

Letter to Unitholders

ENHANCING VALUE



Mr. Paul Ma Kah Woh
Non-Executive Chairman
and Director

Ms. Cindy Chow Pei Pei
Executive Director and
Chief Executive Officer

“ Over the six-year period, the Manager has delivered a cumulative DPU of 42.286 cents to Unitholders and a total return of 87.4%. ”

Dear Unitholders,

On behalf of the Board of Directors of the Manager, we are pleased to present MNACT's Annual Report to Unitholders for the financial year from 1 April 2018 to 31 March 2019 ("FY18/19").

Extending Reach, Enhancing Value

FY18/19 marked another milestone year for MNACT. The Manager completed the acquisition of six freehold office buildings in Greater Tokyo (the "Japan Properties") on 25 May 2018, expanding MNACT's footprint in North Asia so as to provide Unitholders with a more diversified and stable income stream.

The contribution from the Japan Properties as well as the higher rental income from Festival Walk, Gateway Plaza and Sandhill Plaza led to a 15.1% increase in portfolio gross revenue¹ to S\$408.7 million and a 14.6% increase in net property income to S\$329.0 million for FY18/19 compared to FY17/18. Distributable income for FY18/19 also rose 14.1% year-on-year to S\$240.7 million. On an enlarged total unit base², FY18/19 DPU of 7.690 cents³ was 2.8% higher compared to the last financial year. The DPU of 7.690 cents translated to a distribution yield of 5.8% based on MNACT's closing unit price of S\$1.32 on 29 March 2019 (last trading day of the financial year).

The acquisition of the Japan Properties, fair value gains of all the properties, and net translation gains (against Singapore Dollar ("SGD")) from the stronger Hong Kong Dollar ("HKD") and Japanese Yen ("JPY"), partially offset by the weaker Renminbi ("RMB"), increased the portfolio value⁴ from S\$6,292.0 million as of 31 March 2018 to S\$7,609.5 million as of 31 March 2019. Correspondingly, Net Asset Value⁵ ("NAV") per unit grew from S\$1.376 as of 31 March 2018 to S\$1.445 as of 31 March 2019.

- 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 enlarged unit base was mainly due to the private placement to partially finance the acquisition of the Japan Properties. Refer to the SGX-ST Announcement dated 26 April 2018 titled "Results of the Private Placement and Pricing of New Units under the Private Placement".
- 3 DPU for FY18/19 is the sum of the 1Q, 2Q, 3Q and 4Q available DPU. The DPU for each quarter is computed based on the income available for distribution for that quarter over the number of issued units as of the end of that quarter.
- 4 The valuations on 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.
- 5 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.

Since MNACT's Initial Public Offering ("IPO") in March 2013, the Manager has consistently delivered stable distributions to the Unitholders through proactive asset and capital management of the portfolio, and acquisition growth with the purchase of Sandhill Plaza in June 2015 and the Japan Properties in May 2018. Over the six-year period, the Manager has delivered a cumulative DPU¹ of 42.286 cents to Unitholders and a total return² of 87.4%.

A Resilient Portfolio

The global macroeconomic environment during FY18/19 was uncertain and volatile due to the ongoing trade tensions and a slowing global economy. Against this backdrop, the Manager remained disciplined in proactively managing the assets and leases, resulting in improved operational performances across the portfolio. As of 31 March 2019, MNACT registered a higher portfolio occupancy of 99.6%, compared to 98.5% a year ago. Festival Walk, Gateway Plaza, Sandhill Plaza and the Japan Properties recorded positive rental reversions for FY18/19, reflecting resilient demand for space from existing and new tenants.

Since its opening in 1998, Festival Walk has maintained its popularity as a lifestyle and retail destination in Hong Kong SAR. Twenty years on, it attracted 41.3 million shoppers and received retail sales of HKD5,326 million in FY18/19. To mark its 20th anniversary, Festival Walk held a month-long celebration during the Christmas season featuring a 13-metre tall giant birthday cake decoration as well as an exciting lineup of promotional events and programmes. The events including a grand lucky draw, Christmas parades and performances, and gift redemptions were well received by shoppers. A gala dinner for tenants and business partners was held in appreciation of their support over the years.

