and Omori) of S$14.1 million (FY18/19: S$4.7 million) as well as the fair value gain of Gateway Plaza of S$0.3 million (FY18/19: S$83.3 million).
- The total fair value change is unrealised and has no impact on the distribution to Unitholders.

NPI

S$277.5m From **S$329.0m** in FY18/19

- NPI in FY19/20 declined by 15.7%. By percentage contribution to portfolio NPI in FY19/20, Festival Walk, Gateway Plaza, Sandhill Plaza and the Japan Properties accounted for 53.7% (FY18/19: 62.0%), 23.5% (FY18/19: 21.0%), 8.4% (FY18/19: 7.0%), and 14.4% (FY18/19: 10.0%) respectively.

NPI by Asset
(S$M)



Net Change in Fair Value of Financial Derivatives

Net Loss of S$4.1m From Net Loss of **S$0.6m** in FY18/19

- 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 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$5.1m From **S$2.8m** in FY18/19

- This was mainly due to the exchange gain of S$1.9 million (FY18/19: S$3.8 million) from the partial settlement of inter-company loans, which is mainly capital in nature and not distributable.
- Additionally, there was a net realised exchange gain of S$3.0 million (FY18/19: loss of S$0.9 million) from the settlement of foreign currency contracts to hedge HKD, RMB and JPY distributable income.

Finance Costs (Net)

S$72.8m From **S$72.4m** in FY18/19

- Amid the higher HKD interest rate environment during FY19/20, finance costs (net) remained relatively stable.
- While there was incremental finance costs on borrowings to partially fund the six office properties in Greater Tokyo, Japan, that were acquired on 25 May 2018 (S$0.6 million) and the acquisitions of MBP and Omori on 28 February 2020 (S$0.3 million), as well as the rising interest rate on floating rate debt (S$2.3 million), this was partially mitigated by interest savings from the refinancing of borrowings at a lower cost of debt (S$3.4 million).

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Income Tax Expenses

S$37.5m From **S$61.4m** in FY18/19

- The lower income tax expenses was mainly due to the lower profit and lower deferred tax attributable to the net change in fair value of the investment properties.

Profit after Income Tax

S$124.3m From **S$634.4m** in FY18/19

- The lower profit after income tax was mainly due to the decline in NPI as well as losses in fair value of investment properties net of deferred tax impact and fair value of financial derivatives.
- The decline was partially mitigated by lower base fee and zero performance fee in FY19/20.

Distribution Adjustments

S$104.4m From **S$393.3m** in FY18/19

- 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, 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 distribution top-ups relating to Festival Walk.

Festival Walk Top-Ups

S$32.9m From **nil** in FY18/19

- As announced on 4 December 2019, due to the extensive damage sustained at Festival Walk, the mall was closed from 13 November 2019 to 15 January 2020 and rentals from the retail tenants were not collectable over the period. Rental collection resumed on 16 January 2020.
- As for the office tower, it was closed from 13 November 2019 to 25 November 2019. Rentals were not collectable from the office tenants during this period. Rental collection for the office tower resumed upon re-opening on 26 November 2019.
- The insurance coverage for Festival Walk includes property damage and loss of revenue due to business interruptions. The loss of retail and office revenue as well as property damage are covered under the insurance policies. While the assessment of the full quantum of revenue loss and property damage recoverable from insurance claims remains underway, the insurers have made a without prejudice interim payment in June 2020, as partial payment on account of the estimated claims relating to property damage. The Manager will continue to provide further updates when available.
- To mitigate the cash flow impact on the distributable income as rentals from tenants were not collectable over these periods that the mall and offices were closed until such time as the loss of such revenue may be recovered through insurance claims, the Manager has implemented distribution top-ups ("Festival Walk Top-Ups") over the two quarters, 3Q FY19/20 and 4Q FY19/20.
- Festival Walk Top-Ups represent the distribution top-ups which comprise the proportionate share of (i) the estimated loss of Festival Walk retail rental revenue for the period from 13 November 2019 to 15 January 2020; and (ii) the estimated loss of Festival Walk office rental revenue for the period from 13 November 2019 to 25 November 2019. These top-ups amounted to S$32.9 million.
- The Festival Walk Top-Ups are funded from capital, and will be paid as capital income distribution to the Unitholders. When the insurance claims proceeds are received, any amount which may exceed the Festival Walk Top-Ups will be paid as distributable income from operations to the Unitholders.

