IMPORTANT NOTICE

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Confirmation of your Representation: This supplemental offering circular is being sent at your request and by accepting the e-mail and accessing this supplemental offering circular, you shall be deemed to have represented to us that (1) the electronic mail address that you gave us and to which this e-mail has been delivered or being accessed is not located in the United States, and, to the extent you purchase the securities described in the attached document, you will be doing so pursuant to Regulation S under the Securities Act and (2) you consent to delivery of such supplemental offering circular and any amendments and supplements thereto by electronic transmission.

You are reminded that this supplemental offering circular has been delivered to you on the basis that you are a person into whose possession this supplemental offering circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver this supplemental offering circular to any other person.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and any of the dealers or any affiliate of any of the dealers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by such dealer or such affiliate on behalf of the issuer in such jurisdiction.

This supplemental offering circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of DBS Trustee Limited (in its capacity as trustee of Mapletree North Asia Commercial Trust (formerly known as Mapletree Greater China Commercial Trust)) (the **Issuer**), DBS Bank Ltd. and Oversea-Chinese Banking Corporation Limited (the **Joint Bookrunners and Lead Managers**) or any person who controls any of them or any director, officer, employee or agent of any of them or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the supplemental offering circular distributed to you in electronic format and the hard copy version available to you on request from the Issuer or the Joint Bookrunners and Lead Managers. Your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

The information in this preliminary supplemental offering circular is not complete and may be changed. This preliminary supplemental offering circular is not an offer to sell these securities and nor does it seek an offer to buy these securities in any jurisdiction where such offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED 31 MAY 2021 **STRICTLY CONFIDENTIAL**
PRELIMINARY SUPPLEMENTAL OFFERING CIRCULAR

Supplemental Offering Circular dated [●] 2021

mapletree
north asia commercial

(Constituted in the Republic of Singapore
pursuant to a trust deed dated 14 February 2013 (as amended))

DBS TRUSTEE LIMITED

(in its capacity as trustee of Mapletree North Asia Commercial Trust
(formerly known as Mapletree Greater China Commercial Trust))

Issue of S$[●] Fixed Rate Perpetual Securities under its

U.S.$1,500,000,000 Euro Medium Term Securities Programme (the Programme)

Issue price: [●]%

This Supplemental Offering Circular is supplemental to, and should be read in conjunction with, the Offering Circular dated 31 May 2013 (the **Original Offering Circular** and, together with this Supplemental Offering Circular, the **Offering Circular**) and all other documents that are deemed to be incorporated by reference therein.

This Supplemental Offering Circular is prepared in connection with the issue of S$[●] Fixed Rate Perpetual Securities (the **Perpetual Securities**) by DBS Trustee Limited (in its capacity as trustee of Mapletree North Asia Commercial Trust (formerly known as Mapletree Greater China Commercial Trust) (**MNACT**)) (**MNACT Trustee** or the **Issuer**) under the Programme. References in the Original Offering Circular and this Supplemental Offering Circular to "this Offering Circular" mean the Original Offering Circular as supplemented by this Supplemental Offering Circular. Terms defined in the Original Offering Circular have the same meaning when used in this Supplemental Offering Circular, but to the extent that the Original Offering Circular is inconsistent with this Supplemental Offering Circular, the terms of this Supplemental Offering Circular shall prevail.

Application will be made to the Singapore Exchange Securities Trading Limited (the **SGX-ST**) for permission to deal in, and for a quotation of, the Perpetual Securities on the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained herein. Admission to the Official List of the SGX-ST and quotation of the Perpetual Securities on the SGX-ST are not to be taken as an indication of the merits of the Issuer, MNACT, the Programme or the Perpetual Securities.

The Perpetual Securities will be issued in registered form will initially be represented by a global perpetual security in registered form (a **Registered Global Perpetual Security**), which will be deposited on the issue date with The Central Depository (Pte) Limited (**CDP**). The provisions governing the exchange of interests in the **Registered Global Perpetual Security** for Perpetual Securities in definitive form are described in "*Form of the Perpetual Securities*" of the Offering Circular.

The Perpetual Securities have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the Securities Act) or any U.S. State securities laws and may not be offered or sold in the United States unless an exemption from the registration requirements of the Securities Act is available and in accordance with all applicable securities laws of any state of the United States and any other jurisdiction.

The Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore (**MAS**). Accordingly, the Offering Circular and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Perpetual Securities may not be circulated or distributed, nor may the Perpetual Securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018 of Singapore, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA. Any reference to the SFA is a reference to the Securities and Futures Act, Chapter 289 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term or provision as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

The sections entitled "*Risk Factors*", "*Summary Financial Information*", "*Description of Mapletree Greater China Commercial Trust*", "*The Sponsor, the MGCCT Trustee, the MGCCT Manager and the MGCCT Property Manager*", "*Management of the MGCCT Manager*", "*Taxation*" and "*Subscription and Sale*" of the Original Offering Circular have been replaced, amended and/or supplemented with the information in this Supplemental Offering Circular.

With effect from the date of this Supplemental Offering Circular, the information appearing in the Offering Circular shall be replaced, amended and/or supplemented by the inclusion of the information set out below in respect of the issuance of the Perpetual Securities.

Investing in the Perpetual Securities involves certain risks. Prospective investors should have regard, *inter alia*, to the factors described under the section headed "*Risk Factors*" in the Original Offering Circular, as supplemented by this Supplemental Offering Circular.

Sole Global Coordinator

OCBC Bank

Joint Bookrunners and Lead Managers

DBS Bank Ltd. **OCBC Bank**

NOTICE TO INVESTORS

NOTIFICATION UNDER SECTION 309B(1)(C) OF THE SFA – In connection with Section 309B of the SFA and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the **CMP Regulations 2018**), the Issuer has determined and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA) of the classification of the Perpetual Securities as "prescribed capital markets products" (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Perpetual Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (**EEA**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, **MiFID II**); (ii) a customer within the meaning of Directive (EU) 2016/97(as amended, the **Insurance Distribution Directive**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended, the **Prospectus Regulation**). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the **EU PRIIPs Regulation**) for offering or selling the Perpetual Securities or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Perpetual Securities or otherwise making them available to any retail investor in the EEA may be unlawful under the EU PRIIPs Regulation.

PROHIBITION OF SALES TO UK RETAIL INVESTORS – The Perpetual Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (**UK**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (**EUWA**); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (**FSMA**) and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the **UK PRIIPs Regulation**) for offering or selling the Perpetual Securities or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Perpetual Securities or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

The Issuer accepts responsibility for the information contained in this Supplemental Offering Circular and the Original Offering Circular. To the best of the knowledge of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this Supplemental Offering Circular and the Original Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Supplemental Offering Circular is to be read in conjunction with the Original Offering Circular and the pricing supplement dated [●] 2021 (the **Pricing Supplement**). Copies of the Pricing Supplement will be available from the specified office set out below of the Principal Paying Agent (as defined below).

Neither the Joint Bookrunners and Lead Managers, the Agents nor the Trustee has independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Joint Bookrunners and Lead Managers, the Agents or the Trustee as to the accuracy or completeness of the information contained or incorporated in this Supplemental Offering Circular and the Original Offering Circular or any other information provided by the Issuer in connection with the Programme or the issue of the Perpetual Securities. None of the Joint Bookrunners and Lead Managers, the Agents or the Trustee accepts any liability in relation to the information contained or incorporated by reference in this Supplemental Offering Circular and the Original Offering Circular or any other information provided by the Issuer in connection with the Programme or the issue of the Perpetual Securities.

No person is or has been authorised by the Issuer, Mapletree North Asia Commercial Trust Management Ltd. (the **MNACT Manager**), the Joint Bookrunners and Lead Managers, the Agents or the Trustee to give any information or to make any representation not contained in or not consistent with this Supplemental Offering Circular and the Original Offering Circular or any other information supplied in connection with the Programme or the Perpetual Securities and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the MNACT Manager, any of the Joint Bookrunners and Lead Managers, any of the Agents or the Trustee.

Neither this Supplemental Offering Circular, the Original Offering Circular nor any other information supplied in connection with the Programme or the Perpetual Securities (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer, any of the Joint Bookrunners and Lead Managers, any of the Agents or the Trustee that any recipient of this Supplemental Offering Circular and the Original Offering Circular or any other information supplied in connection with the Programme, should subscribe for or purchase the Perpetual Securities. Each investor contemplating subscribing for or purchasing the Perpetual Securities should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and MNACT. Neither this Supplemental Offering Circular, the Original Offering Circular nor any other information supplied in connection with the Programme or the issue of the Perpetual Securities constitutes an offer or invitation by or on behalf of the Issuer, any of the Joint Bookrunners and Lead Managers, any of the Agents or the Trustee to any person to subscribe for or to purchase the Perpetual Securities. Neither the delivery of this Supplemental Offering Circular, the Original Offering Circular nor the offering, issue, sale or delivery of the Perpetual Securities shall in any circumstances imply that the information contained herein concerning the Issuer or MNACT is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme or the issue of the Perpetual Securities is correct as of any time subsequent to the date indicated in the document containing the same. The Joint Bookrunners and Lead Managers, the Agents and the Trustee expressly do not undertake to review the financial condition or affairs of the Issuer or MNACT during the life of the Programme or to advise any investor in the Perpetual Securities of any information coming to their attention.

The Perpetual Securities have not been and will not be registered under the Securities Act or any U.S. State securities laws and may not be offered or sold in the United States unless an exemption from the registration requirements of the Securities Act is available and in accordance with all applicable securities laws of any state of the United States and any other jurisdiction.

The Perpetual Securities have not been approved or disapproved by the U.S. Securities and Exchange Commission, any state securities commission in the United States or any other U.S. regulatory authority, nor has any of the foregoing authorities passed upon or endorsed the merits of the offering of the Perpetual Securities or the accuracy or the adequacy of this Supplemental Offering Circular and the Original Offering Circular. Any representation to the contrary is a criminal offence in the United States.

This Supplemental Offering Circular and the Original Offering Circular do not constitute an offer to issue or sell or the solicitation of an offer to subscribe for or buy the Perpetual Securities in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Supplemental Offering Circular and the Original Offering Circular and the offer, issuance or sale of the Perpetual Securities may be restricted by law in certain jurisdictions. The Issuer, the Joint Bookrunners and Lead Managers and the Trustee do not represent that this Supplemental Offering Circular and the Original Offering Circular may be lawfully distributed, or that the Perpetual Securities may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Joint Bookrunners and Lead Managers or the Trustee which is intended to permit a public offering of the Perpetual Securities or distribution of this Offering Circular in any jurisdiction where action for that purpose is required. Accordingly, no Perpetual Securities may be offered, issued or sold, directly or indirectly, and neither this Supplemental Offering Circular, the Original Offering Circular nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Supplemental Offering Circular, the Original Offering Circular or any Perpetual Securities may come must inform themselves about, and observe, any such restrictions on the distribution of this Supplemental Offering Circular and the Original Offering Circular and the offering, issue and sale of the Perpetual Securities. In particular, there are restrictions on the distribution of this Supplemental Offering Circular and the Original Offering Circular and the offer, issue or sale of the Perpetual Securities in the United States, the European Economic Area, the United Kingdom, Japan, Hong Kong and Singapore, see "*Subscription and Sale*".

MNACT does not have a separate legal personality and accordingly, in this Supplemental Offering Circular and the Original Offering Circular, all representations, warranties, undertakings and other obligations and liabilities expressed or otherwise contemplated to be given, assumed, discharged or performed by MNACT, and all rights, powers and duties of MNACT, shall be construed and take effect as representations and warranties given, as undertakings and other obligations, liabilities assumed or to be discharged and performed by, and rights, powers and duties of, the MNACT Manager and the MNACT Trustee, in accordance with the MNACT Trust Deed.

All references in this Supplemental Offering Circular and the Original Offering Circular to **U.S. dollars**, **U.S.$** and $ refer to United States dollars, to **RMB** refers to Renminbi, **S$** and **SGD** refer to Singapore dollars, **£** or **Sterling** refers to British Pound Sterling, **HK$** or **Hong Kong dollar** refer to Hong Kong dollars, **JPY** refers to Japanese Yen, and **KRW** refers to Korean Won. In addition, all references to **euro** refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended. References to the **United States**, **U.S.** or **US** in this Supplemental Offering Circular and the Original Offering Circular shall be to the United States of America, its territories and possessions, any State of the United States and the District of Columbia.

For the avoidance of doubt, references in the Original Offering Circular to **MGCCT** shall be to MNACT.

In this Supplemental Offering Circular and the Original Offering Circular, unless the contrary intention appears, a reference to a law or a provision of a law is a reference to that law or provision as extended, amended or re-enacted.

Any discrepancies in any table between totals and sums of the amounts listed are due to rounding.

FORWARD LOOKING STATEMENTS

The Issuer has included statements in this Supplemental Offering Circular and the Original Offering Circular which contain words or phrases such as **will**, **would**, **aim**, **aimed**, **is likely**, **are likely**, **believe**, **expect**, **expected to**, **will continue**, **anticipated**, **estimate**, **estimating**, **intend**, **plan**, **seeking to**, **future**, **objective**, **should**, **can**, **could**, **may**, and similar expressions or variations of such expressions, that are "forward-looking statements". Actual results may differ materially from those suggested by the forward-looking statements due to certain risks or uncertainties associated with the Issuer's expectations with respect to, but not limited to, MNACT's ability to successfully implement its strategy, MNACT's ability to integrate recent or future mergers or acquisitions into their operations, MNACT's growth and expansion, the outcome of any legal or regulatory proceedings MNACT's is or become a party to, the future impact of new accounting standards and the environment in which MNACT operates.

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SUMMARY FINANCIAL INFORMATION

The following tables present summary consolidated financial information of the Group as at and for the periods indicated.

The summary consolidated financial information of the Group as at 31 March 2019 and 2020 has been derived from the audited financial statements for the financial years ended 31 March 2019 and 2020 respectively, audited by PricewaterhouseCoopers LLP, and should be read in conjunction with the Independent Auditor's Reports on the audited consolidated financial statements for the financial years ended 31 March 2019 and 2020 respectively included elsewhere in this Supplemental Offering Circular.

The summary consolidated financial information of the Group as at and for the financial year ended 31 March 2021 has been extracted from the published unaudited consolidated financial statements of the Group as at and for the financial year ended 31 March 2021 (the ***FY2021 Unaudited Financial Statements****), and should be read in conjunction with, and is qualified in its entirety by reference to, the Group's unaudited consolidated financial statements (including the notes thereto) included elsewhere in this Supplemental Offering Circular. The FY2021 Unaudited Financial Statements have not been audited or reviewed by PricewaterhouseCoopers LLP. Investors should not rely on such unaudited consolidated financial information to provide the same quality of information that audited financial information would provide.*

Consolidated Balance Sheets
As at 31 March 2019, 2020 and 2021

	As at 31 March		
	2019	**2020**	**2021**
	S$'000	**S$'000**	**(unaudited) S$'000**
ASSETS			
Current assets			
Cash and bank balances	178,833	207,798	252,198
Trade and other receivables	9,322	17,671	14,596
Other current assets	2,095	1,893	3,361
Inventories	672	638	569
Derivative financial instruments[1]	3,407	129	1,990
Total current assets[2]	**194,329**	**228,129**	**272,714**
Non-current assets			
Derivative financial instruments[1]	13,336	7,528	22,040
Investment properties[3]	7,609,543	8,347,232	7,674,050
Plant and equipment	3,158	3,785	3,307
Investment in a joint venture	–	–	116,562
Total non-current assets	**7,626,037**	**8,358,545**	**7,815,959**
Total Assets	**7,820,366**	**8,586,674**	**8,088,673**

1 Derivative financial instruments represent the fair value as at period end of the (i) currency forwards to swap HKD, RMB, JPY and KRW to SGD; (ii) interest rate swaps to swap floating interest payments into fixed; and (iii) cross currency interest rate swaps to swap SGD fixed interest rate and USD floating interest rate to HKD fixed interest rate and SGD and HKD fixed interest rate to JPY fixed interest rate.

2 At 31 March 2021, MNACT Group had net current liabilities of S$94.2 million (2020: S$313.8 million; 2019: S$218.9 million) which is mainly due to borrowings maturing by the next financial year end. Based on the Group's existing financial resources and facilities, the Group will be able to refinance the borrowings and meet its current obligations as and when they fall due.

3 Investment properties are stated at fair value based on valuations performed by independent valuers as at 31 March 2021, 31 March 2020 and 31 March 2019 respectively.

	As at 31 March		
	2019	2020	2021
	S$'000	S$'000	(unaudited) S$'000
LIABILITIES			
Current liabilities			
Trade and other payables	93,181	149,957	122,060
Borrowings	287,582	352,669	207,406
Lease liabilities	–	77	62
Current income tax liabilities	31,216	33,874	27,805
Derivative financial instruments[1]	1,226	5,313	9,544
Total current liabilities[2]	**413,205**	**541,890**	**366,877**
Non-current liabilities			
Trade and other payables	99,687	109,894	105,861
Borrowings	2,580,322	3,019,639	3,063,847
Lease liabilities	–	64	–
Derivative financial instruments[1]	17,108	51,397	16,216
Deferred tax liabilities	119,889	133,160	150,749
Total non-current liabilities	**2,817,006**	**3,314,154**	**3,336,673**
Total Liabilities	**3,230,211**	**3,856,044**	**3,703,550**
NET ASSETS	**4,590,155**	**4,730,630**	**4,385,123**
Represented by:			
Unitholders' funds	4,525,596	4,575,669	4,275,933
General reserve	2,461	3,782	5,167
Hedging reserve	(5,354)	6,164	(104)
Foreign currency translation reserve	62,777	135,892	94,688
	4,585,480	4,721,507	4,375,684
Non-controlling interests[3]	4,675	9,123	9,439
	4,590,155	4,730,630	4,385,123
UNITS IN ISSUE ('000)	**3,173,892**	**3,342,916**	**3,434,337**
NET ASSET VALUE (NAV) PER UNIT (S$)	**1.445**	**1.412**	**1.274**

1 Derivative financial instruments represent the fair value as at period end of the (i) currency forwards to swap HKD, RMB, JPY and KRW to SGD; (ii) interest rate swaps to swap floating interest payments into fixed; and (iii) cross currency interest rate swaps to swap SGD fixed interest rate and USD floating interest rate to HKD fixed interest rate and SGD and HKD fixed interest rate to JPY fixed interest rate.

2 At 31 March 2021, MNACT Group had net current liabilities of S$94.2 million (2020: S$313.8 million; 2019: S$218.9 million) which is mainly due to borrowings maturing by the next financial year end. Based on the Group's existing financial resources and facilities, the Group will be able to refinance the borrowings and meet its current obligations as and when they fall due.

3 Non-controlling interests refer to 1.53% effective interest of the Japan Properties held by Mapletree Investments Japan Kabushiki Kaisha (**MIJ**).

Consolidated Statements of Profit or Loss
For the financial years ended 31 March 2019, 2020 and 2021

	For the financial year ended 31 March		
	2019	**2020**	**2021**
			(unaudited)
	S$'000	**S$'000**	**S$'000**
Gross revenue[1]	408,687	354,478	391,415
Property operating expenses	(79,657)	(76,991)	(99,375)
Net property income	**329,030**	**277,487**	**292,040**
Other income			
Interest income	1,898	2,114	2,050
Other non-operating income – interim insurance proceeds[2]	–	–	46,393
Other gains/(losses)			
Net foreign exchange gain	2,792	5,110	1,525
Expenses			
Manager's management fees[3]			
– Base fee	(24,378)	(23,217)	(21,591)
– Performance fee	(1,560)	–	–
Trustee's fee	(737)	(787)	(821)
Other trust expenses	(1,495)	(2,112)	(2,461)
Finance costs[4]	(74,264)	(74,901)	(71,595)
Share of profit of a joint venture[5]	–	–	3,428
Profit before net change in fair value of investment properties and financial derivatives	**231,286**	**183,694**	**248,968**
Net change in fair value of investment properties	465,152	(17,906)	(480,957)
Net change in fair value of financial derivatives	(604)	(4,070)	3,886
Profit/(loss) before income tax	**695,834**	**161,718**	**(228,103)**
Income tax expenses	(61,422)	(37,452)	(36,459)
Profit/(loss) for the financial year	**634,412**	**124,266**	**(264,562)**
Profit/(loss) attributable to:			
Unitholders	633,933	123,556	(265,788)
Non-controlling interests[6]	479	710	1,226
Profit/(loss) for the financial year	**634,412**	**124,266**	**(264,562)**
Earnings per unit (EPU) (cents)[7]			
– Basic and diluted	**20.291**	**3.862**	**(7.857)**

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 Relates to the interim payments by the insurers, as partial payment on account of the estimated insurance claims for property damage and revenue loss due to business interruption at Festival Walk.

3 Manager's base fee is calculated based on 10% of distributable income for the period. This includes the asset management fee payable to MIJ in cash which is calculated based on 10% of distributable income from the Japan Properties.

4 Includes the interest expenses imputed to the lease liabilities under Singapore Financial Reporting Standards (International) (**SFRS(I)**) 16 Leases.

5 Share of profit of joint venture refers to the 50% effective interest in The Pinnacle Gangnam. The acquisition of The Pinnacle Gangnam was completed on 30 October 2020.

6 Non-controlling interests refers to the 1.53% effective interest in the Japan Properties held by MIJ.

7 EPU is calculated based on loss attributable to Unitholders (inclusive of the net revaluation gain or loss and interim insurance proceeds), over weighted average units in issue in cents.

