

Strategy

In line with MNACT's corporate vision and mission, the Manager adopts a four-pronged strategy to create sustainable value over the long term.

What We Manage



Retail



Office

Where Our Properties Are

China

Hong Kong SAR

Japan

Who We Engage With

Shoppers, Tenants, Investors, the Trustee¹, Employees, Business Partners, Local Communities

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

What We Do

Our primary source of income is rental income from our properties.

Key Strategies

Active Asset Management



Active Asset Enhancement



Value-Creating Acquisition Growth



Proactive & Prudent Capital and Risk Management



Objectives

Achieve organic growth in revenue and NPI

- Achieve optimal tenant mix
 - Introduce innovative retail and marketing concepts
 - Enhance tenant's experience by ensuring delivery of quality property and customer services
 - Improve operational efficiency
- Progress in FY18/19, refer to the Property Portfolio Summary and Review section on pages 26-43

Improve competitiveness of properties

- Maintain the quality of assets through regular preventive maintenance
 - Optimise or increase leasable area
 - Offer improved amenities and facilities
 - Incorporate energy-efficient and eco-friendly initiatives
- Progress in FY18/19, refer to the Property Portfolio Summary and Review section on pages 26-43, and the Sustainability Report section on pages 95-120

Achieve inorganic growth through acquisition

- Invest in a diversified portfolio of income-producing commercial real estate assets in Greater China¹ and in Japan
 - Source from Sponsor's pipeline and/or third-party vendors
 - Adopt a disciplined approach, with focus on the following acquisition criteria:
 - Yield and DPU accretion
 - Asset enhancement potential
 - High-quality building and facilities specifications
 - Attractive tenant mix and occupancy level
- Progress in FY18/19, refer to the Letter to Unitholders on pages 6-8 and the Financial Review and Capital Management section on pages 16-25

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

- Actively monitor, manage and balance the cost of debt and debt maturity profile
 - Diversify sources of funding in debt and equity capital markets
 - Proactively monitor and undertake hedging strategies to minimise interest rate and foreign currency risks
 - Regularly review processes and controls, and monitor key risks
- Progress in FY18/19, refer to the Financial Review and Capital Management section on pages 16-25, the Risk Management section on pages 72-74, and the Financial Statements on pages 121-192

¹ Key markets in China include: Hong Kong SAR and first-tier cities in China (Beijing, Shanghai, Guangzhou and Shenzhen), major urban centres along Beijing-Tianjin corridor, Shanghai-Suzhou-Hangzhou-Nanjing corridor and the Pearl River Delta (including Guangzhou, Shenzhen and Foshan), and growth centres and beneficiaries of the "go-west" policies (Chengdu, Chongqing, Wuhan and Xi'an).

The Value We Create

Increase in Distributable Income of

S\$29.7M

in FY18/19 compared to FY17/18

Acquisition of the Japan Properties at

S\$777.5M¹

during FY18/19

Increase in fair value gains of all the properties of

S\$465.2M

as of 31 March 2019 compared to 31 March 2018²

Total Return of

21.5%³

in FY18/19 compared to the total return of 20.0%⁴ in FY17/18

- 1 The total acquisition cost comprises the Acquisition Price of JPY63,304 million (S\$770.0 million), the acquisition fee paid to the Manager of S\$5.7 million as well as acquisition-related transaction costs. Please refer to MNACT's SGX-ST Announcement dated 28 March 2018 titled "Proposed Acquisition of a Portfolio of Six Freehold Office Properties in Greater Tokyo, Japan".
- 2 For the Japan Properties, the increase in fair value gain as of 31 March 2019 was compared against the Acquisition Price as of 25 May 2018.
- 3 Sum of unit price appreciation and total distribution yield for FY18/19. Unit price appreciation is based on the opening unit price of S\$1.150 on 1 April 2018 and the closing unit price of S\$1.320 on 29 March 2019, and total distribution yield is based on the available DPU for FY18/19 of 7.690 cents over the opening unit price on 1 April 2018.
- 4 Sum of unit price appreciation and total distribution yield for FY17/18. Unit price appreciation is based on the opening unit price of S\$1.020 on 1 April 2017 and the closing unit price of S\$1.150 on 29 March 2018, and total distribution yield is based on the sum of first-half and second-half available DPU for FY17/18 of 7.481 cents over the opening unit price on 1 April 2017.

What Sets Us Apart?



Our focus on commercial real estate

(including real estate used predominantly for retail and/or office purposes) in North Asia



We are the first Singapore REIT with fee structure

aligned with investors' interest where management fee structure is based on distributable income and DPU growth



Our experienced Sponsor

who owns and manages S\$55.7 billion of real estate assets in Asia Pacific, Europe, the United Kingdom (UK) and the United States (US) as of 31 March 2019