Income Available for Distribution

S$227.9m From **S$240.7m** in FY18/19

DPU (Paid)

7.124 cents From **7.690 cents** in FY18/19

- The decrease in income available for distribution took into account the distribution adjustments and was mitigated by the Festival Walk Top-Ups.
- The Manager continued to pay out 100.0% of the income available for distribution to Unitholders in FY19/20.
- Total number of units in issue as of 31 March 2020 was 3,342,916,300 (2019: 3,173,891,965).
- The increase in number of units in issue was partially due to the issuance of 123,708,135 Transaction Units (in connection with the acquisitions of MBP and Omori) to the Sponsor's Nominee. The issue price of these units at S$1.1703 was at no discount to the VWAP for a unit for all trades on the SGX-ST for the period of 10 business days immediately preceding the date of issuance of these units.
- In addition, there were 19,391,049 new units (in respect of the DRP) and also a payment of management fees to the Manager and the Property Manager of 25,925,151 new units during the year.
- Taking into account the lower income available for distribution and the enlarged unit base, DPU in FY19/20 was lower by 7.4% compared to FY18/19.

Units Issued in FY19/20 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 2019	27 May 2019	6,606,976	1.3025
Performance Fee	1 April 2018 to 31 March 2019	27 May 2019	1,197,943	1.3025
Base Fee & Property Manager's Fees	1 April to 30 June 2019	27 August 2019	6,166,165	1.4194
Base Fee & Property Manager's Fees	1 July to 30 September 2019	22 November 2019	6,480,105	1.3203
Base Fee & Property Manager's Fees	1 October to 31 December 2019	10 March 2020	5,473,962	1.1360
		Total:	**25,925,151**	

Units Issued in FY19/20 in Relation to the Acquisitions of the Two Office Properties

	Issued Date	Number of Units	Issued Price (S$)
Transaction Units	28 February 2020	123,708,135	1.1703

Units Issued in FY19/20 in Relation to DRP

	Issued Date	Number of Units	Issued Price[3] (S$)
DRP Units	10 March 2020	19,391,049	1.1884

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 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") 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 issued prices were determined based on the 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.

3 The issued price was determined based on the VWAP for all trades done on the SGX-ST for the period of 10 business days immediately preceeding the date of issuance of these units.

DRP

- As part of the Manager's proactive capital management efforts to maintain an optimal overall aggregate leverage for MNACT, the Manager had applied the DRP for MNACT's distribution for 3Q FY19/20 and continued with the DRP for 4Q FY19/20. 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.

Quarterly Distribution

Quarter	Period	Distributable Income for the Period (S$'000)	Number of Issued Units as of End Period[1]	DPU Paid (cents)	Payment Date
1Q FY19/20	1 April to 30 June 2019	62,045	3,181,696,884	1.950	27 August 2019
2Q FY19/20	1 July to 30 September 2019	61,743	3,187,863,049	1.937	22 November 2019
3Q FY19/20	1 October to 31 December 2019	53,379	3,194,343,154	1.671	10 March 2020
4Q FY19/20	1 January to 27 February 2020[2]	50,761	3,194,343,154	1.070	14 April 2020
	28 February to 31 March 2020		3,342,916,300	0.496	24 June 2020

1 There were no convertibles, treasury units and subsidiary holdings as of 31 March 2020 and 31 March 2019.

2 Unitholders received an advanced distribution for the period from 1 January to 27 February 2020, which was the day immediately prior to the date on which the Transaction Units were issued (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 Distribution Reinvestment Plan for the Advanced Distribution").

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Quarterly Distribution (cont'd)

- The quarterly DPU was calculated based on the distributable income for the period over the number of issued units as of the end of the quarter.
- The reported number of units in issue as of the end of each quarter does not include the payment of the Manager's Base Fee and the Property Manager's Management Fees in units for the quarter. These units issued are included in the computation of the DPU payable (on a quarterly basis) for the following quarter.
- MNACT's distribution policy is to distribute at least 90.0% of its distributable income on a quarterly basis. However, in view of the rapidly evolving COVID-19 situation and with the significant uncertainty over its duration and severity, the Manager may use its discretion to amend the distribution policy.
- Following the amendments to Rule 705 of the Listing Manual of the Singapore Exchange Securities Trading Limited on the quarterly reporting framework which has taken effect from 7 February 2020, MNACT will adopt the announcement of financial statements on a half-yearly basis with effect from FY20/21. The next financial results announcement will be for the six-month period ending 30 September 2020. Consequently, MNACT will also amend its distribution policy to make distributions on a half-yearly basis. The next distribution period will be for the six-month period ending 30 September 2020.
- Notwithstanding the above, the Manager will continue its proactive engagement with Unitholders, including providing relevant and material updates between the announcements of half-yearly financial statements through SGX announcements.