Consolidated Statements of Cash Flows
For the financial years ended 31 March 2019, 2020 and 2021

	For the financial year ended 31 March		
	2019	**2020**	**2021**
			(unaudited)
	S$'000	**S$'000**	**S$'000**
Cash flows from operating activities			
Profit/(loss) for the financial year			
Adjustments for:	634,412	124,266	(264,562)
– Income tax expenses	61,422	37,452	36,459
– Amortisation of rent free incentive	1,088	(509)	(119)
– Depreciation	817	1,238	1,306
– Plant and equipment written off	–	101	35
– Net change in fair value of investment properties	(465,152)	17,906	480,957
– Net change in fair value of financial derivatives	604	4,070	(3,886)
– Manager's management fees paid/payable in units	23,092	19,761	15,847
– Property manager's management fees paid/ payable in units	12,659	10,150	9,605
– Finance costs	74,264	74,901	71,595
– Interest income	(1,898)	(2,114)	(2,050)
– Net foreign exchange (gain)/loss on capital item	(3,794)	(1,939)	834
– Share of profit of a joint venture	–	–	(3,428)
Operating cash flows before working capital changes	337,514	285,283	342,593
Changes in working capital:			
– Trade and other receivables and other current assets	(1,964)	(7,689)	1,345
– Inventories	71	34	69
– Trade and other payables	1,730	8,448	(5,498)
Cash generated from operations	337,351	286,076	338,509
– Income tax paid	(28,379)	(20,308)	(25,403)
Net cash provided by operating activities	**308,972**	**265,768**	**313,106**
Cash flows from investing activities			
Additions to investment properties	(3,399)	(12,803)	(19,743)
Additions to plant and equipment	(1,429)	(1,694)	(957)
Net cash outflow on acquisition of investment properties[1]	(733,068)	(464,693)	–
Net cash outflow on investment in a joint venture	–	–	(114,650)
Interest income received	1,366	2,940	1,491
Net cash used in investing activities	**(736,530)**	**(476,250)**	**(133,859)**

1 The amount is adjusted for the net identifiable assets acquired, liabilities assumed (2020: S$15,876,000; 2019: S$38,786,000) and payment of acquisition fee to the MNACT Manager by way of issuance of units (2020: nil; 2019: S$5,689,000). The 2019 acquisition fee was in relation to the completion of the acquisition of six office properties in Greater Tokyo as announced on 25 May 2018.

	For the financial year ended 31 March		
	2019	2020	2021
	S$'000	S$'000	(unaudited) S$'000
Cash flows from financing activities			
Repayment of borrowings	(662,155)	(174,285)	(614,599)
Repayment of medium term note	–	(98,313)	–
Proceeds from borrowings	946,654	654,751	638,605
Financing fees paid	(6,128)	(4,095)	(3,889)
Principal payment of lease liabilities	–	(53)	(77)
Proceeds from issuance of Tokutei Mokuteki Kaisha bonds and medium term note	178,278	–	–
Proceeds from issuance of new units pursuant to private placement	330,298	–	–
Proceeds from issuance of Transaction Units[1]	–	144,776	–
Payment of issue expenses	(5,599)	(30)	(500)
Payments of distributions to Unitholders (net of distribution in units)[2]	(285,057)	(216,201)	(84,225)
Payment of distributions to non-controlling interests (capital returns)	(656)	(284)	(623)
Contribution from non-controlling interests	4,960	3,741	–
Interest paid	(70,565)	(73,183)	(65,904)
Change in restricted cash[3]	(3,665)	(15,524)	(5,003)
Net cash provided by/(used in) financing activities	**426,365**	**221,300**	**(136,215)**

1 123,708,135 units were issued via issuance Transaction Units to the Sponsor's Nominee, and the payment received from issuance of Transaction Units was fully utilised to make payment for acquisition of MBP and Omori. Please refer to MNACT's SGX-ST Announcement dated 28 February 2020 titled "Issuance of the Transaction Units to the Sponsor's Nominee, and Completion of Acquisitions of Two Office Properties in Greater Tokyo and Use of Proceeds".

2 This amount excludes, for FY20/21, S$63.4 million (FY19/20: S$23.1 million) distributed through the issuance of 70,129,942 (FY19/20: 19,391,049) new units in MNACT in FY20/21 as part payment of distributions for the periods from 1 January 2020 to 31 March 2020 (4Q FY19/20) and 1 April 2020 to 30 September 2020 (1H FY20/21) (FY19/20: 1 October 2019 to 31 December 2019) pursuant to the Distribution Reinvestment Plan ("DRP") which started from 3Q FY19/20.

3 For the purpose of presenting the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	FY18/19	FY19/20	FY20/21
	S$'000	S$'000	S$'000
Cash and bank balances	178,833	207,798	252,198
Less: Restricted cash	(3,665)	(19,590)	(22,922)
Cash and cash equivalents per consolidated statement of cash flows	**175,168**	**188,208**	**229,276**

Restricted cash relates to the amount of cash reserves for the Japan Properties which is required to be maintained based on the agreements with the banks. Restricted cash are reserves for use in capital expenditure, interest expense and certain property related expenses to ensure these liabilities can be met when incurred.

	For the financial year ended 31 March		
	2019	**2020**	**2021**
	S$'000	**S$'000**	**(unaudited) S$'000**
Net (decrease)/increase in cash and cash equivalents held	(1,193)	10,818	43,032
Cash and cash equivalents at beginning of the financial year	177,981	175,168	188,208
Effect of currency translation on cash and cash equivalents	(1,620)	2,222	(1,964)
Cash and cash equivalents at end of the financial year	**175,168**	**188,208**	**229,276**

RISK FACTORS

The risk factors in the section headed "Risk Factors" (other than the risk factors under the sub-section "Risks relating to the Notes and Perpetual Securities" and "Risks relating only to the Perpetual Securities") from pages 12 to 45 of the Original Offering Circular shall be deleted in its entirety and replaced with the following:

RISKS RELATING TO THE PROPERTIES

Uncertainties and instability in global market conditions could adversely affect the business, financial condition, performance and prospects of MNACT

The coronavirus pandemic (**COVID-19**) has been one of the most significant global crises; the spread of the pandemic has been rapid since it was first reported in December 2019, while its impact has been long-lasting. The number of reported cases of COVID-19 worldwide, as well as the number of reported deaths, have significantly exceeded those observed during the severe acute respiratory syndrome (**SARS**) epidemic that occurred from November 2002 to July 2003. COVID-19 has resulted in a global health crisis and a global recession as a consequence of disruptions to travel and retail segments, tourism, and manufacturing supply chains.

Besides COVID-19, there are a number of other uncertainties in the global markets in 2021. The United States Government is expected to continue stimulating the economy hit by the pandemic in the short-term while improving the country's longer-term prospects by encouraging U.S. companies to bring back jobs, renegotiating trade pacts as well as pushing for increased spending on infrastructure, education, and research and development (e.g. artificial intelligence). In China, the concerns include bilateral trade relations with the U.S., strengthening its domestic economic recovery and putting in place new legal frameworks to deal with a potential rise in defaults in its bond market amid continued structural imbalances in the Chinese economy, e.g. high corporate leverage. China is also faced with longer-term tensions with the U.S., pressuring it to embark on a multi-year strategy to develop its domestic economy, open it up for foreign competition and reduce its reliance on external demand and high-tech imports to achieve growth. In Hong Kong SAR, economic disruptions from social incidents in 2019 eased following the implementation of the National Security Law in July 2020, but COVID-19 sent the country into a second year of recession in 2020.

There are also other global or regional events which could pose greater volatility to foreign exchange and financial markets in general due to the increased uncertainty. For example, in Europe, the UK exited the European Union on 31 January 2020 and announced the EU-UK Trade and Cooperation Agreement (the **Trade and Cooperation Agreement**) on 24 December 2020, to govern future relations between the EU and the UK following the end of the transition period. The EU formally ratified the Trade and Cooperation Agreement on 29 April 2021 and it came into force on 1 May 2021. In addition, geopolitical risks in the Middle East have continued to emerge sporadically and include the U.S.-Iran conflict which was triggered by the killing of a top Iranian general by the U.S. and Iran declaring its withdrawal from the 2015 nuclear agreement. Reviving the nuclear deal will be challenging as nationalistic sentiments may rise ahead of Iran's presidential election in June 2021. Upside risk to oil prices may result if oil shipments from the Persian Gulf are disrupted. In Asia, North Korea's missile tests as well as other political tensions in the region (including the South China Sea) may erupt periodically across the region.

On a geographical basis, MNACT's performance and the quality and performance of its assets are substantially dependent on the health of the economies in which they operate. If there is another global or regional financial crisis, or a severe economic downturn in MNACT's markets, this would likely have a material adverse effect on MNACT's business, financial condition, performance and prospects.

Economic conditions, including, without limitation, changes in interest rates and inflation, changes in gross domestic product, economic growth, employment levels and consumer spending, consumer and investment sentiment, property market volatility and availability of debt and equity capital could adversely affect the business, financial condition, performance and prospects of MNACT.

MNACT is subject to the risk of non-renewal, non-replacement or early termination of leases

If a large number of tenants in the Properties do not renew their leases at the end of a lease cycle or a significant number of early terminations occur, and replacement tenants cannot be found in a timely manner and on terms acceptable to the MNACT Manager, there is likely to be a material adverse effect on the Properties, which could materially and adversely affect the business, financial condition and results of operations of MNACT and the Issuer's ability to fulfil its payment obligations under the Securities.

The loss of anchor tenants or a significant number of tenants of any of the Properties or a downturn in the businesses of anchor tenants or a significant number of tenants could have an adverse effect on the business, financial condition and results of operations of MNACT.

MNACT's financial condition and results of operations may be adversely affected by the bankruptcy, insolvency or downturn in the businesses of one or more of the anchor tenants or a significant number of tenants of any of the Properties, as well as the decision by one or more of these tenants not to renew its lease or terminate its lease before it expires. If an anchor tenant or a significant number of tenants terminate their leases or do not renew their leases at expiry, it may be difficult to secure replacement tenants at short notice. In addition, the amount of rent and the terms on which lease renewals and new leases are agreed may be less favourable than the current leases.

The loss of anchor tenants or a significant number of tenants in any one of MNACT's Properties or future acquisitions could result in periods of vacancy, which could adversely affect the revenue and financial conditions of the relevant Property.

Should any of these events take place, this could adversely affect the business, financial condition and results of operations of MNACT and the Issuer's ability to fulfil its payment obligations under the Securities.

Gateway Plaza and Sandhill Plaza are subject to property taxes that may increase, or capital gains taxes that may be imposed or incurred in the future, and thereby adversely affect MNACT's financial condition

Gateway Plaza and Sandhill Plaza are subject to various real (i.e. immovable) property taxes in the PRC that may increase as tax rates increase or when the property is assessed or re-assessed by the relevant authorities.

In addition, in the PRC, certain taxes such as real estate tax are subject to the discretion or practice of local tax bureaus, and thus, the amount of taxes payable may vary. If the tax assessed in respect of Gateway Plaza or Sandhill Plaza increases, the property taxes in respect thereof may increase and the financial condition of MNACT and the Issuer's ability to fulfil its payment obligations under the Securities could be adversely affected.

In the event of a disposal of Gateway Plaza or Sandhill Plaza, such disposal may also expose the income and gains derived by MNACT to various types of taxes in the PRC, including income tax, business tax, land appreciation tax, stamp duty, deed tax and local surcharges implications in the PRC.

Planned amenities and transportation infrastructure near the Properties may not be implemented as planned, or may be closed, relocated, terminated, delayed or not completed

There is no assurance that amenities, transportation infrastructure and public transport services near the Properties will be implemented as planned or will not be closed, relocated, terminated, delayed or completed. If such an event were to occur, it will adversely impact the accessibility of the relevant Property and the attractiveness and marketability of the relevant Property to tenants. This may then have an adverse effect on the demand and the rental rates for the relevant Property and adversely affect the business, financial condition and results of operations of MNACT and the Issuer's ability to fulfil its payment obligations under the Securities.

The Properties and properties to be acquired by MNACT may require significant capital expenditure periodically and MNACT may not be able to secure funding

MNACT may require periodic capital expenditure, refurbishment, renovation for improvements and development in order to remain competitive or be income-producing. MNACT may not be able to fund capital expenditure solely from cash provided from its operating activities and MNACT may not be able to obtain additional equity or debt financing on favourable terms or at all. If MNACT is not able to obtain such financing, the marketability of such Property may be affected. This may then have an adverse effect on the demand and the rental rates and operating efficiency for the relevant Property and adversely affect the business, financial condition and results of operations of MNACT and the Issuer's ability to fulfil its payment obligations under the Securities.

MNACT's assets might be adversely affected if the MNACT Manager and the MNACT Property Manager do not provide adequate management and maintenance

Should the MNACT Manager and the MNACT Property Manager fail to provide adequate management and maintenance, the value of MNACT's assets might be adversely affected and this may result in a loss of tenants, which will adversely affect the financial condition and results of operations of MNACT and the Issuer's ability to fulfil its payment obligations under the Securities.

The cash flow of MNACT may be adversely affected by declining rental rates

The amount of cash flow available to MNACT will depend in part on its ability to continue to lease the Properties on economically favourable terms. As most of MNACT's income generated from the Properties is derived from rentals, the cash flow may be adversely affected by any significant decline in the rental rates at which it is able to lease the Properties and to renew existing leases or attract new tenants. There can be no assurance that rental rates will not decline at some point and that such decline will not have an adverse effect on the cash flow of MNACT, which may in turn affect the financial condition and results of operations of MNACT.

Loss of tenants could directly and indirectly reduce the future cash flows of MNACT

MNACT's ability to sell the Properties and the value of the Properties could be adversely affected by the loss of any tenant in the event that such tenant files for bankruptcy or insolvency or experiences a downturn in its business, including the decision by any such tenant not to renew its lease.

MNACT may suffer material losses in excess of insurance proceeds or MNACT may not put in place or maintain adequate insurance in relation to the Properties and its potential liabilities to third parties

The Properties face the risk of suffering physical damage caused by fire, social incidents, terrorism, acts of God such as natural disasters or other causes, as well as potential public liability claims, including claims arising from the operations of the Properties.

In addition, certain types of risks (such as war risk and losses caused by the outbreak of contagious diseases, contamination or other environmental breaches) may be uninsurable or the cost of insurance may be prohibitive when compared to the risk. Currently, insurance policies for the Properties cover items which are commonly taken up in Hong Kong SAR, PRC, Japan and South Korea markets, but may not cover acts of war, outbreak of contagious diseases, contamination or other environmental breaches.

Should an uninsured loss or a loss in excess of insured limits occur, MNACT could be required to pay compensation and/or lose capital invested in the affected Property as well as anticipated future revenue from that Property as it may not be able to rent out or sell the affected Property. MNACT will also be liable for any debt or other financial obligation related to that property. If material losses in excess of insurance proceeds occurs, the financial condition of MNACT could be adversely affected.

Renovation or redevelopment works or physical damage to the Properties may disrupt the operations of the Properties and collection of rental income or otherwise result in adverse impact on the financial condition of MNACT

The quality and design of the Properties have a direct influence over the demand for space in, and the rental rates of, the Properties. The Properties may need to undergo renovation or redevelopment works from time to time to retain their competitiveness and may also require unforeseen *ad hoc* maintenance or repairs in respect of faults or problems that may develop or because of new planning laws or regulations. The costs of maintaining commercial properties and the risk of unforeseen maintenance or repair requirements tend to increase over time as the building ages. The business and operations of the Properties may suffer some disruption and it may not be possible to collect the full or any rental income on space affected by such renovation or redevelopment works.

In addition, physical damage to the Properties resulting from fire or other causes may lead to a significant disruption to the business and operation of the Properties and, together with the foregoing, may impose unbudgeted costs on MNACT and result in an adverse impact on the financial condition and results of operations of MNACT and the Issuer's ability to fulfil its payment obligations under the Securities.

The underlying government lease of Festival Walk will expire in 2047 and in the event that an extension of the term of the government lease is sought and obtained (and there can be no assurance that such extension will be obtained as there are currently no similar precedents of such extension), there is uncertainty about the quantum of premium which MNACT will have to pay and additional conditions which may be imposed

Festival Walk is held under a government lease granted by the Hong Kong SAR Government, which will expire in 2047.

Since 1 July 1997 when Hong Kong became the Hong Kong Special Administrative Region (the HKSAR) of the People's Republic of China, the Basic Law of the HKSAR (the Basic Law) applies to Hong Kong SAR. Article 8 of the Basic Law provides that the laws previously in force in Hong Kong SAR, that is, the common law, rules of equity, ordinances, subordinate legislation and customary law, shall be maintained, except for any that contravenes the Basic Law, and subject to any amendment by the legislature of the HKSAR. All leases of land granted before the establishment of the HKSAR which extend beyond 29 June 1997, and all rights in relation to such leases, shall continue to be recognised and protected under the laws of the HKSAR. Where such government leases do not contain a right of renewal upon expiry, Article 123 of the Basic Law provides that they shall be dealt with in accordance with laws and policies formulated by the government of the HKSAR on its own.

There is currently no similar precedent of such extension to provide an indication of the terms and conditions which may be imposed if MNACT decides to seek a renewal of the lease for Festival Walk upon the expiry thereof. There is no assurance that MNACT will be able to obtain an extension of the term of the government lease. In the event that MNACT decides to seek a renewal of the lease for Festival Walk and the extension is not granted, the Property would revert to the government of the HKSAR and MNACT would no longer own or derive income from the Property and this, along with other factors, may affect the business, financial condition and results of operations of MNACT and the Issuer's ability to fulfil its payment obligations under the Securities.

The underlying land use right of Gateway Plaza and Sandhill Plaza will expire in 2053 and 2060 respectively and in the event that an extension to the land use right is sought and obtained (and there can be no assurance that such extension will be obtained as there are currently no precedents of such extension), there is uncertainty about the quantum of land grant premium which MNACT will have to pay and additional conditions which may be imposed

Gateway Plaza and Sandhill Plaza are each directly held under the land use right granted by the PRC Government, which will expire in 2053 and 2060 respectively. According to PRC laws, the grantee of the land use right of non-residential land may apply for renewal at least 12 months prior to the expiry of the land use right, otherwise the land use right shall revert to the State upon expiry. If an application for extension is granted (and such grant shall be given by the PRC Government unless the land in issue shall be taken back for the purpose of public interests), the land user will be required to, among other things, pay a land grant premium for the renewed land use right. If no application is made, or such application is not granted, Gateway Plaza and Sandhill Plaza shall be disposed of in accordance with their corresponding land use right grant contract. As none of the land use rights granted by the PRC Government similar to those granted for Gateway Plaza or Sandhill Plaza has, at each of its Listing Date, run its full term, there is no precedent of such extension to provide an indication of the quantum of land grant premium which MNACT will have to pay and additional conditions which may be imposed in the event that an extension to the land use rights for Gateway Plaza or Sandhill Plaza is sought and obtained. There is no assurance that MNACT will be able to obtain an extension to the land use right. In the event that the extension is not granted, the properties would revert to the PRC Government and MNACT would no longer own or derive income from the properties and this, along with other factors, may affect the business, financial condition and results of operations of MNACT and the Issuer's ability to fulfil its payment obligations under the Securities.

Potential liability for environmental problems could result in unanticipated costs

MNACT's properties are subject to various environmental laws, including those relating to soil contamination, health and hygiene, air pollution control, water pollution control, waste disposal, noise pollution control and storage of hazardous materials. The costs of removal or remediation of such substances could be substantial. These laws often impose liability without regard to whether the owner or operator knew of, or was responsible for, the release or presence of hazardous substances. There can be no assurance that potential environmental liabilities do not exist or will not arise in the future. The presence of contamination or hazardous substances on MNACT's properties could adversely affect its ability to lease or sell such facilities or to borrow using these properties as collateral and MNACT may be required to incur unbudgeted capital expenditure to remedy the issues, which could have a material adverse effect on MNACT's business, financial condition, results of operations and prospects.

The due diligence exercise on the Properties, tenancies, buildings and equipment may not have identified all defects, breaches of laws and regulations and other deficiencies

The MNACT Manager believes that reasonable due diligence investigations with respect to the Properties have been conducted prior to their acquisitions. However, there is no assurance that the Properties will not have defects or deficiencies requiring repair or maintenance (including design, construction or other latent property or equipment defects in the Properties which may require additional capital expenditure, special repair or maintenance expenses) or be affected by breaches of laws and regulations. Such undisclosed defects or deficiencies may require significant capital expenditures or obligations to third parties and involve significant and unpredictable patterns and levels of expenditure which may have a material adverse effect on MNACT's earnings and cash flows and the Issuer's ability to fulfil its payment obligations under the Securities.

The experts' reports that the MNACT Manager relies on as part of its due diligence investigations of the Properties may be subject to inaccuracies and deficiencies. This may be because certain building defects and deficiencies are difficult or impossible to ascertain due to limitations inherent in the scope of the inspections, the technologies or techniques used and other factors.

Notwithstanding the due diligence investigations which have been carried out on the Properties, some of the Properties may still not be in compliance with certain laws and regulations. MNACT may incur financial or other obligations in relation to such breaches or non-compliance, and this may in turn affect the financial condition and results of operations of MNACT.

The representations, warranties and indemnities granted or to be granted to the purchasers of the Properties by the vendors are subject to limitations as to their scope and as to the amount and timing of claims which can be made. There is no assurance that MNACT would be entitled to be reimbursed under such representations, warranties and indemnities for any losses or liabilities suffered or incurred by it as a result of the acquisition of the Properties, and this may in turn affect the financial condition and results of operations of MNACT.

Due to the very large number of Properties and tenancies, a limited property due diligence exercise was conducted on the Properties which included a review of selected lease agreements of the Properties. The limited property due diligence exercise on the Properties may not have identified all defects, breaches of laws and regulations and other deficiencies.

Losses or liabilities from latent property or equipment defects may adversely affect earnings and cash flow

Design, construction or other latent property or equipment defects in the Properties may require additional capital expenditure, special repair, maintenance expenses or the payment of damages or other obligations to third parties.

Costs or liabilities arising from such property or equipment defects may involve significant and potentially unpredictable patterns and levels of expenditure which may have a material adverse effect on MNACT's earnings and cash flows and the Issuer's ability to fulfil its payment obligations under the Securities.

Statutory or contractual representations, warranties and indemnities given by any seller of commercial properties are unlikely to afford satisfactory protection from costs or liabilities arising from such property or equipment defects.

The Properties may face increased competition from other properties

The Properties are located in areas where other competing properties are present and new properties may be developed which may compete with the Properties.

The income from and the market value of the Properties will be dependent on the ability of the Properties to compete against other properties for tenants. If competing properties are more successful in attracting and retaining tenants, the income from the Properties could be reduced thereby adversely affecting MNACT's cash flow and the Issuer's ability to fulfil its payment obligations under the Securities.

Future funds may not be subject to any right of first refusal, the Transaction Review Committee or the Competitive Process

If any Future Greater China Commercial Private Fund (whose investment mandate includes commercial properties in Greater China) or any future or follow-on private fund with an investment mandate for commercial properties in Japan (**Future Japan Commercial Private Funds**) does not have any right of first refusal provisions, it will not grant a right of first refusal to MNACT. Where Future Greater China Commercial Private Funds or Future Japan Commercial Private Funds are not subject to any right of first refusal, the Transaction Review Committee or the Competitive Process, there can be no assurance for MNACT that conflicts of interest in relation to the acquisition of any investment properties or seed assets in Greater China and Japan will not arise.