Building on Festival Walk's comprehensive offerings, the Manager focused on introducing more exciting and new brands to the mall during the year. The diverse range of brands are from the apparel, athleisure, children/infant apparel and products, cosmetics and skincare as well as food and beverage ("F&B") sectors. To draw footfall, the year-long campaign of activities include festive openings by celebrities, movie-themed roadshows, product launches, car shows as well as the first e-sports gaming event jointly organised with Alisports.

Active leasing strategies were also adopted at Gateway Plaza, Sandhill Plaza and the Japan Properties. In addition to

maintaining regular dialogue with existing and new tenants to understand their needs and requirements, we continued to engage tenants early to secure renewals and new lettings. Asset enhancement initiatives to increase the appeal of the assets were also carried out during the year. For the newly acquired Japan Properties, the Manager focused efforts on driving revenue performance and cost efficiency, which gave rise to a positive average rental reversion and improvement to the average net property income margin.

Prudent Capital Management

Prudent capital management remains one of the key strategies of the Manager to mitigate MNACT's exposure to interest rate and foreign currency volatilities, whilst maintaining a healthy balance sheet and sufficient liquidity.

As of 31 March 2019, MNACT's aggregate leverage ratio³ was 36.6%, and the effective interest rate for FY18/19 was 2.47% per annum. Average term to maturity for debt was extended from 3.43 years as of 31 March 2018 to 3.70 years as of 31 March 2019. MNACT has less than S\$204 million (equivalent to approximately 7% of the total gross debt) refinancing requirement due by March 2020. The interest cover ratio⁴ improved from 3.9 times for FY17/18 to 4.2 times for FY18/19.

To mitigate exposure to interest rate volatility, approximately 86% of MNACT's debt was on fixed rates as of 31 March 2019. 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.

Sustainability Reporting

As we continue to make progress in developing MNACT into a leading commercial REIT with properties in North Asia, it is equally important to contribute towards a sustainable future through integrating environmental, social and governance ("ESG") practices into our business operations. The Board works closely with management to identify, manage and monitor material ESG matters relevant to MNACT and its stakeholders. In support of the United Nations' Sustainable Development Goals ("SDGs"), we have mapped the material ESG matters to seven relevant SDGs. The third sustainability report, prepared in accordance to the Global Reporting Initiative's 2016 Standards, outlines the Manager's sustainability practices during the year. Targets for FY19/20 have been set to measure and track the progress of the material ESG matters.

1 Please refer to note 3 on page 6 on DPU for FY18/19. Prior to FY18/19, MNACT's distribution policy was on a semi-annual basis. From FY13/14 (excluding the stub period from 7 to 31 March 2013) to FY17/18, full-year DPU is the sum of the first-half and second-half DPU paid to the Unitholders for the financial year based on the number of issued units as of the end of the respective half-year periods ending 30 September and 31 March.

2 Sum of unit price appreciation and total distribution yield since IPO. Unit price appreciation is based on the opening IPO unit price of S\$0.930 on 7 March 2013 and the closing unit price of S\$1.320 on 29 March 2019. Total distribution yield is based on: a) sum of first-half and second-half available DPU for the period from FY13/14 (excluding the stub period) to FY17/18 of 34.596 cents; and b) sum of the 1Q, 2Q, 3Q and 4Q available DPU of 7.690 cents for FY18/19, over the opening IPO unit price of S\$0.930.

3 Please refer to footnote 4 on page 3 of the Financial Highlights section.

4 Please refer to footnote 5 on page 3 of the Financial Highlights section.

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The opening event to mark Festival Walk's 20th anniversary was graced by Mr. Paul Ma (second from left), Chairman of the Manager, Mr. Michael Kok (first from left), Board of Director of the Manager, and Ms. Sandra Cheng (first from right), General Manager of Festival Walk, together with Hong Kong SAR's celebrity Mr. Sean Lau (second from right).

Outlook

The International Monetary Fund¹ is forecasting a softer global economic growth in 2019 compared to 2018 amid the ongoing trade tensions. The increased stimulus measures by the Chinese government and the cautious stance by the US Federal Reserve on interest rate hikes are expected to mitigate downside risks.