Analysis of Quarterly DPU

1Q FY19/20

- 1Q FY19/20 DPU of 1.950 cents was 3.7% higher than 1Q FY18/19 DPU of 1.881 cents.
- The year-on-year improvement was primarily due to higher rental income from Festival Walk, Gateway Plaza and Sandhill Plaza, and the higher average rate of HKD, partially offset by the lower average rate of RMB.
- The full quarter contribution from the six office properties following the completion of acquisition on 25 May 2018 also added to MNACT's income stream for 1Q FY19/20.

2Q FY19/20

- 2Q FY19/20 DPU of 1.937 cents was 0.6% higher than 2Q FY18/19 DPU of 1.926 cents.
- The year-on-year increase was mainly due to higher rental income from Festival Walk and the higher average rate of HKD and JPY, partially offset by the lower average rate of RMB.

3Q FY19/20

- 3Q FY19/20 DPU of 1.671 cents was 13.3% lower than 3Q FY18/19 DPU of 1.927 cents.
- The lower DPU was mainly due to the rental reliefs granted of S$7.5 million to support retail tenants affected by the social unrests prior to the mall closure, and the closure of the mall from 13 November 2019 to 31 December 2019. There was also lower revenue from one of the Japan Properties due to expiry of the single tenancy for the building and conversion into multi-tenancies as well as lower revenue from Gateway Plaza due to lower average occupancy. There was also lower average rate of HKD and RMB.
- The decline was partially offset by the Festival Walk Top-Up of S$25.8 million relating to the mall closure and a higher average rate of JPY.

4Q FY19/20

- 4Q FY19/20 DPU of 1.566 cents was 19.9% lower than 4Q FY18/19 DPU of 1.956 cents.
- The decrease in DPU was primarily due to rental reliefs granted to tenants of S$10.6 million as a result of COVID-19, as well as the closure of the mall from 1 to 15 January 2020. There was also lower average occupancy at Gateway Plaza and a lower average rate of RMB against SGD.
- This was partially offset by the one-month contribution from MBP and Omori, the Festival Walk Top-Up of S$7.1 million relating to the mall closure as well as the higher average rates of HKD and JPY against SGD.

STATEMENT OF FINANCIAL POSITION HIGHLIGHTS

	As of 31 March 2020 (S$M)	As of 31 March 2019 (S$M)	Variance %
Investment Properties	**8,347.2**	7,609.5	9.7
Total Assets	**8,586.7**	7,820.4	9.8
Total Liabilities	**3,856.0**	3,230.2	19.4
Net Assets Attributable to Unitholders	**4,721.5**	4,585.5	3.0
NAV per Unit (S$)	**1.412**	1.445	(2.3)

Acquisition

S$480.0m Total Acquisition Cost

- On 28 February 2020, MNACT completed the acquisition of an effective interest of 98.47% in MBP and Omori at a total acquisition cost of S$480.0 million from the Sponsor. The total acquisition cost comprises the Aggregate Consideration of approximately S$475.2 million (approximately JPY37,526.9 million) and estimated professional and other fees and expenses of approximately S$4.8 million.
- The Aggregate Consideration is 98.47% of the Aggregate Agreed Property Value of MBP and Omori of JPY38,110.0 million (approximately S$483.0 million).

The Aggregate Agreed Property Value of JPY38,110 million was arrived at on a willing-buyer and willing-seller basis after taking into account the independent valuations of MBP and Omori commissioned by the Trustee and the Manager. It was also at a discount of approximately 1.8% to the valuation[1] conducted by Cushman and Wakefield K.K. ("C&W") (commissioned by the Trustee) and approximately 3.1% to the valuation[2] conducted by CBRE K.K., Valuation & Advisory Services ("CBRE") (commissioned by the Manager).

- There was no acquisition fee for the transaction. The Manager has waived the acquisition fee of S$3.5 million, which it is entitled for the acquisitions of MBP and Omori, to demonstrate its support of the initiatives to achieve greater diversification of MNACT's portfolio.