The appraisals of the Properties are based on various assumptions and the price at which MNACT is able to sell a Property in future may be different from the initial acquisition value of the Property

There can be no assurance that the assumptions relied on for the appraisals of the Properties are accurate measures of the market, and the values of the Properties may be evaluated inaccurately. The appraisals may have included a subjective determination of certain factors relating to the Properties such as their relative market positions, financial and competitive strengths, and physical condition, as well as broader market and economic conditions.

In addition, in valuing the Properties, MNACT's independent valuers have highlighted that their valuations are based, among others, upon the attitudes and perceptions of market participants as at the valuation date and the assumption that there were no material changes in overall market conditions between the date of inspection and valuation date.

The on-going COVID-19 pandemic has caused adverse economic conditions and significant market uncertainty. Market conditions and the attitudes of market participants may have undergone significant changes (including since the valuation dates), and may continue to change as the situation continues to develop. Accordingly, given the ongoing COVID-19 pandemic, valuations may be subject to increased fluctuation as compared to during normal market conditions.

RISKS RELATING TO MNACT'S OPERATIONS

The MNACT Manager is a wholly-owned subsidiary of the Sponsor and the MNACT Property Manager is a subsidiary of the Sponsor. There may be potential conflicts of interest between MNACT, the MNACT Manager, the MNACT Property Manager and the Sponsor

The Sponsor, its subsidiaries, related corporations and Associates (as defined in the Original Offering Circular) are engaged in the investment in, and the development and management of, among other things, real estate which is wholly or partially used for commercial purposes in Singapore and elsewhere in the Asia-Pacific region, Europe, the United Kingdom and the United States.

The Sponsor may exercise influence over the activities of MNACT through the MNACT Manager, which is a wholly-owned subsidiary of the Sponsor. Moreover, the Sponsor may in the future sponsor, manage or invest in other real estate investment trusts or other vehicles.

While the Sponsor will not set up another private fund with the same investment mandate and risk-return profile as MNACT, the Sponsor may set up Future Greater China Commercial Private Funds (as defined in the Original Offering Circular). There can be no assurance that conflicts of interest will not arise between MNACT and the Sponsor in the future.

Further, the MNACT Property Manager, which is a subsidiary of the Sponsor, has been appointed to manage the Properties as well as all future properties to be acquired by MNACT. If the MNACT Property Manager were to manage a property which competes with MNACT's properties, there can be no assurance that the MNACT Property Manager will not favour properties that the Sponsor has in its own property portfolio over those owned by MNACT when providing leasing services to MNACT, which could lead to lower occupancy rates and/or lower rental income for the properties owned by MNACT as a whole and adversely affect the financial condition of MNACT.

Any breach by the major tenants of their obligations under the lease agreements or a downturn in their businesses may have an adverse effect on MNACT

In the event that any major tenants of MNACT are unable to pay their rent or breach their obligations under the lease agreements, MNACT's financial condition may be adversely affected. The performance of the major tenants' other businesses could also have an impact on their ability to make rental payments to MNACT.

Factors that affect the ability of such major tenants to meet their obligations include, but are not limited to:

- their financial position;
- the local economies in which they have business operations;
- the ability of such major tenants to compete with its competitors;
- in the instance where such major tenants have sub-leased the Properties, the failure of the subtenants to pay rent; and
- material losses in excess of insurance proceeds.

A substantial number of the Properties' leases are for terms of one to three years, which exposes the Properties to significant rates of lease expiries each year

A substantial number of the leases for the Properties are for terms of one to three years, which reflects the general practice in the Hong Kong SAR, PRC, Japan and South Korea commercial property markets. As a result, the Properties experience lease cycles in which a substantial number of the leases expire each year.

Vacancies following the non-renewal of leases may lead to reduced occupancy rates. If a large number of tenants do not renew their leases in a year in which a substantial number of leases expire, this could adversely affect the business, financial condition and results of operations of MNACT.

MNACT is holding The Glacier through Festival Walk (2011) Limited and is therefore subject to business risk

As MNACT holds The Glacier ice rink through Festival Walk (2011) Limited, MNACT may be affected by the business operations of The Glacier.

The amount MNACT may borrow is limited, which may affect the operations of MNACT

Under the Property Funds Appendix, prior to 1 January 2022, the total borrowings and deferred payments (collectively, the **aggregate leverage**) of MNACT should not exceed 50.0% of the value of the MNACT Deposited Property at the time the borrowing is incurred. On or after 1 January 2022, the aggregate leverage limit is 45.0% of the MNACT Deposited Property, and MNACT's aggregate leverage may exceed this limit (up to a maximum of 50.0%) only if MNACT has a minimum adjusted interest coverage ratio[1] of 2.5 times after taking into account the interest payment obligations arising from the new borrowings. A decline in value of the MNACT Deposited Property may affect MNACT's ability to borrow further.

MNACT may, from time to time, require further debt financing to achieve its investment strategies. In the event that MNACT decides to incur additional borrowings in the future, MNACT may face adverse business consequences as a result of this limitation on future borrowings, and these may include:

- an inability to fund capital expenditure requirements in relation to MNACT's existing asset portfolio or in relation to MNACT's acquisitions to expand its portfolio;

- a decline in the value of the MNACT Deposited Property may cause the borrowing limit to be exceeded, thus affecting MNACT's ability to make further borrowings; and

- cash flow shortages (including with respect to distributions) which MNACT might otherwise be able to resolve by borrowing funds.

[1] **Adjusted interest coverage ratio** means a ratio that is calculated by dividing the trailing 12 months earnings before interest, tax, depreciation and amortisation (excluding effects of any fair value changes of derivatives and investment properties, and foreign exchange translation), by the trailing 12 months interest expense, borrowing-related fees and distributions on hybrid securities.

MNACT may face risks associated with debt financing and the debt facilities and the debt covenants could limit or affect MNACT's operations

As at 31 March 2021, MNACT had S$3,439.9 million of gross borrowings[1] with a weighted average tenor of debt of approximately 3.12 years. Approximately 73% of MNACT's gross borrowings were subject to fixed interest rates by way of interest rate swaps of various terms or fixed rate borrowings.

MNACT is subject to risks associated with debt financing, including the risk that its cash flow will be insufficient to meet the required payments of principal and interest under such financing.

MNACT distributes at least 90%[2] of MNACT's Taxable Income[3] to its Unitholders. As a result of this distribution policy, MNACT may not be able to meet all of its obligations to repay any future borrowings through its cash flow from operations. MNACT may be required to repay maturing debt with funds from additional debt or equity financing or both. There is no assurance that such financing will be available on acceptable terms or at all.

If MNACT defaults under such debt facilities, the lenders may be able to declare a default requiring immediate repayment of the outstanding amount under the debt facilities and initiate enforcement proceedings in respect of any security provided, and/or call upon any guarantees provided.

If any Property is mortgaged, such Property could be foreclosed by the lender or the lender could require a forced sale of the Property and utilise the proceeds thereof to repay the principal and interest under the debt facilities, which will result in a consequent loss of income and asset value to MNACT. If principal amounts due for repayment at maturity cannot be refinanced, extended or paid with proceeds from other capital sources, such as new equity capital, MNACT may not be able to repay all maturing debt and this could adversely affect the Issuer's ability to fulfil its payment obligations under the Securities.

MNACT may be subject to the risk that the terms of any refinancing undertaken (which may arise from a change of control provision) will be less favourable than the terms of the original borrowings. MNACT may also be subject to certain covenants that may limit or otherwise adversely affect its operations. Such covenants may also restrict MNACT's ability to acquire properties or undertake other capital expenditure and may require it to set aside funds for maintenance or repayment of security deposits or require MNACT to maintain certain financial ratios (e.g. loan to value ratios). The triggering of any of such covenants may have an adverse impact on MNACT's financial condition and results of operations and this may adversely affect the Issuer's ability to fulfil its payment obligations under the Securities.

1 Includes the proportionate share of South Korea onshore borrowings.

2 Due to the impact from the on-going COVID-19 pandemic, the Ministry of Finance and Inland Revenue Authority of Singapore announced on 16 April 2020 that they have extended the timeline for Singapore REITs to distribute at least 90% of their taxable income from 3 months to 12 months (after the end of financial year 2020) to qualify for tax transparency.

On 3 June 2020, the timeline for REITs to distribute at least 90% of their taxable income was further extended, such that (a) for the financial year ending in 2020, REITs will have up to 31 December 2021, and (b) for the financial year ending in 2021, REITs will have up to 31 December 2021, or 3 months after the end of their financial year, whichever is later.

3 **Taxable Income** means the income chargeable to tax under the Income Tax Act, Chapter 134 of Singapore, after deduction of allowable expenses and applicable tax allowances (but excluding gains on the sale of real properties which are determined to be trading gains).

MNACT's level of borrowings represents a higher level of gearing as compared to certain other types of unit trusts, such as non-specialised collective investment schemes which invest in equities and/or fixed income instruments. If prevailing interest rates or other factors at the time of refinancing (such as the possible reluctance of lenders to make commercial property loans) result in higher interest rates, the interest expense relating to such refinanced indebtedness would increase, thereby adversely affecting MNACT's cash flow and the Issuer's ability to fulfil its payment obligations under the Securities.

If the MNACT Manager's capital market services licence for REIT management (CMS Licence) is cancelled or the authorisation of MNACT as a collective investment scheme under Section 286 of the SFA is suspended, revoked or withdrawn, the operations of MNACT will be adversely affected

The CMS Licence issued to the MNACT Manager is subject to conditions unless otherwise cancelled. If the CMS Licence of the MNACT Manager is cancelled by the MAS, the operations of MNACT will be adversely affected as the MNACT Manager would no longer be able to act as the manager of MNACT.

MNACT was authorised as a collective investment scheme on 27 February 2013 and must comply with the requirements under the SFA and the Property Funds Appendix. In the event that the authorisation of MNACT is suspended, revoked or withdrawn, its operations will also be adversely affected.

The MNACT Manager may not be able to successfully implement its investment strategy for MNACT

There is no assurance that the MNACT Manager will be able to implement its investment strategy successfully or that it will be able to expand MNACT's portfolio at any specified rate or to any specified size. The MNACT Manager may not be able to make acquisitions or investments on favourable terms or within a desired time frame.

MNACT faces active competition in acquiring suitable properties. MNACT's ability to make new property acquisitions under its acquisition growth strategy may be adversely affected.

Even if MNACT were able to successfully acquire property or investments, there is no assurance that MNACT will achieve its intended return on such acquisitions or investments.

In addition, MNACT's investment strategy involves a higher level of risk as compared to a portfolio which has a more diverse range of investments.

Since the amount of borrowings that MNACT can incur to finance acquisitions is limited by the Property Funds Appendix, such acquisitions are likely to be largely dependent on MNACT's ability to raise equity capital.

Potential vendors may view negatively the prolonged time frame and lack of certainty associated with the raising of equity capital to fund any such purchase. They may instead prefer other potential purchasers.

There may be significant competition for attractive investment opportunities from other property investors, including other REITs, commercial property development companies and private investment funds. There is no assurance that MNACT will be able to compete effectively against such entities.

In the event that the MNACT Manager is not able to successfully implement its investment strategy for MNACT, this may adversely affect the financial condition of MNACT, which may in turn affect the Issuer's ability to fulfil its payment obligations under the Securities.

Acquisitions may not yield the returns expected, resulting in disruptions to MNACT's business and straining of management resources

MNACT's external growth strategy and its asset selection process may not be successful. Acquisitions may cause disruptions to MNACT's operations and divert management's attention away from day-to-day operations.

In the event that the acquisition strategy of the MNACT Manager is unsuccessful, the financial condition of MNACT and the Issuer's ability to fulfil its payment obligations under the Securities may be adversely affected.

The MNACT Manager's strategy to initiate asset enhancement on some of the Properties from time to time may not materialise

The MNACT Manager may from time to time initiate asset enhancement on some of the Properties. There is no assurance that such plans for asset enhancement will materialise, or in the event that they do materialise, they may not achieve their desired results or may incur significant costs.

In the event that such strategy of the MNACT Manager is unsuccessful, the financial condition of MNACT and the Issuer's ability to fulfil its payment obligations under the Securities may be adversely affected.

Certain construction risks may arise during the building of any new property

Construction of new developments entails significant risks, including shortages of materials or skilled labour, unforeseen engineering, environmental or geological problems, work stoppages, litigation, weather interference, floods and unforeseen cost increases, any of which could give rise to delayed completions or cost overruns. Difficulties in obtaining any requisite licences, permits, allocations or authorisations from regulatory authorities could also increase the cost, or delay the construction or opening of, new developments. All of these factors may affect MNACT's business, results of operations, financial condition and the future cash flows of MNACT.

MNACT relies on third parties to provide various services

MNACT engages or will engage third-party contractors to provide various services in connection with any commercial/industrial developments it may have and with the day-to-day operation of its Properties and physical asset enhancement works, including construction, building and property fitting-out work, alterations and additions, interior decoration and installation of air-conditioning units and lifts. MNACT is exposed to the risk that a contractor may require additional capital in excess of the price originally tendered to complete a project and MNACT may have to bear such additional amounts in order to provide the contractor with sufficient incentives to complete the project. Furthermore, there is a risk that major contractors may experience financial or other difficulties which may affect their ability to carry out construction works, thus delaying the completion of development projects or resulting in additional costs to MNACT. There can also be no assurance that the services rendered by such third parties will always be satisfactory or match MNACT's targeted quality levels. All of these factors could adversely affect MNACT's business, financial condition and results of operations.

MNACT depends on certain key personnel and the loss of any key personnel may adversely affect its operations

MNACT's performance depends, in part, upon the continued service and performance of the executive officers of the MNACT Manager. (See "*Management of the MNACT Manager – Executive Officers of the MNACT Manager*" for details of the executive officers of the MNACT Manager.) These key personnel may leave the employment of the MNACT Manager. If any of the above were to occur, the MNACT Manager will need to spend time searching for a replacement and the duties which such executive officers are responsible for may be affected. The loss of any of these individuals could have a material adverse effect on the financial condition and the results of operations of MNACT.

MNACT may incur losses arising from claims brought against Festival Walk (2011) Limited in connection with the operations of Festival Walk

Festival Walk (2011) Limited employs security guards to provide security services for Festival Walk. There is no assurance that claims will not be brought against Festival Walk (2011) Limited for damage, losses or injuries suffered by the employees of Festival Walk (2011) Limited or by third parties in connection with the provision of such services. The losses resulting from such claims may not be fully reimbursed by insurance proceeds.

The accounting standards in the jurisdictions which MNACT operates in may change

MNACT may be affected by the introduction of new or revised and/or accounting standards in the jurisdictions in which MNACT operates, including China, Hong Kong SAR, Japan and South Korea. The financial statements of MNACT may be affected by the introduction of such new or accounting standards. The extent and timing of these changes in accounting standards are unknown and subject to confirmation by the relevant authorities.

There is no assurance that these changes will not:

- have a significant impact on the presentation of MNACT's financial statements;
- have a significant impact on MNACT's results of operations;
- have an adverse effect on the ability of MNACT to make distributions to Unitholders;
- have an adverse effect on the ability of the MNACT Manager to carry out MNACT's investment strategy; or
- have an adverse effect on the operations and financial condition of MNACT.

MNACT may be affected by the introduction of new or revised tax legislation, regulations, guidelines or directives

MNACT may be affected by the introduction of new or revised tax legislation, regulations, guidelines or directives. There can be no assurance that any such changes will not have an adverse effect on REITs in general or MNACT specifically, including but not limited to changes to legislation or rules relating to the tax regimes in jurisdictions where properties and SPVs of MNACT are located.

Specifically, REITs in Singapore enjoy certain tax exemption or concessions and some of these are granted for a specified period of time. These tax exemption or concessions, whether or not for a specified period of time, are or may be subject to review by the Singapore Government. For example, REITs listed on the SGX-ST (including the REIT's wholly-owned Singapore resident subsidiaries) are currently exempt from taxation on certain foreign-sourced income derived in respect of foreign properties acquired on or before 31 December 2025. The foreign income exemption regime may not be extended, and if so, foreign income derived by MNACT and/or its wholly-owned Singapore resident subsidiaries in respect of foreign properties acquired after 31 December 2025 may be subject to Singapore income tax.

There is no assurance that the Singapore Government will continue to grant the tax exemptions or concessions currently available to REITs indefinitely or renew them upon their expiry. A removal or modification of any or all of these tax exemptions or concessions may result in increased tax costs to MNACT and accordingly have an adverse impact on its financial condition and results of operations.

The Singapore Government announced in the 2018 Singapore Budget its plans to raise the standard rate of the goods and services tax (**GST**) from 7.0% to 9.0%, sometime in the period from 2021 to 2025. Although it was announced in the 2020 Singapore Budget that the GST rate for 2021 would remain at 7.0%, the Singapore Government reiterated in the 2021 Singapore Budget that the GST rate increase would be necessary by 2025. Further, GST on business-to-business imported services has also been implemented with effect from 1 January 2020 via a reverse charge mechanism. These changes may result in additional tax costs to MNACT if it is not entitled to full input tax credit.

Any such additional tax exposure could have a material adverse effect on MNACT's business, financial condition, performance and prospects.

Delay by foreign tax authorities in assessing taxes of overseas Properties could affect the amount of payments on the Securities

In the event the entities holding overseas Properties in the property portfolio of MNACT is unable to obtain a tax audit clearance by the foreign tax authorities in a timely manner, the ability of MNACT to make payments on the Securities may be affected and MNACT may be required to obtain debt or other financing to satisfy payments on the Securities. If MNACT is unable to obtain financing on terms that are acceptable or MNACT has reached its aggregate leverage limit imposed by the Property Funds Appendix, the amount (if any) and timing of payments on the Securities could be adversely affected.

MNACT may from time to time be subject to legal proceedings and government proceedings

Legal proceedings against MNACT and/or its subsidiaries relating to property management and disputes over tenancies may arise from time to time. There can be no assurance that MNACT and/or its subsidiaries will not be involved in such proceedings or that the outcome of these proceedings will not adversely affect the financial condition, results of operations or cash flow of MNACT.

MNACT's subsidiaries are regulated by various government authorities and regulations. If any government authority believes that MNACT's subsidiaries or any of their tenants are not in compliance with the regulations, it could shut down the relevant non-compliant entity or delay the approval process, refuse to grant or renew the relevant approvals or licences, institute legal proceedings to seize the properties, enjoin future action or (in the case of MNACT's subsidiaries not being in compliance with the regulations), assess civil and/or criminal penalties against MNACT, its officers or employees. Any such action by the government authority would have a material adverse effect on the business, financial condition and results of operations or cash flow of MNACT.

MNACT may engage in interest rate hedging transactions, which can limit gains and increase costs

MNACT has, and may enter into interest rate hedging transactions to protect itself from the effects of interest rate volatility on floating rate debt. Interest rate hedging activities may not have the desired beneficial impact on the operations or financial condition of MNACT.

Interest rate hedging could fail to protect MNACT or adversely affect MNACT because among other reasons:

- the party owing money in the hedging transaction may default on its obligation to pay;
- the credit quality of the party owing money on the hedge may be downgraded to such an extent that it impairs MNACT's ability to sell or assign its side of the hedging transaction;
- the value of the derivatives used for hedging may be adjusted from time to time in accordance with accounting rules to reflect changes in fair value. Such changes although unrealised, would reduce the NAV of MNACT if it is due to downward adjustments; and
- interest rate hedging involves risks and transaction costs, which may reduce overall returns.

In the event any such interest rate hedging fails to protect MNACT or adversely affects MNACT, the financial condition and results of operations of MNACT may be adversely affected.

Possible change of investment strategies may adversely affect the Issuer's ability to fulfil its payment obligations under the Securities

MNACT's policies with respect to certain activities, including investments and acquisitions, will be determined by the MNACT Manager, subject to applicable laws and regulations. While the MNACT Manager has stated its intention to invest in a diversified portfolio of income-producing real estate and real estate-assets in the Greater China region, Japan and South Korea which is used primarily for commercial purposes (including real estate used predominantly for retail and/or office purposes), the MNACT Manager may from time to time amend the investment strategies of MNACT if it determines that such change is in the best interest of MNACT and its Unitholders without seeking Unitholders' approval. The MNACT Trust Deed also gives the MNACT Manager wide powers to invest in other types of assets, including any real estate, real estate-related assets as well as listed and unlisted securities in other jurisdictions. There are risks and uncertainties with respect to the selection of investments and with respect to the investments themselves. The methods of implementing MNACT's investment strategies may vary as new investment and financing techniques are developed or otherwise used. Such changes may adversely affect the Issuer's ability to fulfil its payment obligations under the Securities.

The outbreak of an infectious disease (such as the on-going COVID-19 pandemic) or any other serious public health concerns in Asia or elsewhere could adversely impact the business, financial condition and results of operations of MNACT

In 2003, Hong Kong SAR, Taiwan, China, Singapore, Malaysia and other places experienced an outbreak of SARS, which adversely affected the Asian economies, including Singapore's. The property sector was one of the sectors that experienced poor performance during the SARS outbreak.

In late 2003 and June 2004, outbreaks of avian influenza occurred in a number of countries in Asia. In 2005 and 2006, outbreaks were reported in other parts of the world, including Europe, the Middle East and Africa. Some of these outbreaks severely affected the poultry and related industries and, in addition, several cases of bird-to-human transmission of avian influenza were reported in various countries. In June 2007, the World Health Organization reported new cases of human infection of avian influenza (H5N1) in China and Indonesia. In 2009, outbreaks of Influenza A (H1N1-2009) occurred in a number of countries across the world, including Singapore. In 2014, cases of the Middle East respiratory syndrome coronavirus (**MERS-CoV**) were reported in several countries, including certain countries in the Middle East, as well as the United Kingdom and the U.S.

COVID-19 was first identified in Wuhan City, Hubei Province, China in December 2019 and has rapidly spread to every province in China and many other countries and regions, including those where MNACT operates, such as Hong Kong SAR, Japan and South Korea. The COVID-19 outbreak has rapidly evolved into a global pandemic and has severely affected the global economic outlook. In an effort to curb the spread of the highly infectious coronavirus, countries around the world have imposed various social distancing measures and strict movement controls, including travel restrictions, suspension of business activities and major events, quarantines and city lockdowns as well as measures to alleviate the resulting economic hardship, such as relief from legal actions. Since February 2020, the COVID-19 pandemic has impacted economic activity in Asia and worldwide. It is possible that the COVID-19 pandemic will cause a prolonged global economic crisis or recession.