In Hong Kong SAR², external uncertainties are expected to continue to affect consumer sentiment in the near term. However, the retail market fundamentals remain intact, supported by a low unemployment rate and inbound tourism. Ideally located above the Kowloon Tong MTR station and well-supported by local shoppers, Festival Walk is expected to deliver a stable performance.

For the Beijing³ office market, a general softening in leasing demand and weakening tenant affordability are expected to continue. A higher level of new office supply is also expected to enter the market in 2019. Going forward, the confluence of these factors could pose challenges to both rental and occupancy levels at Gateway Plaza.

In Shanghai⁴, the government's multiple stimulus policies to support the private sector are expected to underpin demand for business park space in decentralised locations. Sandhill Plaza is expected to deliver a steady performance.

The overall outlook for the Tokyo office market in 2019 remains positive although global economic uncertainties may dampen growth⁵. The Japan Properties are expected to continue to provide a stable income stream on the back of long average lease expiry periods and high average occupancy rates.

For the year ahead, we remain focused on active asset and capital management, and will seek accretive acquisition opportunities to grow MNACT's portfolio.

Acknowledgements

On behalf of the Board, we express our appreciation to Mr. Lok Vi Ming for his guidance and service as Member of the Audit and Risk Committee ("AC") of the Manager. He stepped down as a Member of the AC during the year. He remains as Chairman of the Nominating and Remuneration Committee. At the same time, we welcome Mr. Lawrence Wong Liang Ying who joined the Board as an Independent Non-Executive Director and Member of the AC. A valuable addition to the Board, Mr. Wong brings with him a wealth of experience in the finance and investment sectors.

We would like to take this opportunity to thank our Unitholders, tenants, shoppers and business partners for their confidence and support. We would also like to express our gratitude to our Board of Directors for their invaluable guidance and stewardship. To our management and employees, we appreciate your dedication and look forward to your continued commitment.

Mr. Paul Ma Kah Woh
Non-Executive Chairman and Director

Ms. Cindy Chow Pei Pei
Executive Director and Chief Executive Officer

1 International Monetary Fund, "World Economic Outlook Update" (April 2019).

2 Hong Kong SAR's Census and Statistics Department, Press Release on "Provisional Statistics of Retail Sales for March 2019" (3 May 2019).

3 Savills, Beijing Office (April 2019).

4 Colliers International, Shanghai Business Parks (April 2019).

5 Savills, Tokyo Office (1Q 2019).

致信托单位持有人之信函

尊敬的信托单位持有人，

我们在此谨代表丰树北亚商业信托管理有限公司董事会，向信托单位持有人提交MNACT 2018年4月1日至2019年3月31日("18/19财政年度")的年度报告。

扩展领域，提升价值

18/19财政年度MNACT再创佳绩。我们于2018年5月25日完成收购坐落于东京，千叶和横滨的六栋永久产权办公楼(即“日本物业”)，成功扩展了MNACT的北亚业务，从而为信托单位持有人提供多元化及稳定的收入。

本财政年度的资产组合总营收¹和净房地产收入与17/18财政年度相比，分别提升15.1%及14.6%，达4.087亿新元与3.290亿新元。这主要归因于日本物业的收入贡献连同又一城、佳程广场和展想广场所取得的较高租金。18/19财政年度的可派发总收入与去年同期相比也相继上升14.1%至2.407亿新元。18/19财政年度的每单位可派发收入在扩大的单位基数²上，同比上一财年增长了2.8%至7.690分³。按MNACT 2019年3月29日(最后交易日)1.320新元的闭市价格计算，每单位可派发收入7.690分是相等于5.8%的汇报率。

随着日本物业的收购、所有资产的公平估值收益，以及因较强劲的港元和日元对新元的净货币兑换收益(升幅被较疲弱的人民币所部分抵消)，本信托的资产组合估值⁴从2018年3月31日的62.920亿新元提高至2019年3月31日的76.095亿新元。与此同时，每单位净资产值⁵也从2018年3月31日的1.376新元增加至2019年3月31日的1.445新元。

自MNACT于2013年3月首次公开上市后，我们一直专注于积极管理资产组合和资本，为信托单位持有人实现稳健的回报，并分别于2015年6月和2018年5月通过收购展想广场