Valuation of Properties

S$8.3b From **S$7.6b** as of End FY 18/19

- The higher portfolio value was mainly due to the acquisitions of MBP and Omori at S$484.7 million, the fair valuation gains of Sandhill Plaza and Gateway Plaza of S$14.2 million and S$0.3 million respectively, the fair valuation gain of S$14.1 million for the Japan Properties (including MBP and Omori) as well as the net translation gain (against SGD) of S$258.1 million from the stronger HKD and JPY, partially offset by the weaker RMB. This was offset by the fair value loss of S$46.5 million for Festival Walk.
- 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 of 31 March 2020. Further, with the heightened uncertainty over the length and severity of the COVID-19 outbreak in the respective countries in which MNACT operates and the ongoing measures being adopted by them to address the outbreak, valuations may be subjected to more fluctuations subsequent to 31 March 2020 than during normal market conditions.

[1] In arriving at the valuations, C&W relied on the discounted cash flow method.
[2] In arriving at the valuations, CBRE relied on the discounted cash flow method.

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Valuation of Properties (cont'd)

	Valuation (Local Currency/S$)			Valuation Cap Rate		Valuer[3]
($M)	As of 31 March 2020[1]	As of 31 March 2019[2]	% Change Year-on-year	As of 31 March 2020	As of 31 March 2019	
Festival Walk	**HK$28,530 S$5,090**	HK$28,750 S$4,967	↓0.8% ↑2.5%	**4.15% (Gross)**	4.15% (Gross)	Cushman & Wakefield Limited
Gateway Plaza	**RMB6,853 S$1,368**	RMB6,851 S$1,385	↑0.03% ↓1.2%	**5.50% (Gross)**	5.75% (Gross)	
Sandhill Plaza	**RMB2,424 S$484**	RMB2,352 S$475	↑3.1% ↑1.9%	**5.00% (Gross)**	5.00% (Gross)	
Six of the Japan Properties acquired on 25/5/2018[4]	**JPY65,250 S$881**	JPY64,310 S$783	↑1.5% ↑12.6%	**4.10%- 4.70% (Net)**	4.10%- 4.80% (Net)	Cushman & Wakefield K.K.
Portfolio *(excluding MBP and Omori)*	**S$7,823**	S$7,610	**↑2.8%**			
MBP and Omori acquired on 28/2/2020[4]	**JPY38,800[5] S$524**	Acquisition Price JPY38,110 S$483[7]	↑1.8%[6] ↑8.5%[6]	**MBP: 4.50% (Net)[5] Omori: 4.20% (Net)[5]**	–	Cushman & Wakefield K.K.
Portfolio *(including MBP and Omori)*	**S$8,347**	**↑9.7%** (31 March 2020 compared to 31 March 2019)				

[1] Valuation methodologies used as of 31 March 2020 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 of 31 March 2020 by Cushman & Wakefield K.K. include discounted cash flow method and direct capitalisation method.
Based on exchange rates S$1 = HK$ 5.6051, S$1 = RMB 5.0095 and S$1 = JPY 74.0401.
[2] Based on exchange rates S$1 = HK$ 5.7884, S$1 = RMB 4.9483 and S$1 = JPY 82.1477.
[3] The Trustee had appointed both valuers for the valuations as of 31 March 2020.
[4] Based on 100% effective interest in the properties.
[5] Based on the independent valuations of MBP and Omori as of 1 November 2019.
[6] As compared to acquisition price (28 February 2020).
[7] Based on exchange rate S$1 = JPY 78.9702.

Total Assets

S$8,586.7m From **S$7,820.4m** as of End FY18/19

- The higher total assets was mainly attributed to the increase in investment properties of S$737.7 million as well as an increase in trade and other receivables of S$8.3 million due to the consumption and withholding taxes that would be refundable from the local governments.
- There was also an increase in cash and bank balances of S$29.0 million arising from the net proceeds from borrowings for working capital and offset by distributions to Unitholders. The issue of units in lieu of cash distributions under the DRP also helped to conserve cash and bank balances by approximately S$23.1 million.
- The increase in total assets was partially offset by the decrease in financial derivative assets of S$9.1 million due to the movement in fair value.