While the MNACT Manager expects MNACT's financial performance to be impacted due to the COVID-19 pandemic, the high uncertainties associated with the COVID-19 pandemic make it difficult to predict how long these conditions will persist and the extent to which MNACT may be eventually affected. To the extent that the COVID-19 pandemic adversely affects MNACT's business, results of operations and financial condition, it may also have the effect of heightening many of the risk factors described herein.

There can be no assurance that any precautionary measures taken against infectious diseases would be effective.

The outbreak of an infectious disease, including but not limited to SARS, avian influenza (H5N1), Influenza A (H1N1-2009), MERS-CoV or the on-going COVID-19 pandemic, in Asia or elsewhere, together with any resulting restrictions on travel and/or imposition of quarantines, could have a negative impact on the economy and business activities in Asia and elsewhere and could thereby adversely impact the revenues and results of MNACT. These factors could materially and adversely affect the business and financial conditions and the results of operations of MNACT.

Occurrence of any acts of God, natural disasters, severe environmental pollution, war and terrorist attacks may adversely and materially affect the business and operations of the Properties

Acts of God, such as natural disasters and severe environmental pollution (including severe smog), as well as war, social incidents and terror attacks are beyond the control of MNACT or the MNACT Manager. These may materially and adversely affect the economy, infrastructure and livelihood of the local population.

MNACT's business, operations and income may be adversely affected should such acts of God, war and terrorist attacks occur. There is no assurance that any act of God, war, terrorist attack or other hostilities in any part of the world, potential, threatened or otherwise, will not, directly or indirectly, have an adverse effect on the operations of the Properties and the Issuer's ability to fulfil its payment obligations under the Securities.

In addition, physical damage to the Properties resulting from fire, earthquakes or other acts of God may lead to a significant disruption to the business and operation of the Properties. This may then result in an adverse impact on the business, financial condition and results of operations of MNACT.

Regulatory issues and changes in law may have an adverse impact on MNACT's business

MNACT is subject to the usual business risk that there may be changes in laws or the introduction of new or revised legislation, regulations, guidelines or directions affecting REITs generally and/or MNACT specifically that could result in a reduction of its income or increase in its costs. For example, there could be changes in tenancy laws that limit its recovery of certain property operating expenses, changes or increases in real estate taxes that cannot be recovered from its tenants or changes in environmental laws that require significant capital expenditure. MNACT has investments overseas. Therefore, it will be subject to foreign real estate laws, securities laws, tax laws, corporate and commercial laws, any applicable laws relating to foreign exchange and related policies and any unexpected changes to the same.

More particularly in respect of Singapore, MNACT, the MNACT Manager, MNACT Singapore Treasury Company and the Issuer are regulated by various legislation, regulations, guidelines or directions of relevant authorities, such as MAS. In addition, certain tax concessions, exemptions or waivers are currently extended to REITs. Revisions of the CIS Code and/or the Property Funds Appendix, terminations of tax concessions, or introductions of new legislation, regulations, guidelines or directions by MAS, IRAS or any other relevant authorities that affect the REITs generally may adversely affect MNACT's financial condition and results of operations.

In respect of MNACT's investments overseas, there might be a negative impact on MNACT's investments located in a foreign country as a result of measures and policies adopted by the relevant foreign governments and authorities at the local and national levels, including the imposition of foreign exchange restrictions. There are also significant differences between the legal systems of the countries in which MNACT's properties are located, which may affect the ability of MNACT to exercise its legal rights. Furthermore, any potential enforcement of existing laws by MNACT may be uncertain, which may also arise by reason of the different interpretation of the laws by local or provincial authorities. MNACT has no control over such conditions and developments and cannot provide any assurance that such conditions and developments will not have a material adverse effect on its business, financial condition, performance and prospects.

The Group is exposed to risks associated with exchange rate fluctuations and changes in foreign exchange regulations

The Group's investments in overseas properties are denominated in the respective foreign currencies. However, the Group will maintain its financial statements in Singapore dollars and will make distributions in Singapore dollars. A substantial proportion of its expenses and liabilities will also be denominated in Singapore dollars. The Group will therefore be exposed to risks associated with exchange rate fluctuations between the Singapore dollar and the local currency of any foreign countries in which the Group invests.

The Group is also exposed to fluctuations in foreign exchange arising from the difference in timing between its receipt and payment of funds. To the extent that its revenue, expenses, assets, liabilities and inter-company loans are not matched in terms of currency and timing, the Group will face foreign exchange exposure. Any fluctuation in foreign exchange rates will also result in foreign exchange gains or losses arising from transactions carried out in foreign currencies as well as translation of foreign currency monetary assets and liabilities as at the balance sheet dates.

Should the Singapore dollar appreciate in value against the currencies of countries in which the Group invests, there may be a material adverse effect on the Group's net asset value and results of operations.

The MNACT Manager enters into hedging transactions where feasible and appropriate to partially mitigate and manage the currency risks associated with the cash flows generated by the Group's investments in overseas properties, but there can be no assurance as to the extent or efficacy of any such hedging arrangements. Hedging activities may not achieve the desired beneficial impact on the Group's net asset value, financial condition, results of operations and prospects. Hedging typically involves costs, including transaction costs, which may reduce overall returns. These costs may increase as the period covered by the hedging increases and during periods of volatility and adverse fluctuations in foreign exchange rates.

The Group may also be subject to the imposition or tightening of exchange control or repatriation restrictions and may encounter difficulties or delays in the receipt of its proceeds from divestments and dividends due to the existence of such restrictions in the jurisdictions in which it operates.

There is no assurance that MNACT will be able to leverage on the Sponsor's experience in the operation of the Properties or the Sponsor's experience in the management of REITs

In the event that the Sponsor decides to transfer or dispose of its Units or its shares in the MNACT Manager, MNACT may no longer be able to leverage on:

- the Sponsor's experience in the ownership and operation of commercial properties;
- the Sponsor's financial strength, market reach and network of contacts to further its growth; or
- the Sponsor's experience in the management of REITs.

In addition, MNACT may not be able to benefit from the range of corporate services which are available to owners of properties managed by the Sponsor. This may have a material and adverse impact on MNACT's results of operations and financial condition, which may consequently affect the Issuer's ability to fulfil its payment obligations under the Securities.

MNACT's investment strategy may entail a higher level of risk as compared to other types of unit trusts that have a more diverse range of investments

MNACT's investment strategy of principally investing, directly or indirectly, in real estate in the Greater China region, Japan and South Korea, which is used primarily for commercial purposes (including real estate used predominantly for retail and/or office purposes) and real estate-related assets will subject MNACT to risks inherent in concentrating in real estate. The level of risk could be higher as compared to other types of unit trusts that have a more diverse range of investments in other sectors.

A concentration of investments in real estate located primarily in Greater China, Japan and South Korea exposes MNACT to the risk of a downturn in the Greater China, Japan and South Korea commercial property market and in the Greater China region, Japan and South Korea. Any economic slowdown in the Greater China region, Japan and South Korea could negatively affect the performance of the Greater China, Japan and South Korean commercial property market. The renewal of leases in MNACT's properties will depend, in part, upon the success of the tenants. Any economic downturn may cause higher levels of non-renewals of leases or vacancies as a result of failures or defaults by tenants or the market pressures exerted by an increase in available commercial space. There can be no assurance that the tenants of MNACT's properties will renew their leases or that the new lease terms will be as favourable as the existing leases. In the event that a tenant does not renew its lease, a replacement tenant or tenants would need to be identified, which could subject MNACT's properties to periods of vacancy and/or costly refittings, during which periods MNACT could experience reductions in rental income.

Such downturns may lead to a decline in occupancy for properties or real estate-related assets in MNACT's portfolio. This will affect MNACT's rental income from the Properties, and/or a decline in the capital value of MNACT's portfolio, which will have an adverse impact on the results of operations and the financial condition of MNACT and the Issuer's ability to fulfil its payment obligations under the Securities.

MNACT may not be able to control or exercise any influence over entities in which it has minority interests

MNACT may, in the course of acquisitions, acquire minority interests in real estate-related investment entities. There is no assurance that MNACT will be able to control such entities or exercise any influence over the assets of such entities or their distributions to MNACT. Such entities may develop objectives which are different from those of MNACT. The management of such entities may make decisions which could adversely affect the operations of MNACT and consequently the Issuer's ability to fulfil its payment obligations under the Securities.

MNACT will rely on information technology in its operations, and any material failure, inadequacy, interruption or security failure of that technology could harm its business

MNACT will rely on information technology networks and systems, including the Internet, to process, transmit and store electronic information and to manage or support a variety of its business processes, including financial transactions and maintenance of records, which may include personally identifiable information of customers and lease data. MNACT will rely on commercially available systems, software, tools and monitoring to provide security for processing, transmitting and storing confidential customer information, such as individually identifiable information relating to financial accounts. Although MNACT will take steps to protect the security of the data maintained in its information systems, it is possible that such security measures will not be able to prevent the systems' improper functioning, or the improper disclosure of personally identifiable information such as in the event of cyber-attacks. Security breaches, including physical or electronic break-ins, computer viruses, attacks by hackers and similar breaches, can create system disruptions, shutdowns or unauthorised disclosure of confidential information. Any failure to maintain proper function, security and availability of MNACT's information systems could interrupt its operations, damage its reputation, subject MNACT to liability claims or regulatory penalties and could materially and adversely affect it.

RISKS RELATING TO HONG KONG SAR AND THE PRC

The Hong Kong SAR Government has implemented property control measures in relation to the Hong Kong property market

Historically, the Hong Kong property market has been cyclical, with Hong Kong property values affected by supply and demand of comparable properties, the amount of new land made available by the Hong Kong SAR Government to third parties, the rate of economic growth in Hong Kong and political and economic developments in the PRC and the condition of the global economy. Property prices in Hong Kong declined in late 2008 and early 2009, although subsequently the property market witnessed a strong rebound in both transaction volume and prices. In 2010, property prices were further driven up by demand from PRC purchasers and speculators.

The Hong Kong real estate market is subject to significant regulation. The Hong Kong Monetary Authority has implemented regulatory measures in recent years to restrict the development of the real estate market. On 27 February 2015, the Hong Kong Monetary Authority (**HKMA**) announced a series of counter cyclical measures to banks in relation to property mortgage lending to strengthen banks' risk management and resilience, with immediate effect, namely that the maximum debt-servicing ratio (**DSR**) of mortgage loans for all non-self-use properties, including commercial and industrial properties and car park spaces, was lowered to 40 per cent. from 50 per cent., and the stressed-DSR cap was lowered to 50 per cent. from 60 per cent. On 19 May 2017, the HKMA further announced a series of new measures to banks in relation to property mortgage lending to strengthen the risk management of banks and safeguard banking stability, with immediate effect, which include, amongst others (i) to lower the applicable loan-to-value ratio (**LTV**) cap by 10 percentage points for property mortgage loans involving borrowers and/or guarantors with one or more pre-existing mortgage loans, in addition to the existing requirement of lowering the applicable DSR limit by 10 percentage points for these loans; and (ii) to lower the applicable DSR limit by 10 percentage points for property mortgage loans extended to borrowers whose income is mainly derived from outside Hong Kong, on top of the existing requirement of lowering the applicable LTV cap by 10 percentage points for these loans. Further prudential measures were introduced by the HKMA on 19 August 2020, which include, amongst others, increasing the LTV cap for certain scenarios for non-residential properties by 10 percentage points. These regulatory changes (and any further measures the Hong Kong government may introduce from time to time in the future) may have an adverse effect on the property market in Hong Kong, and in turn, the Group's business and profitability.

In addition, the Hong Kong SAR Government may introduce cooling measures on the Hong Kong property market from time to time, which may have a significant impact on the supply and demand in the property market.

The Hong Kong SAR Government's restrictive measures to control property prices could limit the Group's access to capital resources, reduce market demand and increase the Group's operating costs. The Hong Kong SAR Government may adopt additional and more stringent measures in the future, which may further slow the development of the industry and materially and adversely affect the Group's business and results of operations. In particular, any additional or more stringent measures imposed by the Hong Kong SAR Government in the future to curb residential real estate projects may materially and adversely affect the Group's business and results of operations.

There can be no assurance that property markets will not fall once again should there be a weakening in the economies of Hong Kong SAR, the PRC or the rest of Asia. There is also no assurance that the Hong Kong SAR Government will not implement additional control measures in relation to the Hong Kong property market.

The PRC Government has implemented property control measures in relation to the PRC property market

Increasing speculation in the PRC property market may result in rapid increases in property prices. To discourage speculation in the PRC property market, the PRC Government has, among other things, implemented various control measures.

So far, the PRC Government has placed emphasis on regulating investments in the residential property market given that this relates closely to people's livelihoods. While these regulations and policies do not have any material impact on the commercial property market from a legal point of view, more funds may turn to the commercial property market and cause it to overheat as investments in residential property are burdened by these regulations and policies. In such cases, there is no assurance that the PRC Government will not extend such control measures to regulate commercial properties. Although various control measures are intended to promote more balanced property developments in the long-term, these measures could adversely affect the development and sales of the properties in the PRC. In addition, there is no assurance that the PRC Government will not introduce additional measures from time to time to regulate the growth of the PRC property market. The continuation of the existing measures and the introduction of any new measures may materially and adversely affect MNACT's business, financial condition and results of operations.

MNACT is subject to extensive PRC regulatory control on foreign investment in the real estate sector

The PRC Government has promulgated a number of regulations and rules regulating foreign investment in the real estate sector. (See "*Overview of Relevant Laws and Regulations in Hong Kong SAR and the People's Republic of China*".)

Pursuant to the Circular on Strengthening Administration of Approval and Filing of Foreign Investment in Real Estate Industry (关于加强外商投资房地产业审批备案管理的通知) (Shang Ban Zi Han 2010 No. 1542) issued by the General Office of the Ministry of Commerce of the PRC (the **MOC**) on 22 November 2010, real estate enterprises funded by foreign capital are not permitted to purchase and resell real properties in the PRC that are either completed or under construction for arbitrage purposes. There can be no assurance that the PRC Government will not deem any transaction of real properties or any transfer of equity in real estate companies as arbitrage through the transaction of real estate. The regulation is believed to be aimed at controlling inflow of foreign capital by curtailing the practices of reselling properties for arbitrage purposes adopted by some foreign investors, which is an indication that the PRC Government has been imposing stricter policies on foreign investment in the real estate industry. There is also no assurance that the PRC Government will not implement additional restrictions on foreign investment in the real estate industry and purchases and sales of real estate properties by foreign investors.

Delay by the PRC tax authorities in assessing taxes could affect the payments under the Securities

As RMB proceeds originating from Gateway Plaza and Sandhill Plaza can only be converted into foreign currency and be remitted offshore after full payment of applicable taxes evidenced by tax record forms for remittance issued by the PRC tax authorities, in the event the tax record forms for remittance cannot be obtained from the PRC tax authorities in a timely manner, the Issuer's ability to fulfil its payment obligations under the Securities will be adversely affected and MNACT may be required to take loan facilities to satisfy such payment obligations. If MNACT is unable to obtain financing on terms that are acceptable or MNACT has reached its aggregate leverage limit under the Property Funds Appendix, the Issuer's ability to fulfil its payment obligations under the Securities could be adversely affected.

There may be political risks associated with doing business in Hong Kong SAR

Hong Kong is a Special Administrative Region of the People's Republic of China, with its own executive, judicial and legislative branches. Hong Kong SAR enjoys a high degree of autonomy from the PRC under the principle of "one country, two systems". However, there can be no assurance that Hong Kong SAR will continue to enjoy the same level of autonomy from the PRC. If Hong Kong SAR no longer has the same level of autonomy from the PRC, this may discourage investors from investing in Hong Kong SAR or affect the net income of MNACT's investment in Hong Kong SAR which would adversely affect MNACT's revenues and the Issuer's ability to fulfil its payment obligations under the Securities.

Interpretation of the PRC laws and regulations involves uncertainty

The taxation and real estate laws and in particular, the laws relevant to the rights of foreign investors and the entities through which they may invest are often unclear in the PRC where the assets of MNACT are located.

The PRC legal system is based on written statutes and prior court decisions can only be cited as reference. Since 1979, the PRC Government has promulgated laws and regulations in relation to economic matters such as foreign investment, corporate organisation and governance, commerce, taxation and trade, with a view to developing a comprehensive system of commercial law. However, as these laws and regulations are continually evolving in response to changing economic and other conditions, and because of the limited volume of published cases and their non-binding nature, any particular interpretation of PRC laws and regulations may not be definitive. The PRC may not accord equivalent rights (or protection for such rights) to those rights investors might expect in countries with more sophisticated real estate laws and regulations.

Furthermore, the PRC is geographically large and divided into various provinces and municipalities and as such, different laws, rules, regulations and policies apply in different provinces and they may have different and varying applications and interpretations in different parts of the PRC. The PRC currently does not have any centralised register or official resources where legislation enacted by the central and local authorities is made available to the public. Legislation or regulations, particularly for local applications, may be enacted without prior notice or announcement to the public. Accordingly, the MNACT Manager may not be aware of the existence of new legislation or regulations. There is at present also no integrated system in the PRC from which information can be obtained in respect of legal actions, arbitrations or administrative actions. Even if an individual court-by-court search were performed, each court may refuse to make the documentation which it holds available for inspection. Accordingly, there is a risk that entities in the PRC acquired by MNACT may be subject to proceedings which may not have been disclosed.

Agreements which are governed under PRC laws may be more difficult to enforce by legal or arbitral proceedings in the PRC than in countries with more mature legal systems. Even if the agreements generally provide for arbitral proceedings for disputes arising out of the agreements to be in another jurisdiction, it may be difficult for MNACT to obtain effective enforcement in the PRC of an arbitral award obtained in that jurisdiction.

The building standards applicable and materials employed in the PRC may not be as stringent as those in other jurisdictions

Gateway Plaza and Sandhill Plaza have passed the examination process and have obtained the completion certifications certifying that they can be handed over for occupation or use. However, the building standards applicable in the PRC when the Gateway Plaza and Sandhill Plaza were built may not be as stringent as those in other jurisdictions. For example, the applicable PRC seismic load design requirements may be less than those required by other international standards. Where a developed property asset is acquired which was constructed prior to the entry into force of the latest PRC building standards, the risk that the building is not in conformity with international standards is increased. Compliance with amended building codes may be required retrospectively, which could entail significant costs for MNACT. Furthermore, construction materials employed may not comply with international standards.

If Gateway Plaza and Sandhill Plaza do not meet the most recent requirements for building standards and materials, it may be less desirable than developments which have been built in accordance with the latest standards, which may affect the ability to sell or let the Properties and consequently the business, financial condition and results of operations of MNACT and the Issuer's ability to fulfil its payment obligations under the Securities.

The properties owned by MNACT or a part of them may be acquired compulsorily by the respective governments in Hong Kong SAR and the PRC

Under the laws and regulations of Hong Kong SAR and the PRC, there are various circumstances under which the respective governments of Hong Kong SAR and the PRC are empowered to acquire some of the Properties.

In the event of any compulsory acquisition of property in Hong Kong SAR, the amount of compensation to be awarded is based on the open market value of such property and is assessed on the basis prescribed in the relevant ordinances. If Festival Walk is acquired compulsorily by the Government of Hong Kong SAR, the level of compensation paid to MNACT pursuant to this basis of calculation may be less than the price which MNACT paid for such property and/or the market value of such property at the relevant time.

For properties located in the PRC, in the event that the compensation paid for the acquisition is less than the market value of the Property, such compulsory acquisitions by the PRC Government would have an adverse effect on MNACT and the value of its asset portfolio. In addition, even if the amount of compensation to be awarded is based on the open market value, the amount of compensation paid to MNACT may be less than the price which MNACT paid for such assets.

The PRC's political policies and foreign relations could affect the Properties

Investment in a selection of PRC properties entails risks of a nature and degree not typically encountered in property investments in developed markets. In the PRC, there is a high risk of nationalisation, expropriation, confiscation, punitive taxation, currency restriction, political changes, government regulation, political, economic or social instability or diplomatic developments which could adversely affect the value of investments made in the PRC, including Gateway Plaza and Sandhill Plaza, and for which MNACT may not be fairly compensated. Certain national policies may restrict foreigners investing in industries deemed sensitive to the national interest such as mining of certain kinds of minerals, construction and operation of natural reserves.

The PRC's economic reforms could affect MNACT's business

The PRC economy differs from the economies of most developed countries in many respects, including its structure, its level of development, its growth rate, its control of foreign exchange and its allocation of resources. The PRC economy is still in the process of being transformed from a planned economy to a more market-oriented economy. For the past two decades, the PRC Government has implemented economic reform measures emphasising utilisation of market forces in the development of the PRC economy. Although the MNACT Manager believes these reforms will have a positive effect on its overall and long-term development, it cannot predict whether changes in the PRC's economic and other policies will or will not have any adverse effect on MNACT's current or future business, financial condition and results of operations.

RISKS RELATING TO JAPAN

Significant natural disasters, climate change and severe weather events may materially disrupt and adversely affect the business and operations of MNACT's properties in Japan

Japan has experienced a number of earthquakes over the years, most notably the massive earthquake of 9.0 on the Richter scale which struck the eastern seaboard of Japan in March 2011. The wide spread devastation of this massive earthquake was aggravated by the resulting tsunami and radioactive contamination from an affected nuclear plant. Similar natural catastrophes and disasters such as earthquakes, tsunamis, typhoons, severe flooding and other events seems to be increasing in recent periods and there is a possibility of increasing severity over the medium to long term, which may adversely affect the operations of MNACT's properties in Japan. Due to climate change, large-scale natural disasters, including drought, rising sea levels, long heat waves and floods, may also become more serious. These events may cause substantial structural and physical damage to MNACT's properties in Japan, resulting in the incurrence of expenses in order to repair the damage caused. Furthermore, such environmental conditions may result in a decreased demand for the services provided by MNACT's properties in Japan. This will affect the market value of MNACT's properties in Japan and may have an adverse effect on the results of operations of MNACT's properties in Japan. The environmental conditions may also cause disruptions, affect investments and result in various other adverse effects on the Japanese economy in general. This may lead to a decreased demand for the services provided by MNACT's properties in Japan, and the market value and results of operations of MNACT's properties in Japan may also be adversely and materially affected. This could materially and adversely affect the business and financial conditions and the results of operations of MNACT.