“在过去六个财政年度，我们已派发给信托单位持有人的每单位可派发收入累计达到42.286分，总回报率高达87.4%。”

和日本物业为资产组合带来收购增长。在过去六个财政年度，我们已派发给信托单位持有人的每单位可派发收入⁶累计达到42.286分，总回报率⁷高达87.4%。

稳健的资产组合

持续的贸易纠纷及全球经济放缓导致18/19财政年度全球宏观经济呈现不明朗和疲弱的局势。尽管如此，经理人仍继续谨慎积极地管理资产组合和租约，使资产组合的营运表现得以提高。与截至2018年3月31日的98.5%相比，截至2019年3月31日的MNACT资产组合出租率增加至99.6%。18/19财政年度又一城、佳程广场、展想广场及日本物业到期租约的平均续租/新租租金均有调升，充分反映了现有和新租户对商业及零售空间的稳健需求。

1998年开业以来，作为生活时尚零售商场的又一城在香港特别行政区一直深受消费者的欢迎。20年后的今天，又一城于18/19财政年度的客流量达4,130万，录得53.260亿港元的租户销售额。开业20周年志庆之际，又一城在2018年圣诞期间举行了为期一个月的欢庆活动，在商场展示了一个13米高的大型生日蛋糕装饰，并举办了一系列精彩的促销活动和节目，如幸运大抽奖、圣诞游行和表演，和礼品兑换。又一城还举办了20周年志庆晚宴以答谢租户和商业伙伴多年来的合作支持。

经理人在本财政年度为又一城带进更多精彩和崭新的品牌，以促进商场的多元化进程。其中包括服装、运动休闲、儿童/婴儿服装和产品、化妆品和护肤品，以及餐饮品牌。为了增加客流量，本财政年度举办的市场推广活动包括艺人参与的佳节开幕典礼、电影主题路演、产品发布会、汽车展览和首度与Alisports携手主办的运动电子游戏活动。

佳程广场、展想广场和日本物业也都采用了积极的租赁策略。除了与现有和新租户保持密切联系以了解他们的需求，我们继续采取提早与租户沟通的措施，以确保有充足时间进行续约和招租工作。此外，我们还进行资产升值工程以提升资产的吸引力。于此同时，经理人专注提高日本物业的收入和成本效益，使平均租金调升率和净资产收益率均有所上升。

1 位于中国的佳程广场和展想广场的收入均以净增值税方式计算。日本物业的收入则以净消费税的形式计算。

2 扩大单位基数主要归因于为收购日本物业而进行部分融资的私募活动。请参阅2018年4月26日的新加坡证券交易所通告“Results of the Private Placement and Pricing of New Units under the Private Placement”。

3 18/19财政年度的每单位可派发收入为第一、第二、第三和第四季度所供每单位可派发收入的总额。每个季度的每单位可派发收入是根据个别季度所供派发的收入除以季度末所发行的单位总数来计算。

4 由世邦魏理仕有限公司于2019年3月31日对又一城、佳程广场和展想广场进行的估值，以及由高纬环球于2019年3月31日对日本物业进行的估值。

5 扣除2019年5月27日和2018年5月25日给信托单位持有人的派发收入后，每单位净资产值分别为1.425新元和1.338新元。

6 有关18/19财政年度的每单位可派发收入，请参阅脚注3。在18/19财政年度之前，MNACT的派发政策是以半年度形式进行。从13/14财政年度(不包括汇报期末段—2013年3月7日至31日)至17/18财政年度，根据截至9月30日和3月31日每半年期末所发行的单位数额计算。全年的每单位可派发收入为上半年及下半年已派发给信托单位持有人的每单位可派发收入的总和。

7 上市后单位价格升值和总派发收益合计。单位价格升值是按2013年3月7日0.930新元的上市价和2019年3月29日1.320新元的闭市价计算。总派发收益是按：a) 从13/14财政年度起(不包括汇报期末段)至17/18财政年度期间，上半年及下半年所供派发给信托单位持有人的每单位可派发收入34.596分的总和；以及b) 18/19财政年度之第一、第二、第三和第四季度7.690分的所供每单位可派发收入的总额，除以0.930新元的上市价。