Total Liabilities

S$3,856.0m From **S$3,230.2m** as of End FY18/19

- The higher total liabilities was mainly due to the increase in borrowings of S$504.4 million from (a) a translation loss of S$123.7 million due to the stronger HKD and JPY offset by the weaker RMB, and (b) a net increase in borrowings of S$380.7 million (to partially finance the acquisitions of MBP and Omori (S$654.7 million), and offset by the repayment of bank loans and MTN (S$272.6 million) and the amortisation of transaction costs (S$1.4 million)).
- Trade and other payables also increased by S$67.0 million mainly due to advanced distribution payable (on 14 April 2020) as well as tenancy deposits, advanced rent and accrued expenses relating to the acquisitions of MBP and Omori.
- Financial derivative liabilities was also higher by S$38.4 million due to movements in fair value.
- There was also an increase in deferred tax liabilities by S$13.3 million mainly due to provision of current year taxes.

Net Assets Attributable to Unitholders

S$4,721.5m From **S$4,585.5m** as of End FY18/19

NAV per Unit

S$1.412 From **S$1.445** as of End FY18/19

- The increase in net assets attributable to Unitholders was mainly due to issuance of Transaction Units to partially fund the acquisitions of MBP and Omori, net profit and translation gains for the year, partially offset by distribution payments to Unitholders.
- The NAV per unit was lower, after taking into account the issuance of Transaction Units, advanced distribution payable for the period from 1 January to 27 February 2020 (payable on 14 April 2020) and the lower profit.
- After taking into account distribution payments to Unitholders on 24 June 2020 and 27 May 2019, NAV per unit would have been lower at S$1.407 and S$1.425 respectively.

Project Management Fee

- Beijing Mapletree Huaxin Management Consultancy Co. Ltd, a subsidiary of the Sponsor, was contracted to carry out project management for the corridor and toilet refurbishment works at Gateway Plaza which commenced in FY18/19. In FY19/20, there were additional works carried out, and construction costs incurred, as part of the corridor and toilet refurbishment, scheduled to complete by 1Q FY20/21 and with an estimated project management fee of RMB294,419 (approximately S$57,883) payable. The estimated project management fee represents approximately 3% of the total construction costs for the additional works, which was within market norms and reasonable range as assessed by an independent quantity surveyor, Arcadis Consultancy (Shanghai) Co., Ltd. on 15 November 2019. 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)	FY19/20	FY18/19
Net Cash Provided by Operating Activities	**265,768**	308,972
Net Cash Used in Investing Activities	**(476,250)**	(736,530)
Net Cash Provided by Financing Activities	**221,300**	426,365
Net Increase/(Decrease) in Cash and Cash Equivalents Held	**10,818**	(1,193)
Cash and Cash Equivalents at End of the Financial Year	**188,208**	175,168

- Lower net cash provided by operating activities for FY19/20 was mainly due to lower profit generated from operations.
- Decrease in net cash used in investing activities was mainly attributed to the lower cash outflow for the acquisitions of MBP and Omori on 28 February 2020 compared to the acquisition of the six office properties in Greater Tokyo, Japan, that were acquired on 25 May 2018 in FY18/19.
- Lower net cash provided by financing activities was mainly due to lower net proceeds from borrowings and lower gross proceeds of S$144.8 million in FY19/20 from the issuance of new units pursuant to the Transaction Units Agreement for the acquisitions of MBP and Omori, compared to the gross proceeds of S$330.3 million from the issuance of new units pursuant to the private placement in FY18/19. This was partially offset by the implementation of DRP in FY19/20. The implementation of DRP has resulted in additional liquidity of approximately S$23.1 million.

FINANCIAL REVIEW AND CAPITAL MANAGEMENT

CAPITAL MANAGEMENT

Amid the market uncertainty and volatilities, the Manager remains prudent in its capital management strategy to address funding requirements, mitigate the impact of interest rate and foreign exchange exposures, as well as diversify sources of funding. Accordingly, MNACT has a healthy liquidity position to meet its maturing debt obligations as of 31 March 2020.

Key Financial Indicators

	As of 31 March 2020	As of 31 March 2019
Total Gross Debt Outstanding (S$ million)	**3,383**	2,878
Aggregate Leverage Ratio[1] (%)	**39.3**	36.6
Average Term to Maturity for Debt (years)	**3.35**	3.70
Effective Interest Rate (% per annum) for the Financial Year	**2.43**	2.47
Interest Cover Ratio[1] (times) for the Financial Year	**3.5**	4.2
Unencumbered Assets as % of Total Assets (%)	**81**	90
MNACT's Corporate Rating by Moody's	**Baa3 Negative[2]**	Baa1 Stable

[1] The leverage ratio and interest cover ratio are within the financial covenants stipulated in the unsecured debt facility agreements.
[2] Please refer to page 25 of this Annual Report on the change in Moody's Rating.