The real property registration system in Japan may not accurately reflect the ownership of the real property-related title or right

Japan has a system of registering the ownership of real property (which includes land and buildings) as well as certain other real property-related rights, such as security rights over real property and easements, pursuant to which an unregistered owner of real property or an unregistered holder of certain other rights cannot assert its title or such rights against a third party. However, the real property register does not necessarily reflect the true owner of the real property-related title or right. In practice, parties who plan to enter into a real property transaction usually rely upon the register, as it is generally the best indication of the true owner of the real property-related title or right. However, a party has no recourse to anyone but the seller if, relying on the register, it purchases the property or a related right from a seller and the information contained in the register turns out to be incorrect. The purchaser may claim for damages against the seller pursuant to statutory warranties or contractual warranties, but, in general, cannot acquire the ownership of or title to the real property. In this regard, imperfect title to the Japan Properties could have a material adverse effect on the business, financial condition, results of operations and prospects of MNACT.

RISKS RELATING TO SOUTH KOREA

Escalations in tensions with North Korea may materially disrupt and adversely affect the business and operations of MNACT's properties in South Korea

Relations between South Korea and North Korea have been tense throughout South Korea's modern history. The level of tension between the two Koreas has fluctuated and may increase abruptly as a result of current and future events. In particular, there have been heightened security concerns in recent years stemming from North Korea's nuclear weapon and ballistic missile programmes as well as its hostile military actions against South Korea. Some of the significant incidents in recent years include the following:

- North Korea renounced its obligations under the Nuclear Non-Proliferation Treaty in January 2003 and conducted six rounds of nuclear tests since October 2006, including claimed detonations of hydrogen bombs and warheads that can be mounted on ballistic missiles. Over the years, North Korea has continued to conduct a series of missile tests, including ballistic missiles launched from submarines and intercontinental ballistic missiles that it claims can reach the United States mainland. In response, the South Korean government has repeatedly condemned the provocations and flagrant violations of relevant United Nations Security Council resolutions. In February 2016, the South Korean government also closed the inter-Korea Gaesong Industrial Complex in response to North Korea's fourth nuclear test in January 2016. Internationally, the United Nations Security Council has passed a series of resolutions condemning North Korea's actions and significantly expanding the scope of sanctions applicable to North Korea, most recently in December 2017 in response to North Korea's intercontinental ballistic missile test in November 2017. Over the years, the United States and the EU have also expanded their sanctions applicable to North Korea.

- In March 2010, a South Korean naval vessel was destroyed by an underwater explosion, killing many of the crewmen on board. The South Korean government formally accused North Korea of causing the sinking, while North Korea denied responsibility. Moreover, in November 2010, North Korea fired more than one hundred artillery shells that hit South Korea's Yeonpyeong Island near the Northern Limit Line, which acts as the de facto maritime boundary between South Korea and North Korea on the west coast of the Korean peninsula, causing casualties and significant property damage. The South Korean government condemned North Korea for the attack and vowed stern retaliation should there be further provocation.

North Korea's economy also faces severe challenges, which may further aggravate social and political pressures within North Korea.

Although bilateral summit meetings were held between the two Koreas in April, May and September 2018 and between the United States and North Korea in June 2018, February 2019 and June 2019, there can be no assurance that the level of tensions affecting the Korean peninsula will not escalate in the future. Any increase in tensions, which may occur, for example, if North Korea experiences a leadership crisis, high-level contacts between South Korea and North Korea break down or military hostilities occur, could have a material adverse effect on the South Korean economy. This may lead to a decreased demand for the services provided by MNACT's properties in South Korea, and the market value and results of operations of MNACT's properties in South Korea may also be adversely and materially affected. This could materially and adversely affect the business and financial conditions and the results of operations of MNACT.

RISKS RELATING TO INVESTING IN REAL ESTATE

There are general risks attached to investments in real estate.

Investments in real estate and therefore the income generated from the Properties are subject to various risks, including but not limited to:

- adverse changes in political or economic conditions;

- adverse local market conditions (such as over-supply of properties or reduction in demand for properties in the market in which MNACT operates);

- the financial condition of tenants;

- the availability of financing such as changes in availability of debt or equity financing, which may result in an inability by MNACT to finance future acquisitions on favourable terms or at all;

- changes in interest rates and other operating expenses;

- changes in laws and governmental regulations in relation to real estate, including those governing usage, zoning, taxes and government charges. Such revisions may lead to an increase in management expenses or unforeseen capital expenditure to ensure compliance. Rights related to the properties may also be restricted by legislative actions, such as revisions to the laws relating to building standards or town planning laws, or the enactment of new laws related to condemnation and redevelopment;

- environmental claims in respect of real estate;

- changes in market rents;

- changes in energy prices;
- changes in the relative popularity of property types and locations leading to an oversupply of space or a reduction in tenant demand for a particular type of property in a given market;
- competition among property owners for tenants which may lead to vacancies or an inability to rent space on favourable terms;
- inability to renew leases or re-let space as existing leases expire;
- inability to collect rents from tenants on a timely basis or at all due to bankruptcy or insolvency of the tenants or otherwise;
- the amount and extent to which MNACT is required to grant rental rebates to the tenants;
- the tenants seeking the protection of bankruptcy or insolvency laws which could result in delays in the receipt of rent payments, inability to collect rental income, delays in the termination of the lease, or which could hinder or delay the re-letting of the space in question or the sale of the relevant property;
- the tenants failing to comply with the terms of their leases or commitments to lease;
- waivers of rent and/or cap on interest on late payment of rent being requested for by tenants, or being mandated under relevant laws and regulations (including government measures implemented to address the on-going COVID-19 pandemic);
- vacancies following the expiry or termination of leases (with or without cause) that lead to reduced occupancy rates;
- insufficiency of insurance coverage or increases in insurance premiums;
- increases in the rate of inflation;
- inability of the property manager to provide or procure the provision of adequate maintenance and other services;
- defects affecting the Properties which need to be rectified, or other required repair and maintenance of the Properties, leading to unforeseen capital expenditure;
- the relative illiquidity of real estate investments;
- considerable dependence on cash flow for the maintenance of, and improvements to, the Properties;
- increased operating costs, including real estate taxes;
- any defects or illegal structures that were not uncovered by physical inspection or due diligence review;
- management style and strategy of the MNACT Manager;
- the attractiveness of MNACT's properties to tenants;
- the cost of regulatory compliance;

- tenants exercising the right and/or option to take up additional space at the Properties at a rent less than the rent such space may have received;

- ability to rent out properties on favourable terms; and

- acts of God, wars, terrorist attacks, riots, civil commotions, widespread communicable diseases (e.g. the on-going COVID-19 pandemic), natural disasters and other events beyond the control of the MNACT Manager.

Many of these factors may cause fluctuations in occupancy rates, rental or room rates or operating expenses, causing a negative effect on the value of real estate and income derived from real estate. The annual valuation of the Properties will reflect such factors and as a result may fluctuate upwards or downwards. The capital value of MNACT's real estate assets may be significantly diminished in the event of a sudden downturn in real estate market prices or the economies of jurisdictions where MNACT operates in, which may adversely affect the financial condition of MNACT.

MNACT may be adversely affected by the illiquidity of real estate investments

MNACT's investment strategy involves a higher level of risk as compared to a portfolio which has a more diverse range of investments. Real estate investments are relatively illiquid and such illiquidity may affect MNACT's ability to vary its investment portfolio or liquidate part of its assets in response to changes in economic, real estate market or other conditions. MNACT may be unable to sell its assets on short notice or may be forced to give a substantial reduction in the price that may otherwise be sought for such assets in order to ensure a quick sale. MNACT may face difficulties in securing timely and commercially favourable financing in asset-based lending transactions secured by real estate due to the illiquid nature of real estate assets. These factors could have an adverse effect on MNACT's financial condition and results of operations, and the Issuer's ability to fulfil its payment obligations under the Securities.

The Properties may be subject to increases in direct expenses and other operating expenses

MNACT's profitability could be adversely affected if direct expenses and other operating expenses increase (save for such expenses which MNACT is not responsible for pursuant to the lease agreements) without a corresponding increase in revenue.

Factors which could lead to an increase in expenses include, but are not limited to, the following:

- increase in property tax assessments and other statutory charges;

- change in statutory laws, regulations or government policies which increase the cost of compliance with such laws, regulations or policies;

- change in direct or indirect tax policies, laws or regulations;

- increase in sub-contracted service costs;

- increase in labour costs;

- increase in repair and maintenance costs;

- increase in the rate of inflation;

- defects affecting, or environmental pollution in connection with, MNACT's properties which need to be rectified;
- increase in insurance premium; and
- increase in cost of utilities.

MNACT may suffer higher taxes if any of its subsidiaries is treated as having a taxable presence or permanent establishment outside their place of incorporation and tax residency

Currently, MNACT and its subsidiaries are not regarded as having any taxable presence or permanent establishment outside their place of incorporation and place of tax residency. If any of MNACT's subsidiaries is considered as having a taxable presence or permanent establishment outside its place of incorporation and place of tax residency, income or gains may be subject to additional taxes which may have an adverse impact on MNACT's financial condition.

Published unaudited interim and year end financial statements in respect of MNACT and its subsidiaries which are, from time to time, included or incorporated by reference in this Supplemental Offering Circular will not have been audited or subject to review

Any published unaudited interim and year end financial statements in respect of MNACT and its subsidiaries which are, from time to time, included in or deemed to be incorporated by reference in this Supplemental Offering Circular will not have been audited or subject to review by the auditors in respect of MNACT and its subsidiaries, as the case may be. Accordingly, there can be no assurance that, had an audit or review been conducted in respect of such financial statements, the information presented therein would not have been materially different, and investors should not place undue reliance upon them.

RISKS RELATING TO THE SECURITIES

The regulation and reform of "benchmarks" may adversely affect the value of Securities linked to or referencing such "benchmarks"

The Reset Distribution Rate of the Perpetual Securities is based on the SGD Swap Offer Rate (**SOR**).

Interest rates and indices which are deemed to be "benchmarks" are the subject of recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Securities linked to or referencing such a benchmark.

Regulation (EU) 2016/1011 (the **EU Benchmarks Regulation**) applies, subject to certain transitional provisions, to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU. Among other things, it (i) requires benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevents certain uses by EU supervised entities of benchmarks of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed). Regulation (EU) 2016/1011 as it forms part of domestic law by virtue of the EUWA (the **UK Benchmarks Regulation**) among other things, applies to the provision of benchmarks and the use of a benchmark in the UK. Similarly, it prohibits the use in the UK by UK supervised entities of benchmarks of administrators that are not authorised by the FCA or registered on the FCA register (or, if non-UK based, not deemed equivalent or recognised or endorsed).

The EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable, could have a material impact on the Perpetual Securities, in particular, if the methodology or other terms of the benchmark are changed in order to comply with the requirements of the EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the relevant benchmark.

More broadly, any of the international or national reforms, or the general increased regulatory scrutiny of benchmarks, could increase the costs and risks of administering or otherwise participating in the setting of a "benchmark" and complying with any such regulations or requirements.

Specifically, the sustainability of LIBOR has been questioned as a result of the absence of relevant active underlying markets and possible disincentives (including possibly as a result of benchmark reforms) for market participants to continue contributing to such benchmarks. On 5 March 2021, the UK Financial Conduct Authority announced, *inter alia*, the dates on which the various LIBOR rates in respect of various currencies will either cease to be provided or cease to be representative of their underlying market, with such end-date falling either on 31 December 2021 or 30 June 2023.

As the SOR methodology relies on USD LIBOR in its computation, the likely discontinuation of LIBOR after the end of 2021 will impact the future sustainability of SOR. On 30 August 2019, the MAS announced that it has established a steering committee to oversee an industry-wide interest rate benchmark transition from SOR to the Singapore Overnight Rate Average (**SORA**). On 5 August 2020, MAS announced several initiatives to support the adoption of SORA, including prescribing SORA as a financial benchmark under the SFA pursuant to the Securities and Futures (Prescribed Financial Benchmark) Regulations 2020, which came into operation on 5 August 2020. The initiatives aim to catalyse greater activity in SORA markets, safeguard the benchmark's integrity and enhance market confidence in SORA. On 27 October 2020, the Steering Committee for SOR Transition to SORA (the **SC-STS**) announced industry timelines to support a coordinated shift away from the use of SOR in financial products, and to concurrently accelerate usage of SORA. SOR is expected to be discontinued by end-June 2023. The issuance of SOR-linked loans and securities that mature after end-2021 is expected to cease by end-April 2021, with financial institutions and their customers to cease usage of SOR in new derivative contracts (except for specified purposes relating to the risk management and transition of legacy SOR positions to SORA) by end-September 2021.

It is not possible to predict with certainty whether, and to what extent the benchmarks will continue to be supported going forward. This may cause the benchmarks to perform differently than they have done in the past, and may have other consequences which cannot be predicted.

Such factors may have (without limitation) the following effects on certain "benchmarks" : (i) discourage market participants from continuing to administer or contribute to the "benchmark"; (ii) trigger changes in the rules or methodologies used in the "benchmark" or (iii) lead to the disappearance of the "benchmark". Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on the Perpetual Securities.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable, or any of the international or national reforms and the possible application of the benchmark replacement provisions of the Perpetual Securities in making any investment decision with respect to the Perpetual Securities.

The benchmark fallback arrangements in respect of the Perpetual Securities may not operate as intended

The terms and conditions of the Perpetual Securities provides for certain fallback arrangements in the event that the relevant Relevant Rate (as specified in the Pricing Supplement in relation to the Perpetual Securities) and/or any page on which the relevant Relevant Rate may be published (or any other successor service) becomes unavailable or a Benchmark Event (as defined in the Conditions) otherwise occurs. Such fallback arrangements include the possibility that the Rate of Distribution (as defined in the Conditions) could be set by reference to a Successor Rate or an Alternative Reference Rate (both as defined in the Conditions), with or without the application of an adjustment spread and may include amendments to the Conditions to ensure the proper operation of the successor or replacement benchmark, all as determined by the Issuer or an Independent Adviser appointed by it (each acting in good faith and in a commercially reasonable manner). An adjustment spread, if applied, could be positive or negative and would be applied with a view to reducing or eliminating, to the fullest extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to investors arising out of the replacement of the relevant Relevant Rate. However, it may not be possible to determine or apply an adjustment spread and even if an adjustment spread is applied, such adjustment spread may not be effective to reduce or eliminate economic prejudice to investors. If no adjustment spread can be determined, a Successor Rate or Alternative Reference Rate may nonetheless be used to determine the Rate of Distribution. The use of a Successor Rate or Alternative Reference Rate (including with the application of an adjustment spread) will still result in the Perpetual Securities linked to or referencing the relevant Relevant Rate performing differently, which may include payment of a lower Rate of Distribution than they would if the relevant Relevant Rate were to continue to apply in its current form.

If, following the occurrence of a Benchmark Event, no Successor Rate or Alternative Reference Rate is determined, the ultimate fallback for the purposes of calculation of the Rate of Distribution for a particular Fixed Distribution Period may result in the Rate of Distribution for the last preceding Fixed Distribution Period being used. This may result in the effective application of a fixed rate for the Perpetual Securities based on the rate which was last observed on the relevant screen page relating to the original Relevant Rate. Due to the uncertainty concerning the availability of Successor Rates and Alternative Reference Rates, the involvement of an Independent Adviser, and the potential for further regulatory developments there is a risk that the relevant fallback provisions may not operate as intended at the relevant time.

Commencement of proceedings under applicable Singapore insolvency or related laws may result in a material adverse effect on Securityholders

There can be no assurance that the Issuer and/or MNACT will not become bankrupt or insolvent or the subject of judicial management, schemes of arrangement, winding-up or liquidation orders or other insolvency-related proceedings or procedures. It is unclear whether Singapore insolvency and related laws applicable to companies can be applied to REITs and business trusts. Application of these laws may have a material adverse effect on Securityholders. Without being exhaustive, below are some matters that could have a material adverse effect on Securityholders. Where any of the Issuer or MNACT is insolvent or close to insolvent and the Issuer or, as the case may be, the MNACT Trustee undergoes certain insolvency procedures, there may be a moratorium against actions and proceedings which may apply in the case of judicial management, schemes of arrangement and/or winding-up in relation to the Issuer or, as the case may be, the MNACT Trustee. It may also be possible that if a company related to the Issuer or, as the case may be, the MNACT Trustee proposes a creditor scheme of arrangement and obtains an order for a moratorium, the Issuer or, as the case may be, the MNACT Trustee may also seek a moratorium even if the Issuer or, as the case may be, the MNACT Trustee is not itself proposing a scheme of arrangement. These moratoriums can be lifted with court permission and in the case of judicial management, additionally with the permission of the judicial manager. Accordingly, if for instance there is any need for the Trustee to bring an action against the Issuer or, as the case may be, MNACT, the need to obtain court permission may result in delays in being able to bring or continue legal proceedings that may be necessary in the process of recovery.

Further, Securityholders may be made subject to a binding scheme of arrangement where the majority in number representing 75% in value of creditors and the court approve such scheme. In respect of company-initiated creditor schemes of arrangement, there are cram-down provisions that may apply to a dissenting class of creditors. The court may notwithstanding a single class of dissenting creditors approve a scheme provided an overall majority in number representing 75% in value of the creditors meant to be bound by the scheme have agreed to it and provided that the scheme does not unfairly discriminate and is fair and equitable to each dissenting class and the court is of the view that it is appropriate to approve the scheme. In such scenarios, Securityholders may be bound by a scheme of arrangement to which they may have dissented.

The Insolvency, Restructuring and Dissolution Act 2018 (Act 40 of 2018) (the **IRD Act**) was passed in the Parliament of Singapore on 1 October 2018 and came into force on 30 July 2020. The IRD Act includes a prohibition against terminating, amending or claiming an accelerated payment or forfeiture of the term under, any agreement (including a security agreement) with a company that commences certain insolvency or rescue proceedings (and before the conclusion of such proceedings), by reason only that the proceedings are commenced or that the company is insolvent. This prohibition is not expected to apply to any contract or agreement that is, or that is directly connected with, a debenture. However, it may apply to other related contracts that are not found to be directly connected to the Perpetual Securities.

The risk factor entitled "Singapore taxation risk" appearing on page 40 of the Original Offering Circular shall be deleted in its entirety and replaced with the following:

Singapore taxation risk

The Perpetual Securities are intended to be "qualifying debt securities" for the purposes of the ITA subject to the fulfilment of certain conditions more particularly described in the section "Taxation – Singapore Taxation". However, there is no assurance that the Perpetual Securities will continue to enjoy the tax exemptions or tax concessions for "qualifying debt securities" should the relevant tax laws be amended or revoked at any time.

The risk factor entitled "Tax treatment of the Perpetual Securities is unclear" appearing on page 42 of the Original Offering Circular shall be deleted in its entirety and replaced with the following:

Tax treatment of the Perpetual Securities is unclear

It is not clear whether the Perpetual Securities will be regarded as "debt securities" by the IRAS for the purposes of the ITA, or whether the distribution payments made under the Perpetual Securities will be regarded by the IRAS as interest payable on indebtedness for the purposes of the ITA or whether the tax exemptions or tax concessions available for qualifying debt securities under the qualifying debt securities scheme (as set out in the section "*Taxation – Singapore Taxation*") would apply to the Perpetual Securities.

If the Perpetual Securities is not regarded as "debt securities" for the purposes of the ITA, or the distribution payments made under the Perpetual Securities are not regarded as interest payable on indebtedness for the purposes of the ITA or holders thereof are not eligible for the tax exemptions or tax concessions under the qualifying debt securities scheme, the tax treatment to holders may differ.

In the event that the IRAS does not regard the Perpetual Securities as "debt securities" for Singapore income tax purposes, the distributions in respect of the Perpetual Securities (including Optional Distributions, Arrears of Distribution and Additional Distribution Amounts, if any) may be subject to Singapore income tax, and the Issuer may be obliged (in certain circumstances) to withhold tax on such payments. In that event, the Issuer will not pay any additional amounts in respect of any such withholding or deduction from such payments in respect of the Perpetual Securities for or on account of any such taxes or duties. Perpetual Securityholders are thus advised to consult their own professional advisers regarding the tax treatment of payments made to them under the Perpetual Securities (including, without limitation, the Distributions, Optional Distributions, Arrears of Distribution and Additional Distribution Amounts, if any), including the risk of such payments being subject to Singapore withholding tax.

For further details of the tax treatment of the Perpetual Securities, please see the section on "*Taxation – Singapore Taxation*" herein.

USE OF PROCEEDS

The net proceeds from the issue of the Perpetual Securities (after deducting issue expenses) will be used by the Group for its general corporate purposes, including funding for the recently announced acquisition of a freehold office building in Japan referred to in MNACT's SGX-ST announcement dated 28 May 2021 titled "Acquisition of An Office Property In Greater Tokyo".

DESCRIPTION OF MAPLETREE NORTH ASIA COMMERCIAL TRUST

The section headed "Description of Mapletree Greater China Commercial Trust" of the Original Offering Circular shall be deleted in its entirety and replaced with the following:

DESCRIPTION OF MAPLETREE NORTH ASIA COMMERCIAL TRUST

HISTORY AND BACKGROUND

MNACT is a Singapore REIT with the investment strategy of principally investing, directly or indirectly, in a diversified portfolio of income-producing real estate in the Greater China region, Japan and South Korea which is used primarily for commercial purposes (including real estate used predominantly for retail and/or office purposes), as well as real estate-related assets.

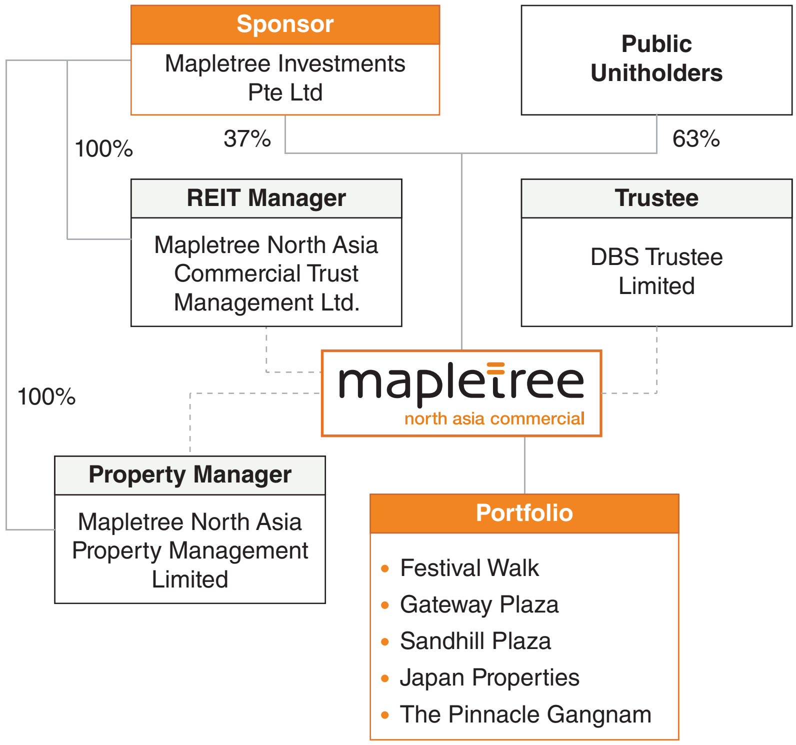
STRUCTURE OF MNACT

Mapletree North Asia Commercial Trust Management Ltd. is the manager of MNACT. The MNACT Manager has general powers of management over the assets of MNACT. The MNACT Manager's main responsibility is to manage MNACT's assets and liabilities for the benefit of Unitholders. The MNACT Manager will set the strategic direction of MNACT and give recommendations to the MNACT Trustee on the acquisition, divestment, development and/or enhancement of assets of MNACT in accordance with MNACT's key strategies as outlined below. The MNACT Manager is a wholly-owned subsidiary of Mapletree Investments Pte Ltd (**MIPL** or the **Sponsor**).