审慎的资本管理

经理人保持一贯审慎的管理资本，在维持稳健的资产负债表和充足的现金流的同时，也缓和MNACT的利率冲击并降低汇率风险。

截至2019年3月31日，MNACT的总资债比率¹为36.6%，而18/19财政年度的实际利率则为2.47%。债务平均偿还期限从截至2018年3月31日的3.43年延长至截至2019年3月31日的3.70年。MNACT于2020年3月到期的再融资数额低于2.04亿新元（相等于约总债务之7%）。利息覆盖率²也从17/18财政年度的3.9倍上扬至18/19财政年度的4.2倍。

为了减轻利率波动的影响，截至2019年3月31日，MNACT约86%债务的利息成本已被固定。2019年4月1日至9月30日（19/20财政年度上半年度）约75%的预期可派发收入已进行套期保值转为新元。

可持续发展报告

在持续发展北亚商业信托事业的同时，我们意识到将环境、社会和企业管治各方面的优良实践贯穿于业务营运中的重要性，并为可持续发展的未来作出贡献。董事会与管理层密切合作，以鉴定、管理和监督相关的环境、社会和企业管治事项。为支持联合国可持续发展目标，我们将重要的环境、社会和企业管治事项与七个可持续发展目标（SDGs）相关联。按照全球报告倡议组织（"Global Reporting Initiative"）2016年标准，MNACT的第三份可持续发展报告概述了我们于本财政年度的可持续发展各项工作。我们也设定了19/20财政年度的绩效目标，以衡量和持续评估我们在各关键的环境、社会和企业管治方面的进展。

前景展望

国际货币基金组织³预计全球经济将因持续的贸易纷争而在2019年放缓。然而，中国政府所采取的加强经济刺激措施和美国联邦储备局对利率增长所持的谨慎态度预计有助缓和负面风险。

外在的不明朗因素预计将继续影响香港特别行政区⁴近期的消费市场。尽管如此，受低失业率和入境旅游所支撑，零售市场基本面仍保持平稳。位于九龙塘地铁站上盖的优越位置及受本地消费者支持，又一城预计将有平稳的表现。

北京⁵办公楼市场租赁需求放缓和租户负担能力疲弱的局势预料将持续。更多的新办公楼供应也预计将于2019年面世。纵观以上因素，佳程广场的租金和出租率均将面临挑战。

上海⁶政府实施支持私营企业的多项刺激经济政策，有望能支持对非中心区商业园的租赁需求。展想广场预料将有稳定的表现。

虽然全球经济波动可能会影响东京办公楼市场增长⁷的幅度，但市场对2019年前景仍然保持乐观。日本物业预期会因长平均租期和高平均出租率，而继续提供稳定的收入。

在未来的一年里，我们将继续专注于积极的资产和资本管理，并寻求增值性的收购商机以扩展MNACT的资产组合。

致谢

我们谨代表董事会，向骆维明先生致谢，感谢他作为经理人的审计与风险委员会成员所给予的指引和贡献。他在这一年卸任了审计与风险委员会成员的职务。骆先生将继续担任提名与薪酬委员会主席一职。与此同时，我们欢迎黄良颖先生出任独立非执行董事和审计与风险委员会成员。黄先生在金融和投资界有多年丰富的经验，相信他能为本信托带来不少宝贵的贡献。

我们要籍此机会答谢我们的信托单位持有人、租户、购物者和商业伙伴对我们的信任与支持。我们也想对董事会所给予的宝贵指导和管理表达由衷的谢意。对于我们管理层和员工，我们赞扬诸位的奉献精神，并期待你们持之以恒的辛勤付出。

马家和先生
非执行主席兼董事

周佩佩女士
执行董事兼总裁

1 请参阅财务亮点项目的第3页脚注4。

2 请参阅财务亮点项目的第3页脚注5。

3 国际货币基金组织，《世界经济前景展望》（2019年4月）。

4 香港特区政府统计处，“Provisional Statistics of Retail Sales for March 2019”的新闻稿发布（2019年5月3日）。

5 第一太平戴维斯，《北京办公楼市场》（2019年4月）。

6 高力国际，《上海商业园市场》（2019年4月）。

7 第一太平戴维斯，《东京办公楼市场》（2019年第一季度）。