Total Gross Debt

S$3,383m From **S$2,878m** as of End FY 18/19

- MNACT's borrowings of S$3,383 million as of 31 March 2020 comprised bank debt of S$2,567 million and bonds of S$816 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 2020, MNACT has a healthy liquidity position with an untapped balance of approximately US$902 million from its Euro MTN Programme, unutilised committed and uncommitted bank facilities of approximately S$374 million as well as a cash balance of S$208 million.
- During FY19/20, MNACT and its subsidiaries entered into five loan facility agreements[1], each with a lower all-in cost of debt. Approximately S$111 million of debt due by March 2020 was refinanced during the year and another S$174 million of the debt maturing by March 2022 was converted to MNACT's sustainability-linked loan in November 2019.
- In February 2020, Mapletree North Asia Commercial Treasury Company (HKSAR) Limited, a wholly owned subsidiary of MNACT, redeemed HK$550 million Fixed Rate Notes due 2020 at a lower all-in cost of debt.
- As of 31 March 2020, MNACT had approximately S$267 million (equivalent to approximately 8% of the total gross debt) refinancing requirement due by March 2021. The Manager is in active discussions with lenders to refinance these loans.
- About 64% 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 35% of the total gross debt is denominated in JPY[2].
- 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.

[1] Please refer to MNACT's SGX-ST announcements dated 7 November 2019, 8 November 2019, 17 February 2020, 24 February 2020 and 26 February 2020 on MNACT's disclosures pursuant to Rule 704(31) of the Listing Manual of the SGX-ST.
[2] 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

39.3% From **36.6%** as of End FY 18/19

- The increase was largely due to borrowings to partially fund the acquisitions of MBP and Omori and fair valuation loss of the properties partially offset by net translation gains from the stronger HKD and JPY, partially offset by the weaker RMB.
- Nevertheless, the resultant aggregate leverage ratio is below the MAS regulatory limit of 45%[1] and less than the Manager's target aggregate leverage limit of not more than 42.0%. The ratio of 39.3% is not expected to have a significant impact on MNACT's risk profile.
- The aggregate leverage ratio of 39.3% also provides a debt headroom of approximately S$400 million and S$900 million before reaching the 42% and 45% aggregate leverage limits respectively. This provides the REIT with financial flexibility to fund potential acquisitions.
- As of 31 March 2020, total debt to net asset value ratio and total debt less cash and cash equivalents held in MNACT's functional currency (SGD) to net asset value ratio were 71.2% and 70.2% respectively.

Average Term of Maturity for Debt

3.35 years From **3.70 years** as of End FY 18/19

- Average term to maturity for debt was 3.35 years compared to 3.70 years as of 31 March 2019.

Effective Interest Rate

2.43% From **2.47%** for FY 18/19

- The effective interest rate was lowered despite the effects of higher interest rates on floating rate debt, due to proactive refinancing activities and lower cost of borrowings to partially fund the acquisitions of MBP and Omori.

Interest Cover Ratio

3.5 times From **4.2 times** for FY 18/19

- While the lower rental revenue from Festival Walk as a result of rental reliefs to support retail tenants affected by the social unrests prior to the mall closure and subsequently COVID-19 led to a decline in interest cover ratio, MNACT's acquisitions of MBP and Omori in February 2020 and the full year contribution from the six office properties in Greater Tokyo, Japan, acquired in May 2018 cushioned the impact on the interest cover ratio.