Mapletree North Asia Property Management Limited is the property manager of MNACT (the **MNACT Property Manager**). The MNACT Property Manager is responsible for providing property management, lease management, project management, marketing and property accounting services for the properties in MNACT's portfolio.

(See "*The Sponsor, the MNACT Trustee, the MNACT Manager and the MNACT Property Manager*" for further details.)

The following diagram sets out the structure of MNACT:



KEY OBJECTIVES

The MNACT Manager's key financial objectives are to provide Unitholders with an attractive rate of return on their investment through regular and stable distributions and to achieve long-term growth in DPU and NAV per Unit, while maintaining an appropriate capital structure for MNACT.

KEY STRATEGIES

The MNACT Manager plans to achieve its key objectives through the following strategies:

Active Asset Management Strategy

The MNACT Manager aims to achieve organic growth in revenue and Net Property Income through:

Achieving optimal tenant mix

The MNACT Manager will work with the MNACT Property Manager to actively manage tenancy mix and mall positioning by sourcing for new tenants from sectors which have been more resilient in terms of performance amid today's economic environment in MNACT's portfolio of properties. For example, the MNACT Manager will continue to enhance Festival Walk's retail proposition as a lifestyle hub through its ongoing repositioning of tenant mix, such as recruiting more brands in trades such as food & beverage (**F&B**), lifestyle and services sector and strengthening the mall's position as the preferred social gathering venue.

Capturing demand for office space

The MNACT Manager aims to focus on key demand drivers for office space such as the technology, media and telecommunications (**TMT**), financial services and bio-medical sectors in the various markets that MNACT's properties operate in.

The MNACT Manager also aims to capitalise on the increased demand for decentralised spaces and satellite offices which is expected to benefit MNACT's properties located in the fringe office areas or suburban office markets, such as Sandhill Plaza in Shanghai and the Japan Properties in Greater Tokyo.

Additionally, the MNACT Manager intends to benefit from favourable government policies such as the further opening up of financial markets, and the promotion of technology self-reliance and innovation-driven developments in China which are expected to spur the growth of industries such as TMT, semi-conductors, financial services and biomedical and life sciences, and which will in turn support the demand for office space in China. MNACT's property in South Korea, The Pinnacle Gangnam, is also expected to benefit from the continued growth of the information technology, gaming, biotech and pharmaceutical industries in South Korea which is also expected to increase demand for office space.

Adopting proactive leasing strategies

The MNACT Manager will work with the MNACT Property Manager to actively manage lease renewals and new leases to maintain high tenant retention levels and minimise vacancy periods, through:

- identifying and rationalising leases that are about to expire with passing rents which are below market levels;

- standardising the lease structure for base and turnover rents to facilitate lease management in the future;

- advancing renewal negotiations with tenants whose tenancies are approaching expiry;

- increasing the overall marketability and profile of MNACT's properties to increase the prospective tenant base;

- actively marketing current and impending vacancies to minimise vacant periods;

- actively monitoring rental arrears to minimise defaults by tenants and other aspects of tenant performance;

- incorporating contractual periodic rental step-up provisions or increasing leases with Turnover Rent in selected tenancy agreements to provide an additional source of organic growth;

- monitoring and assessing spaces which are sub-optimal or remain vacant for long periods and working with the MNACT Property Manager to conduct asset enhancement works (for example, sub-dividing larger units into smaller units) to suit prospective tenants' needs and thereby improving the marketability of such spaces;

- improving diversity of the tenant base so as not to overly expose revenue to more cyclical businesses in order to maintain stable cash flows; and

- adopting flexible leasing strategies to maintain occupancy levels amidst the restrictive COVID-19 measures and challenging business climate.

Introducing innovative retail and marketing concepts

In order to maintain the leadership position of MNACT's retail properties in the fast-changing retail landscape of jurisdictions where MNACT's retail properties are located, the MNACT Manager intends to continue with innovative marketing campaigns to increase and maintain high shopper traffic. Such marketing concepts include, but are not limited to:

- raising the profile and public awareness of MNACT's retail properties through various cultural events and festive promotions such as Chinese New Year, Valentine's Day and Christmas celebrations at the mall;

- introducing various loyalty programmes and creating a shoppers' database to stimulate spending and encourage repeat customers;

- providing alternative channels such as partnering with online platforms to support tenants to boost sales and shopper traffic;

- featuring shopping privileges such as exclusive discounts, gift redemptions and special deals for tourists and local shoppers;

- introducing first-of-its-kind concepts to inject freshness and improve the mall's appeal to shoppers;

- enhancing the car park redemption scheme which allows shoppers to convert their spending dollars into points to redeem parking fees;

- actively implementing thematic promotional activities to improve shopper traffic and shopper expenditure, including the organisation of events such as fashion shows, seasonal F&B promotions, musical performances and charity and community events throughout the year; and

- free promotions for tenants via its marketing channels (including via online platforms such as mobile applications, websites and social media) to stimulate sales.

Deepening engagement with tenants

The MNACT Manager aims to deepen engagement with tenants to effectively customise initiatives and programmes to enhance sales and sustain long-standing relationships. Such initiatives include:

- introducing digital applications to enhance shopper engagement;

- adopting online marketing channels to boost tenants' sales;

- facilitating food delivery of F&B tenants through partnership with external delivery service providers;

- enhancing tenants' experience by ensuring delivery of quality property and customer services;

- organising networking events and activities to promote a vibrant tenant community;

- conducting tenant satisfaction surveys;

- having close interactions with the tenants via various meeting platforms on issues relating to tenancy, COVID-19 and other needs;
- putting in place precautionary health and safety measures in response to COVID-19 and any social incidents; and
- providing financial reliefs to tenants in times of need.

Improving operational efficiency

The MNACT Manager will work closely with the MNACT Property Manager to reduce operating costs without compromising the quality of services. Some cost management initiatives include constant review of workflow process to boost productivity, lower operational cost and efforts to foster close partnership with service providers to control costs and potential escalation. By reducing operating expenses, the MNACT Manager aims to further increase Net Property Income.

Active Asset Enhancement Strategy

The MNACT Manager will seek property enhancement opportunities to support and enhance organic growth.

The MNACT Manager will improve competitiveness of the Properties by maintaining the quality of assets through regular preventive maintenance, optimising or increasing leasable area, offering improved amenities and facilities and incorporating energy-efficient and eco-friendly initiatives.

Upgrading works at Gateway Plaza

To further enhance the prime positioning of Gateway Plaza as a premier Grade A office building in Beijing, extensive asset enhancement works were carried out for the three-storey podium area from FY15/16 to FY16/17. The works included improving the accessibility at the podium through a pair of new see-through lifts that would bring users from the basement levels to all three levels of the podium and a newly installed staircase that allows ease of access from the first to the third levels of the podium. Approximately 800 sq m of underutilised space were also converted into F&B units. A new customer service reception counter to issue access cards to visitors to the office levels and security turnstiles were installed at the office lobby to further tighten the building's security.

In addition, asset enhancement works at the toilets and common corridors were carried out from FY18/19 to FY20/21 to further enhance the competitiveness of the office building and lower utility consumption. New fittings were added to the toilets while the common corridors were refreshed with a more contemporary finish.

Upgrading works at Sandhill Plaza

In 2020, one of the low-rise buildings at Sandhill Plaza underwent refurbishment works. The lift lobby was upgraded with new wall tiles and additional toilets were installed, complete with new sanitary ware and fittings. New energy-efficient LED lights were also installed at the toilets and lobby to lower energy consumption and utility costs at Sandhill Plaza.

Value-Creating Acquisition Growth

The MNACT Manager will seek to achieve inorganic growth through acquisitions by:

Investing in a diversified portfolio of income-producing commercial real assets in Greater China, Japan and South Korea

The MNACT Manager aims to accelerate the diversification of MNACT's portfolio and reduce the asset and income concentration from any single asset. In doing so, the addition of assets will contribute to the diversification of MNACT's portfolio across geographies, tenant mix and lease tenure, thus providing Unitholders with a more diversified and sustainable income stream.

In pursuing its acquisition strategy, the management of the MNACT Manager leverages on their extensive experience and strong track record in sourcing, acquiring and financing commercial, retail and/or office assets, as well as real estate-related assets. The management's industry knowledge, relationships and access to market information provide a competitive advantage with respect to identifying, evaluating and acquiring commercial (office and/or retail) and/or commercial-related or retail-related real estate assets in Greater China, Japan and South Korea.

Sourcing from the Sponsor's pipeline and/or third-party vendors

The MNACT Manager, a wholly-owned subsidiary of the Sponsor, will benefit from the Sponsor's experience and track record in pursuing opportunities to undertake acquisitions of assets that will provide attractive cash flows and yields relative to MNACT's weighted average cost of capital, and opportunities for future income and capital growth.

In addition, MNACT is expected to benefit from the Sponsor ROFR to MNACT which, subject to certain conditions, provides MNACT with access to potential future acquisitions and opportunities of income-producing properties located in the Greater China region, Japan and South Korea which are used primarily for commercial purposes (including real estate used predominantly for retail and/or office purposes), as well as real estate-related assets.

The Sponsor has established a Transaction Review Committee comprising three independent directors of the Sponsor to: (a) resolve any potential conflict of interest that may arise between MNACT and (i) any Future Greater China Commercial Private Fund (whose investment mandate includes commercial properties in Greater China) and (ii) any Future Japan Commercial Private Funds concerning the process to be undertaken to acquire investment properties in Greater China and Japan; and (b) grant approval for the acquisition of any seed asset for a Future Greater China Commercial Private Fund and Future Japan Commercial Private Funds. With regard to (a), the Transaction Review Committee process will not apply if the proposed acquisition is by way of a tender, auction or other form of competitive process.

Disciplined approach to Investment Criteria

In evaluating acquisition opportunities for MNACT, the MNACT Manager will focus primarily on the following investment criteria:

1. **Yield and DPU accretion** – The MNACT Manager will seek to explore and acquire high-quality assets that are yield accretive to achieve greater diversification for MNACT's portfolio.

2. **Asset Enhancement Potential** – The MNACT Manager will seek to acquire properties where there is potential to add value to the properties through selective capital expenditure and/or other asset enhancement initiatives.

3. **High-quality building and facilities specifications –** The MNACT Manager will endeavour to conduct thorough property due diligence and adhere strictly to the relevant quality specifications, with due consideration given to the size and age of the buildings, with respect to potential properties to be acquired by MNACT. It will also ensure that the acquisition properties are in compliance with legal and zoning regulations. The properties will be assessed by independent experts in relation to repairs, maintenance and capital expenditure requirements in the short to medium-term.

4. **Attractive tenant mix and occupancy level** – The MNACT Manager will seek to acquire properties with opportunities to improve occupancy and increase rental and tenant retention rates relative to competing properties in the respective micro-property markets. The properties should have a healthy occupancy with established tenants of good credit standing to minimise rental delinquency and turnover. A key consideration will be the impact of an acquisition on the entire portfolio's tenant, business sector and lease expiry profiles.

Active and Prudent Capital and Risk Management

The MNACT Manager aims to maintain a strong balance sheet and ensure sufficient liquidity for working capital and acquisition needs, as well as to implement sound risk management strategies, such as:

- actively monitoring, managing and balancing the cost of debt and debt maturity profile;

- diversifying sources of funding in debt and equity markets;

- proactively monitoring and undertaking hedging strategies to minimise interest rate and foreign currency risks; and

- regularly reviewing processes and controls, and monitoring key risks.

The MNACT Manager intends to achieve the above by:

- *Optimal capital structure strategy* – The MNACT Manager aims to optimise the capital structure and cost of capital, within the borrowing limits set out in the Property Fund Appendix. The MNACT Manager's strategy of the management of capital involves adopting and maintaining appropriate aggregate leverage levels, while maintaining flexibility in respect of future capital expenditures or acquisitions. The MNACT Manager will endeavour to employ an optimal capital structure, comprising an appropriate mix of debt and equity in financing the acquisition of properties and asset enhancement activities of its properties.

  The MNACT Manager will, in the event that MNACT incurs any future borrowings, periodically review MNACT's capital management policy with respect to its Aggregate Leverage and modify the policy as its management deems prudent in light of prevailing market conditions and relevant regulations, if any. If MNACT takes on debt, the MNACT Manager's strategy will generally be to employ long-term, fixed-rate debt to the extent practicable in view of market conditions in existence from time to time.

- *Proactive interest rate management strategy* – The MNACT Manager endeavours to utilise interest rate hedging strategies where appropriate. The MNACT Manager will adopt a proactive interest rate management policy to manage the risk associated with changes in interest rates on the loan facilities while also seeking to ensure that MNACT's on-going cost of debt capital remains competitive.

- *Currency risk management strategy* – The MNACT Manager endeavours to utilise currency risk management strategies where appropriate to minimise the impact of MNACT's distributable income due to foreign exchange volatility, including the use of foreign currency denominated borrowings to match the currency of the asset investment as a natural currency hedge.

- *Other financing strategy* – The MNACT Manager will, in the future, diversify its sources of funding and consider other opportunities such as raising additional equity capital for MNACT through the issue of new Units, for example to finance acquisitions of properties. The decision to raise additional equity will also take into account the stated strategy of maintaining an optimal capital structure.

OVERVIEW OF PROPERTIES

The portfolio of Properties held by MNACT as at the date of this Supplemental Offering Circular (the **Portfolio**) comprises twelve commercial properties in China, in Hong Kong SAR, Japan and South Korea, with a total lettable area of 5.5 million sq ft. The Portfolio consists of the following properties:

Hong Kong SAR

- **Festival Walk** (又一城) is a premier retail and lifestyle destination, comprising a seven-storey territorial retail mall with a four-storey office component on top of the mall, as well as three floors of underground car parks with a total GFA of approximately 1.2 million sq ft. Located in Kowloon Tong, its retail mall has 980,089 sq ft of GFA spread over a seven-storey shopping complex, a multi-screen cinema and an ice skating rink. Its four-storey office complex has a total GFA of 228,665 sq ft.

  As one of the largest malls in Hong Kong SAR, Festival Walk is positioned as a territorial mall that combines modern and chic style with affordability. Festival Walk has won numerous awards in operations and green initiatives including the "*Top 10 My Favourite Mall*" at the Apple Daily Best Mall Awards in 2019, the "*Mall's Cartoon Character Themed Events Award*" at the Sing Tao Parents' Choice-Brand Awards 2019, and a Final Platinum rating under Hong Kong Green Building Council's Building Environmental Assessment Method (BEAM) Plus – Existing Buildings V1.2 (valid from 2017 to 2022).

China

- **Gateway Plaza** (佳程广场) comprises a Grade A office complex and a retail component with a total GFA of 106,456 sq m. Gateway Plaza is located within the prime and established business district in Beijing known as the Lufthansa Area. The complex comprises two 25-storey office towers and a connected three-storey podium area as well as three underground car park levels. Easily accessible from the Beijing Capital International Airport and well-served by public transport, Gateway Plaza has positioned itself as an ideal business destination for well-established MNCs such as BMW and leading domestic enterprises like Bank of China.

- **Sandhill Plaza** is a Grade A business park development located in the mature area of Zhangjiang Science City (**Zhangjiang**) in Pudong, Shanghai, which is part of Shanghai's Free Trade Zone. It comprises one 20-storey tower, seven blocks of 3-storey buildings[1] and two basement levels of car park. It has a total GFA of approximately 83,801 sq m.

[1] There are eight blocks of low-rise (three-storey) buildings within the subject premises, of which one block is separately owned by a third party and does not form part of the acquisition.

Japan

- **IXINAL Monzen-nakacho Building** is a five-storey office building with 28 car park lots, located at 5-4 Fukuzumi 2-chome, Koto-ku, Tokyo, at the fringe of Tokyo's central business district with a GFA of 8,303 sq m;

- **Higashi-nihonbashi 1-chome Building** is an eight-storey office building with eight car park lots, located at 4-6 Higashi-nihonbashi 1-chome, Chuo-ku, Tokyo, one of the central five wards in Tokyo, with a GFA of 3,240 sq m;

- **TS Ikebukuro Building** is a nine-storey office building with 15 car park lots, located at 63-4, Higashi-Ikebukuro 2-chome, Toshima-ku, Tokyo, at the fringe of Tokyo's CBD, with a GFA of 4,898 sq m;

- **ABAS Shin-Yokohama Building** is a nine-storey office building with two basement levels and 24 car park lots located at 6-1, Shin-yokohama, 2-chome, Kohoku-ku, Yokohama City, Kanagawa, with a GFA of 4,638 sq m;

- **SII Makuhari Building** is a 26-storey office building with a basement level and 298 car park lots, located at 8, Nakase 1-chome, Mihama-ku, Chiba-city, Chiba, at the fringe of the Tokyo Metropolitan Prefecture, with a GFA of 70,744 sq m;

- **Fujitsu Makuhari Building** is a 21-storey office building with 251 car park lots, located in 9-3, Nakase 1-chome, Mihama-ku, Chiba-city, Chiba, at the fringe of the Tokyo Metropolitan Prefecture, with a GFA of 61,088 sq m;

- **mBAY POINT Makuhari** is a 26-storey office building with one basement level and 680 car park lots, located at 6, Nakase 1-chome, Mihama-ku, Chiba-shi, Chiba, Japan, at the fringe of the Tokyo Metropolitan Prefecture, with a GFA of 170,499 sq m; and

- **Omori Prime Building** is a 13-storey office building with one basement level and 37 car park lots, located at 21-12, Minami-oi 6-chome, Shinagawa-ku, Tokyo, Japan, at the fringe of the central five wards in Tokyo, with a GFA of 10,442 sq m.

South Korea

- **The Pinnacle Gangnam**[1] is a freehold 20-storey Grade A office building with six basement levels and 181 parking lots located in 119, Nonhyeon-dong, Gangnam-gu in Seoul. It has a GFA of 44,444 sq m.

COMPETITIVE STRENGTHS

The MNACT Manager believes that the Properties enjoy the following competitive strengths:

1. *Excellent Accessibility*

The Properties enjoy excellent connectivity via convenient access to major roads, expressways and subway lines.

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[1] MNACT holds a 50.0% interest in the property, while MIPL holds a 49.95% interest, with the remaining 0.05% interest held by an unrelated third-party investor.

Hong Kong SAR

Festival Walk

Festival Walk is directly linked to the Kowloon Tong station, the interchange for the MTR's local underground Kwun Tong Line, which links through to the southern suburbs of Kowloon (via Mong Kok) and Hong Kong SAR's eastern suburbs beyond the old Kai Tak airport site, and the overland East Rail Line, which connects to Shenzhen Metro Line of China in the north and Tsim Sha Tsui in the south. Visitors arriving via the MTR Kwun Tong Line or East Rail Line can access the mall via direct air-conditioned and covered pedestrian walkways. With its direct connection to the MTR, Festival Walk is easily accessible from the north-eastern part of the New Territories, the whole of Kowloon Peninsula, Hong Kong Island and across the border from the Shenzhen area of China. Visitors can also travel to Festival Walk via buses which are available at the terminus on the ground floor of Festival Walk and Kowloon Tong MTR station.

In addition, as Kowloon Tong station is one of the major interchanges for trains to China, Festival Walk is one of the most accessible retail malls for Chinese tourists travelling by train and other day travellers between Hong Kong SAR and China. The direct rail connectivity to the Shenzhen border will support on-going growth in the number of shoppers coming from China.

Festival Walk also offers excellent direct access via private transport, providing 830 car parking spaces that are open 24 hours a day, seven days a week.

China

Gateway Plaza

Gateway Plaza is located at the junction of the East Third Ring Road and the Airport Expressway in the Lufthansa Area, which includes the Third Embassy Area, a major commercial hub in the downtown area of Beijing, easily accessible by public transportation. It is located approximately 0.7 km away from the Sanyuanqiao Metro station (which is the interchange station of Metro Line 10 and Airport Express), approximately 8 km away from the CBD in Beijing and approximately 20 km away from the Beijing Capital International Airport. Gateway Plaza also enjoys convenient transportation to Jianguomen Commercial District and Zhongguancun.

Sandhill Plaza

Located adjacent to the Middle Ring Expressway, Sandhill Plaza is within a 30-minute drive to Pudong International Airport, Lujiazui and People's Square in Puxi, as well as within a 5-minute walk to Metro Line 2 Guanglan Road Station.

Japan

Japan Properties

Situated close to busy train stations, public transportation nodes and major arterial roads, the Japan Properties also provide good connectivity for tenants.

IXINAL Monzen-nakacho Building is located within an eight-minute walk from the Monzen-nakacho subway station, which is connected to the heart of the Tokyo central business district (**CBD**) via a 12-minute train ride. Higashi-nihonbashi 1-chome Building is located within a three-minute walk from the Higashi-nihonbashi subway station, which is five minutes by train from the heart of the Tokyo CBD. TS Ikebukuro Building located within nine minutes by foot from the Ikebukuro subway station, a major train terminal and is a 16-minute train ride from Tokyo train station, the heart of the Tokyo CBD. ABAS Shin-Yokohama Building is located within six minutes by foot to the Shin-Yokohama subway station, which is served by three railway lines (including the Shinkansen) and is 18 minutes by Shinkansen and 40 minutes by train from the heart of the Tokyo CBD. SII Makuhari Building is located within 11 minutes by foot from the Kaihin-makuhari subway station and is less than a 30-minute train ride from the heart of the Tokyo CBD. It is also within close proximity of about 30 minutes by car to Narita International Airport. Fujitsu Makuhari Building is located within eight minutes by foot from the Kaihin-makuhari station, which is less than 30 minutes by train from Tokyo Station, the heart of the Tokyo CBD. It is also within close proximity of 30 minutes by car to Narita International Airport.

mBAY POINT Makuhari is located within an eight-minute walk from the Kaihin Makuhari JR train station, which is a 30-minute train ride from Tokyo Station, the heart of Tokyo's CBD. Currently, a new train station has been planned in the north-western part of the area near the AEON shopping mall. Alongside the improvement of the bay side area by the government, these projects would bring more visitors, residents and improve the dynamics of the area. In addition, a through service from JR Keiyo line to Rinkai line is currently under study, which if implemented, will connect Makuhari to Odaiba, Shibuya, Shinjuku and Haneda Airport.

Omori Prime Building is located within a four-minute walk from the JR Omori train station, which is a 19-minute train ride from Tokyo Station, the heart of Tokyo's CBD. In addition, the Shinagawa Station (two stops from Omori Station and currently the nearest Shinkansen "bullet train" stop from Omori Prime Building) is developing into a new gateway of Japan with a steady stream of new infrastructure projects (such as maglev trains) and ongoing renewal projects. The Omori area is expected to benefit from this development in the mid to long term.

South Korea

The Pinnacle Gangnam

The Pinnacle Gangnam is well-served by various rail, subway and bus networks, including direct connections across the Seoul metropolitan area and regionally via high speed KTX train services.

The Pinnacle Gangnam has direct subway access to the Gangnam-gu Office station (with two train lines, Line 7 and the Bundang Line) via the ground as well as basement levels, providing seamless and sheltered commuting for tenants and visitors to other parts of Seoul. The upcoming Gangnam Intermodal Transit Centre, to be completed in 2023, is located three subway stops away and is expected to bring even greater connectivity to the area.

2. *Strategic Location and Large Trade Area*

The attractive locations of the Properties allow them to tap on large trade areas and benefit from future increases in office and retail activity.

Hong Kong SAR

Festival Walk

Surrounded by middle to high-income catchment area with upcoming new upscale residential developments to drive growth

Festival Walk is located in the heart of Kowloon Tong, a traditional upscale residential area with a number of low-rise residential developments. Kowloon Tong is considered an upscale residential area and is typically popular with middle to high-income Hong Kong families.

In addition, new private residential developments in the primary trade area have drawn more shoppers to Festival Walk. The primary trade area has been enhanced by the development of upscale apartments and townhouses in the vicinity. This has provided a steady stream of local middle to high-income families to the area which are expected to be regular shoppers at the mall.

Proximity to various institutes of higher education

Kowloon Tong is an important educational and research district with various institutions including the City University of Hong Kong, Hong Kong Baptist University, Hong Kong Institute of Vocational Education and several English language schools in close proximity to Festival Walk. The proximity of Festival Walk to educational institutions allows it to capture the large student population in the vicinity and contributes to its shopper traffic. For example, the City University of Hong Kong has a direct tunnel link to Festival Walk which allows students to access Kowloon Tong MTR station via Festival Walk.

Good connectivity

Festival Walk is easily accessible from the north and south via the MTR East Rail Line and from the west via the Kwun Tung Line. Situated next to the East Rail Kowloon Tong MTR Station, one of the major interchanges for trains to China, Festival Walk is also able to capture increasing demand from Chinese tourists. In addition, it is expected that Festival Walk will continue to benefit from the trend of companies decentralising their office locations for lower operating costs.

China

Gateway Plaza

Strategically located in the Prime Lufthansa Area

Gateway Plaza is located in the prime Lufthansa Area, which is one of the most established and mature office submarkets located in the northeast of Beijing, and is highly sought after by domestic and multinational companies. The Lufthansa Area, which includes the Third Embassy Area (where several embassies including the US Embassy is located), is one of Beijing's premier commercial areas largely due to the convenient access to the CBD, Beijing Capital International Airport, and Haidian District.

Gateway Plaza's status as one of the top Grade A office buildings in the Lufthansa Area gives it an advantage over other buildings within its proximity.

Sandhill Plaza

Strategically located in the Free Trade Zone and Mature area of Zhangjiang

A Grade A business park office, Sandhill Plaza is situated within Zhangjiang, the largest and most established business park in Shanghai designated as one of China's free trade zones in March 2015. As a premier business park location, Zhangjiang enjoys increasing demand from the growing high-tech and IT clusters, as well as companies in manufacturing, trading, R&D and regional headquarters seeking well-connected decentralised locations. Combining an easily accessible location with a wide range of amenities, as well as a modern interior, Sandhill Plaza is a choice location for leading foreign and local corporations.

Japan

Japan Properties

Strategically located in major office hubs in the Greater Tokyo Area

The Japan Properties are strategically located in major office hubs in the Greater Tokyo area. The Greater Tokyo area is a key economic engine for Japan and one of the world's largest metropolitan area economies. It encompasses the 23 wards of Tokyo, as well as established office areas within Kanagawa, Chiba and Saitama Prefectures.

Well-established office hubs with attractive micro-location characteristics

Tokyo

The Higashi-nihonbashi 1-chome Building, IXINAL Monzen-nakacho Building and TS Ikebukuro Building properties attract tenants who require close proximity to Tokyo's Central 5 Wards (also known as the Tokyo core CBD area) but pay only a fraction of the Tokyo core CBD's rental cost.

Omori, where Omori Prime Building is located, traditionally houses large manufacturing enterprises such as Hitachi and Isuzu Motors due to its proximity to factories and warehouses in the Kawasaki area and Tokyo Bay area via the National Route 15 and Metropolitan Expressway. Omori also provides a great work and live environment in a residential and commercial neighbourhood. The area around Omori Prime Building features many restaurants, supermarkets, pharmacy stores and other facilities such as post offices.

Yokohoma

The area is very popular with companies that require fast access to other locations given its proximity to the Shin-Yokohama train station. Tenants who locate at ABAS Shin-Yokohama Building are able to commute conveniently via the subway and Shinkansen train stations to their other branches in Tokyo and other parts of Japan.

Chiba

Chiba City is included as part of the National Strategic Special Zone (Tokyo Area) by the Government of Japan. The National Strategic Special Zones were designated to encourage international competitiveness and promote the creation of international economic centres. Companies and industries located in these zones can qualify for benefits from relevant government policies and investments which aim to accelerate economic growth. The Makuhari area, where mBAY POINT Makuhari, SII Makuhari Building and Fujitsu Makuhari Building are located, is an integrated business hub which offers tenants a cost-effective option due to the availability of good office specifications and large floor plates at competitive rental rates.

Amenities located within walking distance from mBAY POINT Makuhari include AEON Mall, Costco and Mitsui Outlet Park. Meeting and convention venues are well-provided with Makuhari Messe and the hotel clusters nearby. Concerts at Makuhari Messe and baseball games at ZOZO Marine Stadium are also popular after work entertainment for workers and residents in Makuhari. Several universities and high schools can be found north of the Makuhari Bay Area.

South Korea

The Pinnacle Gangnam

Well connected to other business districts and high-end retail districts

The Pinnacle Gangnam is located in Seoul's Gangnam business district, known to be the preferred location for IT, technology, media, and fashion corporates. Within close proximity to a diverse range of amenities and five-star hotels, the Pinnacle Gangnam is situated within 10 minutes' drive to Gangnam's high-end retail district (Cheongdam) and the core GBD office cluster along Teheran Road. In addition, The Pinnacle Gangnam has two basement levels of retail amenities. Recently upgraded in 2018, the retail floors provide office tenants direct access to a wide range of food and lifestyle options.

3. ***Diverse and Quality Tenant Base***

Overall, the Portfolio has a large tenant base of 465 tenants as at 31 March 2021, covering a wide variety of trade sectors in both the retail and office space and reducing concentration risk of any particular sector. MNACT's top 10 tenants in terms of Gross Rental Income contributed 35.7% of Gross Rental Income for the month of March 2021. No trade sector or single tenant accounted for more than 14.8% and 8.2% of Gross Rental Income respectively over the same period.

Hong Kong SAR

Festival Walk

Festival Walk's high quality retail tenants include major international brands. The five largest tenants by Gross Rental Income are TaSTe, ARUP, Festival Grand, Apple, and Marks & Spencer. Festival Walk has successfully attracted top international brands such as Apple, which set up its first shop in Kowloon in Festival Walk. Some of the well-known brands operating at Festival Walk include Apple, Marks & Spencer, MUJI, H&M, TaSTe supermarket, Toy "R" Us and UNIQLO. There are also more than 40 F&B outlets at the mall. For the office component, the tenants include Arup, City University of Hong Kong, Citibank, HSBC and Apple.

Festival Walk's largest trade sector is the Apparel & Fashion Accessories sector, which contributed 24.2% of its Gross Rental Income for the month of March 2021. There were a total of 188 tenants in Festival Walk as at 31 March 2021.

Festival Walk complements its retail offerings with several quality lifestyle options, including Festival Grand multiplex cinema and an ice rink, which draw significant foot traffic to the mall.

China

Gateway Plaza

Gateway Plaza has high quality office tenants, including a number of major MNCs and domestic enterprises. The top five largest tenants comprise companies in different market segments and include BMW, China Fortune Land Development, Bank of China, Doosan and Nanyang Commercial Bank.

Gateway Plaza has a diverse tenant base, with tenants operating in a wide variety of business sectors. There were a total of 97 tenants at Gateway Plaza as at 31 March 2021. For the month of March 2021, the largest trade sector is the Automobile sector, which contributed 41.5% of Gross Rental Income.

Sandhill Plaza

A majority of the tenants of Sandhill Plaza comes from the high-tech, industrial, IT, manufacturing and R&D. The top five largest tenants include Spreadtrum, Hanwuji, Borouge, Analog Devices and Corteva.

Sandhill Plaza has a diverse tenant base, with tenants engaging in a wide variety of business sectors. There were a total of 51 tenants at Sandhill Plaza as at 31 March 2021. For the month of March 2021, the largest trade sector is the Machinery/Equipment/Manufacturing sector, which contributed 60.5% of Gross Rental Income.

Japan

Japan Properties

The Japan Properties possess high quality office tenants. The top five largest tenants include Seiko Instruments Inc. (SII Makuhari Building), NTT Urban Development (mBAY POINT Makuhari), Fujitsu (Fujitsu Makuhari Building), PERSOL (TS Ikeburo Building) and Dai Nippon Printing (mBAY POINT Makuhari).

The Japan Properties are home to a diverse trade mix, which includes high growth sectors such as medical and healthcare, finance and insurance, information and communications, and services. There were a total of 95 tenants for the Japan Properties as at 31 March 2021. For the month of March 2021, the largest trade sector is the Machinery/Equipment/Manufacturing sector, which contributed 45.2% of Gross Rental Income.

South Korea

The Pinnacle Gangnam

The Pinnacle Gangnam is multi-tenanted and is leased to established national and international tenants, mainly from the IT, manufacturing, apparel and services sectors. The key tenants are Qualcomm, HUVIS, JustCo, Ralph Lauren and Echo Marketing. There were a total of 34 tenants at The Pinnacle Gangnam as at 31 March 2021. For the month of March 2021, the largest trade sector is the Information Technology sector, which contributed 28.5% of Gross Rental Income.

4. ***Scarcity of comparable assets***

The limited supply of high quality properties of similar scale and quality as Festival Walk in Hong Kong SAR and Gateway Plaza in Beijing also adds to the demand for space from both existing and prospective tenants for both properties.

Hong Kong SAR

Festival Walk

Given land use zoning restrictions, there is a high barrier to entry to replicate a retail mall of similar scale within close proximity of Festival Walk. Festival Walk's unique combination of being a large territorial mall with a sizeable trade catchment area, its strategic location with excellent connectivity and high quality tenant mix makes it one of the most popular retail destinations in Hong Kong SAR.

China

Gateway Plaza

There is a lack of comparable Grade A office space in the Lufthansa Area as most of the other existing comparable office buildings in the Lufthansa Area are typically strata-titled properties unlike Gateway Plaza, which is wholly-owned and is able to undertake better property management and attract better quality tenants.

5. ***Strong commitment from the Sponsor***

The Sponsor held approximately 37.4% of the Units in MNACT as at 31 March 2021. The Sponsor is a leading real estate development, investment, capital and property management company headquartered in Singapore. The Sponsor focuses on delivering value to its stakeholders through its business model that maximises capital efficiency. In executing a business strategy that combines the roles of real estate development, investment, capital and property management, the Sponsor has generated consistently good returns to its stakeholders, and established a track record for building award-winning development projects across various real estate classes.

As at 31 March 2020, the Sponsor owned and managed S$60.5 billion of office, retail, logistics, industrial, data centre, residential and lodging properties. It manages four Singapore-listed REITs and six private equity real estate funds, which hold a diverse portfolio of assets in Asia Pacific, Europe, the UK and the U.S.. The Mapletree Group also has an extensive network of offices in Singapore, Australia, China, Hong Kong SAR, India, Japan, Malaysia, Poland, South Korea, the Netherlands, the UK, the U.S. and Vietnam.

The Sponsor's portfolio includes award-winning properties in Singapore such as VivoCity, Mapletree Business City and STT Tai Seng 1, as well as mixed-use developments in the region such as Nanhai Business City in China.

RECENT DEVELOPMENTS

The COVID-19 pandemic has had varying adverse effects on the business and operations of the properties of MNACT depending on where they are situated.

For Festival Walk mall, amid the challenging retail environment, the MNACT Manager focused on active leasing strategies to recruit and retain tenants and achieved a high occupancy rate of 99.9%. Average renewed and re-let rental rates were however lower, resulting in an average rental reversion[1] of negative 21%[2] for retail leases which expired in FY20/21. Shopper traffic for FY20/21 decreased due to the social distancing measures and dine-in bans imposed by the authorities to contain the spread of COVID-19. This, together with lower spending by the locals during the year, had affected tenants' sales compared to the same period for the previous financial year. To support tenants, rental reliefs were granted mainly for Festival Walk retail tenants.

At Gateway Plaza, the MNACT Manager remain focused on stabilising occupancy levels to minimise downtime and the occupancy rate improved from 91.5% as at 31 March 2020 to 92.9% as at 31 March 2021. However, in view of the soft market demand and significant supply influx, leases that expired in FY20/21 were negotiated at competitive rents and resulted in an average rental reversion of negative 7%.

Tenants from growth sectors such as the telecommunications, media and information technology sectors in Shanghai were less affected by COVID-19 and continued to grow their presence in the business parks. Accordingly, Sandhill Plaza, a decentralised business park property offering high-quality specifications, maintained a high occupancy rate of 97.9% as at end March 2021 and an average rental reversion of 5% for FY20/21.

In Tokyo, as cost efficiency was a high priority for firms due to economic uncertainties, the Japan Properties, which are located in the fringe areas and suburban office hubs where rentals are more affordable, continued to attract companies that are looking to cut costs. The occupancy of the Japan Properties was 97.8% as at 31 March 2021, with an average rental reversion of 2% achieved for leases that expired in FY20/21.

Additionally, the MNACT Manager continued in its diversification strategy. In October 2020, the MNACT Manager co-invested with the Sponsor in a Grade A freehold office building, The Pinnacle Gangnam, located in Seoul, South Korea, at a total acquisition cost of S$276.4 million (based on MNACT's 50% interest).

The MNACT Manager is keenly aware of the need for liquidity and balance sheet resilience in times of market uncertainty, and had exercised prudent capital management in ensuring adequate cash and bank balances as well as banking facilities at MNACT. As at 31 March 2021, MNACT's cash and bank balance stood at S$252.2 million, which were further backed by S$513.8 million of committed and uncommitted undrawn bank facilities. These provided sufficient liquidity to satisfy working capital and operating requirements, meet maturing debt obligations and provide adequate debt headroom for financial flexibility. MNACT's aggregate leverage ratio of 41.5%, which is within the regulatory limit of 50.0% set by the Monetary Authority of Singapore, also provides debt headroom of approximately S$520 million before reaching an aggregate leverage ratio of 45.0%.

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1 Average rental reversion is calculated based on the change in the effective rental rates of the new leases compared to the previous leases. It takes into account rent-free periods and step-up rental rates over the lease term (if any). It excludes rental rates for short-term leases that are less than or equal to 12 months where the rental rates are not reflective of prevailing market rents that are on a normal lease tenure basis.

2 In view of the COVID-19 situation, there has been a slight increase in the number of short-term renewals with rental rates that trend lower. Taking into account these leases, the average rental reversion for Festival Walk for retail leases that were renewed or re-let in FY20/21 would have been -27%.

The effective interest rate for FY20/21 was lower at 1.99% per annum, as compared to 2.43% per annum for FY19/20. The interest cover ratio[1], on a trailing 12-month basis, improved from 3.5 times as at 31 March 2020 to 3.7 times as at 31 March 2021.

To enhance the stability of MNACT's distributions, approximately 73% of MNACT's interest cost has been hedged into fixed rates, and about 90% of the expected distributable income for the period from 1 April 2021 to 30 September 2021 has been hedged into SGD as at 31 March 2021.

Please refer to the announcement on SGXNet dated 22 April 2021 and "*Risk Factors – Risks relating to MNACT's operations – The outbreak of an infectious disease (such as the on-going COVID-19 pandemic) or any other serious public health concerns in Asia or elsewhere could adversely impact the business, financial condition and results of operations of MNACT*" for further details on the impact of COVID-19.

Acquisition of an office property in Greater Tokyo[2]

On 28 May 2021, the MNACT Manager announced that a conditional sale and purchase agreement has been entered into by DBS Trustee Limited, as trustee of MNACT (the **Trustee**), for MNACT to acquire an effective interest of 98.47% in a freehold single-tenanted office building located at 2-1, Ojima 2-chome, Koto-ku, Tokyo, Japan, known as "Hewlett-Packard Japan Headquarters" (the **Acquisition**) from Hulic Co., Ltd, an unrelated third party vendor, subject to various conditions precedent being met, at an agreed property value of JPY38.8 billion (S$474.7 million) (**Agreed Property Value**).

Completed in 2011, Hewlett-Packard Japan Headquarters (**HPJ HQ**) is a nine-storey office building with 88 car park lots. It is within an eight minutes' walk from the nearest train station, which provides connection to central Tokyo as well as Narita and Haneda Airports. The Property has a gross floor area (**GFA**) of 42,496 sq m. It is entirely leased to a single-tenant, Hewlett-Packard Japan, Ltd., with a balance lease term of 8.8 years as at 31 March 2021.

The Acquisition is in line with the Manager's strategy to diversify income stream and enhance resilience of MNACT's portfolio. The MNACT Manager believes that the Acquisition will bring the following benefits:

- deepens footprint in the resilient Japan market, one of the largest and most established property markets in Asia Pacific;
- strategically adds a high quality asset in an established office hub with resilient micro-location characteristics;
- adds a reputable tenant with a long lease, which will provide a stable income stream;
- provides an attractive value proposition with Agreed Property Value representing a discount of approximately 4.4% to the independent valuation;
- provides an attractive NPI yield spread against the Japan 10-year government bond yield;
- expected to be DPU-accretive; and

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1 The interest cover ratios as at 31 March 2021 and 31 March 2020 do not take into account the interim insurance proceeds.

2 This section shall be read in conjunction with MNACT's SGX-ST Announcement dated 28 May 2021 titled "Acquisition of An Office Property in Greater Tokyo". Capitalised terms used herein, but not otherwise defined, shall have the meanings ascribed to them in the SGX-ST announcement. For illustrative purposes, certain Japanese Yen amounts have been translated into Singapore dollars based on the exchange rate on 24 May 2021 of JPY81.73 = S$1.00 and rounded off to one decimal place (unless otherwise stated).

- provides a positive impact on the enlarged portfolio (comprising the 12 properties held by MNACT as at 31 March 2021 (the **Existing Portfolio**) and HPJ HQ) (the **Enlarged Portfolio**), enhancing the income diversification of the portfolio and resilience of MNACT.

Enlarged Portfolio

The table below sets out selected information on the Enlarged Portfolio as at 31 March 2021, as if the Acquisition was completed on 1 April 2020, and MNACT had held and operated HPJ HQ through to 31 March 2021.

	Existing Portfolio	HPJ HQ	Enlarged Portfolio
GFA (sq m)	680,850	42,496	723,346
Property Value (S$ million)	7,946[(a)]	475[(b)]	8,421
WALE[(c)]	2.3 years	8.8 years	2.6 years
Occupancy[(d)]	97.0%	100.0%	97.2%

Notes:

(a) Includes MNACT's 50.0% effective interest in The Pinnacle Gangnam.

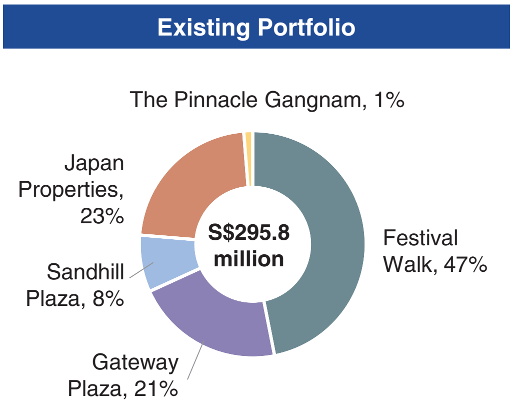
(b) Based on the Agreed Property Value.

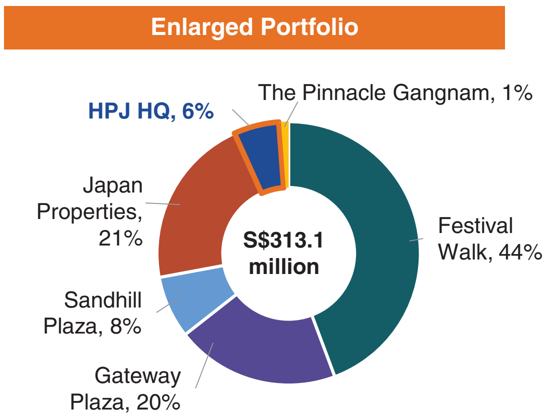
(c) By monthly gross rental income.

(d) Based on net lettable area and committed leases.