Unencumbered Assets

81% From **90%** as of End FY 18/19

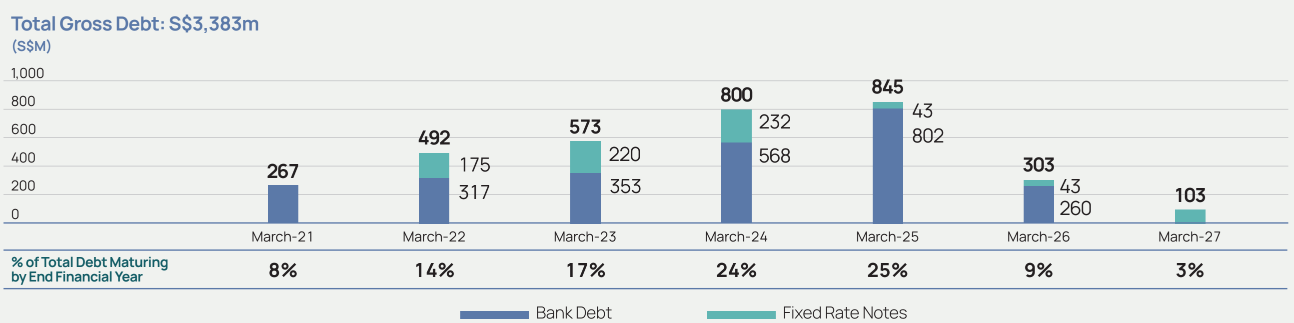
- The percentage of total assets unencumbered was lower at 81% as of 31 March 2020 as there was additional JPY onshore borrowings to partially finance the acquisitions of MBP and Omori that were secured[2] against the assets.

Moody's Rating

- Moody's Investors Service's ("Moody's") issuer rating on MNACT was downgraded from 'Baa1' to 'Baa2' in December 2019, mainly due to the uncertainty surrounding the operating performance of Festival Walk, which was closed from 13 November 2019 to 15 January 2020 following the Festival Walk Incident[3], as well as MNACT's increase in total borrowings to fund the acquisitions of MBP and Omori.
- The change in issuer rating from 'Baa2' to 'Baa3' in March 2020 was attributable to further uncertainty for MNACT's properties, in particular Festival Walk, due to the COVID-19 impact on Hong Kong's retail sector.

Well-Staggered Debt Maturity Profile

- MNACT's debt maturity profile remained well-staggered as of 31 March 2020 with no more than 25% of debt due in any year.



[1] 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%).
[2] Please refer to Note 18 (page 173) of the Financial Statements section of this Annual Report.
[3] Please refer to MNACT's SGX-ST Announcement dated 13 November 2019 titled "Festival Walk Incident".

FINANCIAL REVIEW AND CAPITAL MANAGEMENT

Issue of Transaction Units

- In order to facilitate the payment to partially fund the acquisitions of MBP and Omori, the Manager and Suffolk Assets Pte. Ltd. (the "Sponsor's Nominee"), which is a wholly-owned subsidiary of MIPL, entered into an agreement on 4 December 2019 under which the Manager agreed to issue and the Sponsor's Nominee agreed to pay for new units (the "Transaction Units" and the agreement, the "Transaction Units Agreement") amounting to S$144.8 million[1].
- The Transaction Units were being issued to the Sponsor's Nominee to align the interests of the Sponsor with that of MNACT and its other Unitholders. This also demonstrates the Sponsor's commitment to support MNACT's growth and diversification strategy. The Transaction Units were priced at S$1.1703, at no discount and based on the VWAP for a unit for all trades on the SGX-ST for the period of 10 business days immediately preceding the date of issuance of the Transaction Units.

Use of Proceeds

- The gross proceeds of approximately S$144.8 million received from the issuance of the Transaction Units has been fully utilised to partially fund the acquisitions of MBP and Omori. The use of proceeds is in accordance with the stated use as set out in the SGX-ST announcement dated 4 December 2019 titled "The Proposed Acquisitions of Two Office Properties in Greater Tokyo".

Interest Rate Risk Management

- As of 31 March 2020, approximately 77% 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 65% of the expected distributable income for 1H FY20/21 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[2].

On 1 April 2019, MNACT and its subsidiaries (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 for the adoption of SFRS(I) 16 Leases.

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 of 31 March 2020, interest cost on approximately 77% 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 FY19/20 DPU by about 0.090 cents.
- MNACT has an aggregate leverage ratio of 39.3% as of 31 March 2020. 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 FY19/20 would decrease or increase by S$2.6 million[3] 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$1.4 million[3]. 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$1.4 million[3].

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

[2] 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.

[3] The foreign currency sensitivity analysis is performed using the similar methodology of SFRS (I) 7 (Financial Instruments: Disclosures) as disclosed on page 184 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]

	FY15/16	FY16/17	FY17/18	FY18/19	FY19/20
Gross Revenue (S$ million)	336.6	350.6	355.0	408.7	**354.5**
NPI (S$ million)	277.5	285.6	287.2	329.0	**277.5**
DI (S$ million)	199.9	204.6	210.9	240.7	**227.9**
DPU (cents)	7.270	7.341	7.481	7.690	**7.124**

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 DI in FY15/16 increased by 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 the 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.

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