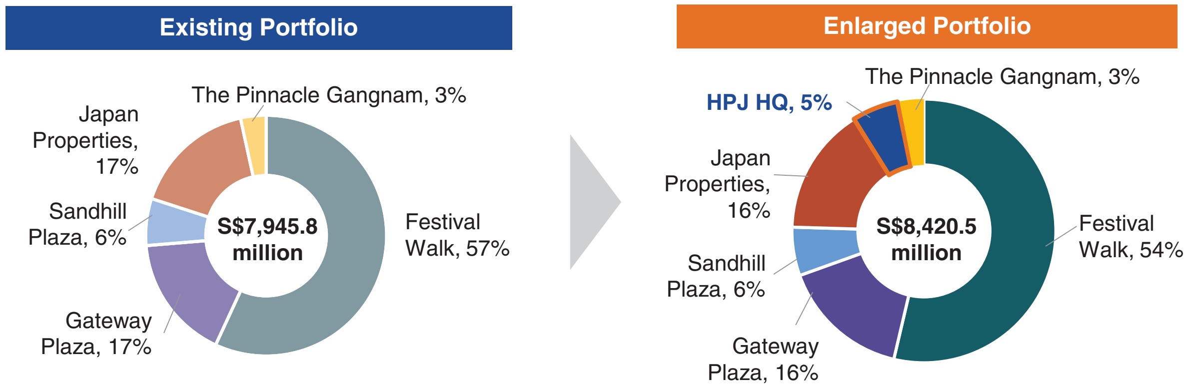
The diagrams below set out (i) the net property income (**NPI**) by asset for FY20/21 of the Existing Portfolio compared to the Enlarged Portfolio; and (ii) the property value by asset as at 31 March 2021 of the Existing Portfolio compared to the Enlarged Portfolio, on a pro-forma basis, as if the Acquisition was completed on 1 April 2020, and MNACT had held and operated HPJ HQ through to 31 March 2021.

(i) NPI by Asset[(1)] for FY20/21





(ii) Property Value by Asset[(2)] as at 31 March 2021



Notes:

(1) Based on MNACT's FY20/21 NPI of S$295.8 million (on a pro-forma basis) and the unaudited NPI of HPJ HQ for the full year ended 31 March 2021. On a pro-forma basis, FY20/21 NPI of S$295.8 million includes MNACT's 50.0% share of the NPI from The Pinnacle Gangnam ("TPG") from 30 October 2020. MNACT's FY20/21 NPI of S$292.0 million (as reported in MNACT's FY20/21 financial statements) does not include the contribution from TPG as contribution from TPG is reflected as MNACT's share of profit of a joint venture based on its 50.0% effective interest.

(2) Based on MNACT's assets under management (which includes MNACT's 50.0% interest in The Pinnacle Gangnam) as at 31 March 2021 and the Agreed Property Value of HPJ HQ.

CERTAIN INFORMATION ON THE PROPERTIES

1. Key Information on the Properties

The table below sets out certain information on the Properties as at 31 March 2021.

CHINA

		Gateway Plaza	Sandhill Plaza
Usage		Office	Business Park
GFA (sq m)	**Overall**	106,456	83,801
	Office component	89%	N.A
	Others	11% (Podium)	
Lettable Area (sq m)	**Overall**	106,456	63,284
	Office component	89.0%	97.0%
	Others	11.0% (Podium)	3.0% (Amenities)
Committed Occupancy as at 31 March 2021		92.9%	97.9%
Number of Tenants as at 31 March 2021		97	51
Car Park Lots		692	460
Gross Revenue: FY20/21 (S$ million)		79.1	25.8
Independent appraisal (S$ million) as at 31 March 2021[1]		Cushman and Wakefield: 1,334	Cushman and Wakefield: 501

[1] Based on valuations performed by an independent valuer as at 31 March 2021, and exchange rates of S$1 = RMB4.8410.

	Gateway Plaza	Sandhill Plaza
Independent appraisal (local currency million) as at 31 March 2021	Cushman and Wakefield: RMB6,460	Cushman and Wakefield: RMB2,424
Purchase Consideration (S$ million)	1,013[1]	407[2]
Purchase Consideration (local currency million)	RMB5,150	RMB1,862
Government Lease Term/Land Use Right Expiry	25 February 2053	3 February 2060
Completion Date	August 2005	December 2012
WALE by Gross Rental Income (years)	2.2	2.0

HONG KONG SAR

		Festival Walk
Usage		Office and retail
GFA (sq m)	**Overall**	112,297
	Office component	19%
	Retail component	81%
Lettable Area (sq m)	**Overall**	74,171
	Office component	27%
	Retail component	73%
Committed Occupancy as at 31 March 2021		99.9%
Number of Tenants as at 31 March 2021		188
Car Park Lots		830
Gross Revenue: FY20/21 (S$ million)		185.2
Independent appraisal (S$ million) as at 31 March 2021[3]		Cushman and Wakefield: 4,520
Independent appraisal (local currency million) as at 31 March 2021		Cushman and Wakefield: HK$26,170
Purchase Consideration (S$ million)		3,296[4]
Purchase Consideration (local currency million)		HK$20,700
Government Lease Term/Land Use Right Expiry		30 June 2047
Completion Date		November 1998
WALE by Gross Rental Income (years)		2.0

1 Based on exchange rate of S$1 = RMB5.084.

2 Based on exchange rate of S$1 = RMB4.5749.

3 Based on valuation performed by an independent valuer as at 31 March 2021, and exchange rate of S$1 = HK$5.7897.

4 Based on exchange rate of S$1 = HK$6.2803.

JAPAN

	IXINAL Monozen-nakacho Building	Higashi-nihonbashi 1-chome Building	TS Ikebukuro Building	ABAS Shin-Yokohama Building	SII Makuhari Building	Fujitsu Makuhari Building	Omori Prime Building	mBAY POINT Makuhari
Usage	Office	Office	Office	Office	Office	Office	Office	Office
GFA (sq m)	8,303	3,240	4,898	4,638	70,744	61,088	10,442	170,499
Lettable Area (sq m)	6,852	2,601	4,002	3,170	70,744	61,088	6,798	84,785
Committed Occupancy as at 31 March 2021	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	93.9%
Number of Tenants as at 31 March 2021	95							
Car Park Spaces	28	8	15	24	298	251	37	680
Gross Revenue: FY20/21 (S$ million)	5.4	1.7	3.7	2.3	23.4	14.9	5.3	44.7
Independent appraisal (S$ million) as at 31 March 2021[1]	101	29	66	35	350	239	88	411
Independent appraisal (local currency million) as at 31 March 2021	CBRE: JPY8,180	CBRE: JPY2,380	CBRE: JPY5,330	CBRE: JPY2,820	CBRE: JPY28,300	CBRE: JPY19,300	CBRE: JPY7,140	CBRE: JPY33,300
Purchase Consideration (S$ million)	105[2]	24[3]	64[4]	33[5]	321[6]	224[7]	84[8]	398[9]
Purchase Consideration (local currency million)	JPY8,639	JPY1,995	JPY5,220	JPY2,695	JPY26,344	JPY18,411	JPY6,610	JPY31,500
Government Lease Term/ Land Use Right Expiry	Freehold	Freehold	Freehold	Freehold	Freehold	Freehold	Freehold	Freehold
Completion Date	September 2009	August 2009	January 2005	August 2009	May 1993	June 1992	March 2002	June 1993
WALE by Gross Rental Income (years)	3.0							

1 Based on valuation performed by an independent valuer as at 31 March 2021, and exchange rate of S$1 = JPY 80.9448.

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

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

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

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

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

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

8 Based on exchange rate of S$1 = JPY78.9702.

9 Based on exchange rate of S$1 = JPY78.9702.

SOUTH KOREA

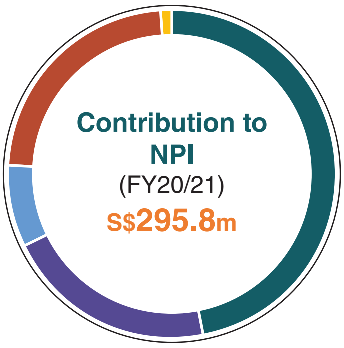
	The Pinnacle Gangnam
Usage	Office
GFA (sq m)	44,444
Lettable Area (sq m)	24,650
Committed Occupancy as at 31 March 2021	96.5%
Number of Tenants as at 31 March 2021	34
Car Park Spaces	181
Gross Revenue: FY20/21 (S$ million)	4.8
Independent appraisal (S$ million) as at 31 December 2021[1]	Colliers International (Hong Kong) Limited, Colliers International (Korea) Limited, Daeil Appraisal Board: 272 (based on 50.0% interest)
Independent appraisal (local currency million) as at 31 March 2021	Colliers International (Hong Kong) Limited, Colliers International (Korea) Limited, Daeil Appraisal Board: KRW 229,525 (based on 50.0% interest)
Purchase Consideration (S$ million)	273[2] (based on 50.0% interest)
Purchase Consideration (local currency million)	KRW226,000 (based on 50.0% interest)
Government Lease Term/Land Use Right Expiry	Freehold
Completion Date	September 2011
WALE by Gross Rental Income (years)	2.8

1 Based on valuations performed by independent valuers as at 31 March 2021, and exchange rates of S$1 = KRW844.6659.

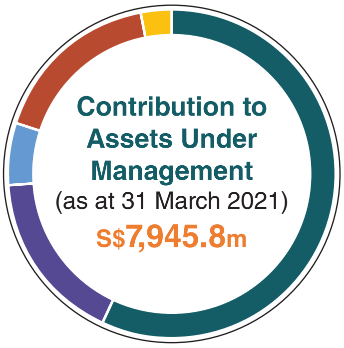
2 Based on exchange rate of S$1 = KRW828.01.

Property Sector Analysis

The charts below provide a breakdown by Net Property Income[1] and assets under management[2] of the Portfolio by property for the month of March 2021 and as at 31 March 2021, respectively.



Festival Walk	47%
Gateway Plaza	21%
Sandhill Plaza	8%
Japan Properties	23%
The Pinnacle Gangnam	1%

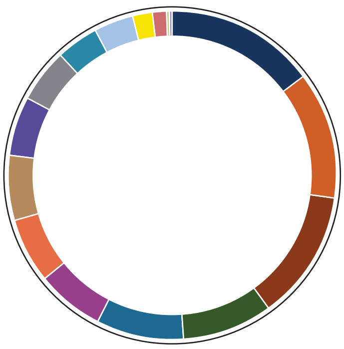


Festival Walk	57%
Gateway Plaza	17%
Sandhill Plaza	6%
Japan Properties	17%
The Pinnacle Gangnam	3%

Trade Sector Analysis

Portfolio

The chart below provides a breakdown by Gross Rental Income of the different trade sub-sectors represented in the Portfolio for the month of March 2021.



Machinery/Equipment/Manufacturing	14.8%
Financial Institution/Insurance/Banking/Real Estate	12.7%
Apparel & Fashion Accessories	12.6%
Food & Beverages	8.9%
Automobile	8.6%
Department Store & Supermarket	6.6%
Professional & Business Services	6.5%
Services	6.3%
Leisure & Entertainment	6.0%
Information Technology	5.1%
Personal Cosmetics	4.2%
Electronics, Houseware & Furnishing	3.9%
Luxury Jewellery, Watches & Accessories	2.0%
Pharmaceutical/Medical	1.4%
Natural Resources	0.2%
Others	0.2%

1 As contribution from The Pinnacle Gangnam is reflected as MNACT's share of profit of a joint venture based on its 50.0% effective interest, MNACT's FY20/21 Net Property Income of S$292.0 million does not include the contribution from The Pinnacle Gangnam. On a pro-forma basis, FY20/21 Net Property Income including MNACT's 50.0% share of the NPI from The Pinnacle Gangnam from 30 October 2020 would have been S$295.8 million.

2 Includes MNACT's 50.0% effective interest in The Pinnacle Gangnam.

Top 10 Tenants

<u>Portfolio</u>

Collectively, the top 10 tenants contributed 35.7% of the Portfolio's Gross Rental Income for the month of March 2021.

The table below sets out selected information on the top 10 tenants of the Properties (based on Gross Rental Income) for the month of March 2021.

Tenant (Trade Name)	Sector	Trade Sector	% of Gross Rental Income
BMW	Office	Automobile	8.2%
Seiko Instruments Inc.	Office	Machinery/Equipment/Manufacturing	5.3%
NTT Urban Development	Office	Financial Institution/Insurance/ Banking/Real Estate	4.9%
TaSTe	Retail	Departmental Store & Supermarket	3.7%
Fujitsu	Office	Machinery/Equipment/Manufacturing	3.3%
Arup	Office	Professional & Business Services	3.3%
Festival Grand	Retail	Leisure & Entertainment	1.9%
Apple	Retail & Office	Houseware, Electronics & Furnishings	1.9%
China Fortune Land Development	Office	Financial Institution/Insurance/ Banking/Real Estate	1.8%
Bank of China	Office	Financial Institution/Insurance/ Banking/Real Estate	1.4%
Top 10 Tenants			35.7%
Other Tenants			64.3%
Total			100.0%

The Portfolio benefits from the diversity and quality of the Properties' tenant base, as the key tenants highlighted are established PRC enterprises or large MNCs.

Lease Expiry Profile

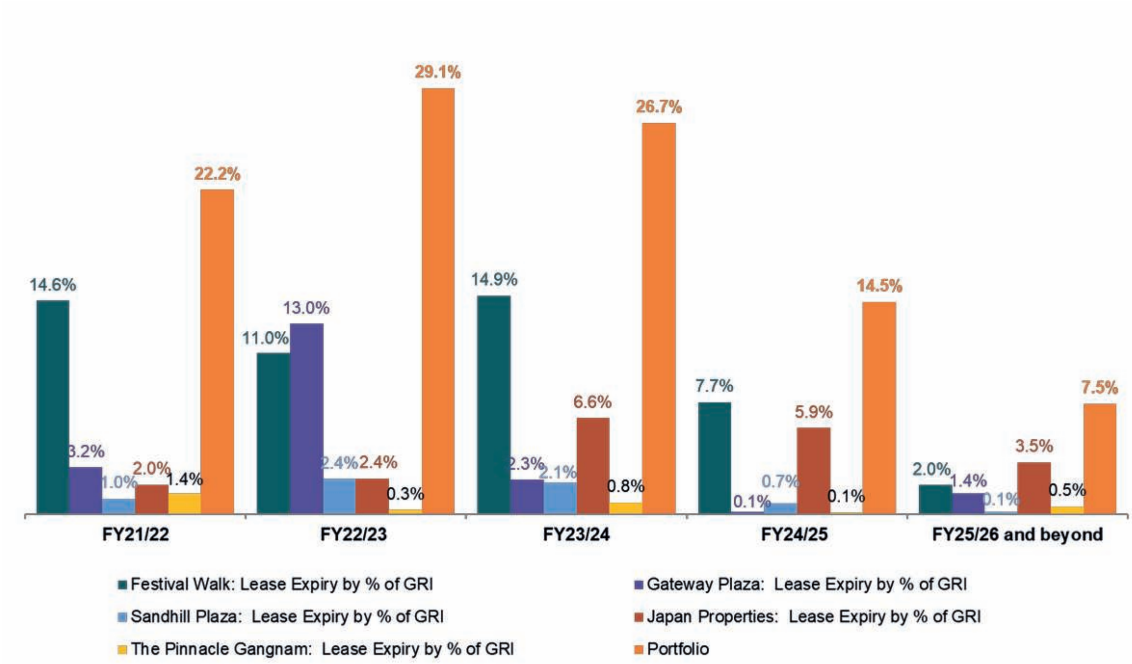
The WALE by Gross Rental Income for the month of March 2021 was 2.3[1] years.

The leases at the Properties are generally for terms of three years. However, certain key anchor tenants have longer lease periods which provides income stability for the Portfolio.

Certain leases have options to renew for further terms, and in line with normal commercial practice, such renewals are generally on the same terms and conditions as the original leases except for the rental rate, which will be determined according to prevailing market rent. Approximately 22.2% of leases (by Gross Rental Income) is expected to expire in FY21/22. The graph below illustrates the lease expiry profile of the Properties by Gross Rental Income for the month of March 2021.

[1] Based on committed leases (leases which have been renewed or re-let as at 31 March 2021), with lease commencement dates before and after 31 March 2021. Excluding committed leases commencing after 31 March 2021, WALE by Gross Rental Income for the Properties would have been 2.1 years as at 31 March 2021.

Percentage of Leases Expiring



The table below sets out the number of leases expiring in the Properties for FY21/22, FY22/23, FY23/24, FY24/25 and FY25/26 and beyond (based on the leases as at 31 March 2021).

	FY21/22	FY22/23	FY23/24	FY24/25	FY25/26 & Beyond
No. of leases expiring as at 31 March 2021	191	190	143	33	24

Marketing and Leasing Activities

The Properties will be actively marketed by the MNACT Property Manager to prospective tenants in desired target groups through direct calls and liaising with property consultants. Prospective tenants and their consultants are also regularly updated with information on the available units for rental at each of the Properties. Viewings of the premises will be conducted regularly by the MNACT Property Manager with prospective tenants to market vacant units. The MNACT Property Manager will also explore opportunities for joint marketing efforts and other mutually beneficial opportunities with the Sponsor. It is the intention of the MNACT Property Manager that such a proactive leasing approach and strategy will assist MNACT to attract high quality tenants to the Properties.

Lease Agreements and Lease Management

The lease agreements entered into for the Properties contain terms and conditions, including those relating to the duration of the lease, provision of security deposit, as well as alteration and improvement works, generally found in most office and retail lease agreements in the markets MNACT operates in. Rental rates under the retail leases generally increase at a fixed, pre-agreed amount each year. In addition, some of the leases with terms of more than three years will generally provide that the rents payable are reviewed and adjusted every three years or at other intervals in accordance with prevailing market levels. In certain instances, these terms have been varied to accommodate the specific needs of major tenants such as the provision of a rent-free fitting out period.

When a prospective tenant has committed to a lease, a security deposit in the form of cash or banker's guarantee is typically payable. The quantum of the security deposit may range from three to fourteen months' of gross rent and property management fee, depending on the market that the tenant is located in. The tenant will take possession of the premises after it has made the requisite payments and has formally executed the lease agreement. Rent and service charges are typically payable in advance on a monthly basis.

Arrears management procedures will also be enforced to ensure timely payment of rent. The MNACT Manager believes that these proactive steps to retain tenants and reduce rental in arrears will help maintain a stable income stream for MNACT.

THE GLACIER

MNACT is (through Festival Walk (2011) Limited) the registered owner of Festival Walk's ice rink business, which is managed under a business name of "The Glacier". MNACT has engaged the MNACT Property Manager to manage the operations of The Glacier, the cost of which is the cost of employing the persons to run the ice rink business with an administrative cost of 3.0% of such employment cost. The Glacier has been part of the mall since the opening of Festival Walk. The MNACT Manager believes that The Glacier adds to the attractions of Festival Walk and draws visitors and shoppers to the mall.

INSURANCE

MNACT has insurance for the Properties that the MNACT Manager believes are consistent with industry practice in Hong Kong SAR, South Korea, Japan and the PRC. The insurance coverage includes fire accident, property damage, terrorism, business interruption and public liability (including personal injury). There are no significant or unusual excess or deductible payments required under such policies. All insurance contracts undergo a competitive bid process and insurance brokers are retained to identify requirements, create specifications and evaluate bids with a view to determining the most appropriate coverage and pricing.

There are, however, certain types of risks that are not covered by such insurance policies, including acts of war. (See "*Risk Factors – Risks Relating to the Properties – MNACT may suffer material losses in excess of insurance proceeds or MNACT may not put in place or maintain adequate insurance in relation to the Properties and its potential liabilities to third parties*" for further details.)

LEGAL PROCEEDINGS

As at the date of this Supplemental Offering Circular, none of MNACT and the MNACT Manager is currently involved in any material litigation nor, to the best of the MNACT Manager's knowledge, is in any material litigation currently contemplated or threatened against MNACT or the MNACT Manager.

THE SPONSOR, THE MNACT TRUSTEE, THE MNACT MANAGER AND THE MNACT PROPERTY MANAGER

The section headed "The Sponsor, the MGCCT Trustee, the MGCCT Manager and the MGCCT Property Manager" of the Original Offering Circular shall be deleted in its entirety and replaced with the following:

THE SPONSOR, THE MNACT TRUSTEE, THE MNACT MANAGER AND THE MNACT PROPERTY MANAGER

THE SPONSOR

The Sponsor of MNACT is Mapletree Investments Pte Ltd. MIPL is a leading real estate development, investment, capital and property management company headquartered in Singapore. It was incorporated in Singapore as a private limited company on 18 December 2000.

As at 31 March 2020, MIPL and its subsidiaries (collectively, **Mapletree** or **Mapletree Group**) owned and managed S$60.5 billion of office, retail, logistics, industrial, data centre, residential and lodging properties. It manages four Singapore-listed REITs and six private equity real estate funds, which hold a diverse portfolio of assets in Asia Pacific, Europe, the UK and the US. The Mapletree Group also has an extensive network of offices in Singapore, Australia, China, Hong Kong SAR, India, Japan, Malaysia, Poland, South Korea, the Netherlands, the UK, the U.S. and Vietnam.

THE MNACT TRUSTEE

The trustee of MNACT is DBS Trustee Limited. The MNACT Trustee is a company incorporated in Singapore and registered as a trust company under the Trust Companies Act, Chapter 336 of Singapore. It is approved to act as a trustee for authorised collective investment schemes under the SFA. As at the date of this Offering Circular, the MNACT Trustee has a paid-up capital of S$2.5 million. The MNACT Trustee's registered office is located at 12 Marina Boulevard, Marina Bay Financial Centre Tower 3, Singapore 018982.

The MNACT Trustee is independent of the MNACT Manager.

Powers, Duties and Obligations of the MNACT Trustee

The MNACT Trustee's powers, duties and obligations are set out in the MNACT Trust Deed. The powers and duties of the MNACT Trustee include:

- acting as trustee of MNACT and, in such capacity, safeguarding the rights and interests of the Unitholders, for example, by satisfying itself that transactions it enters into for and on behalf of MNACT with a Related Party of the MNACT Manager or MNACT are conducted on normal commercial terms, are not prejudicial to the interests of MNACT and the Unitholders, and in accordance with all applicable requirements under the Property Funds Appendix and/or the Listing Manual relating to the transaction in question;

- holding the assets of MNACT on trust for the benefit of the Unitholders in accordance with the MNACT Trust Deed; and

- exercising all the powers of a trustee and the powers that are incidental to the ownership of the assets of MNACT.

The MNACT Trustee has covenanted in the MNACT Trust Deed that it will exercise all due diligence and vigilance in carrying out its functions and duties, and in safeguarding the rights and interests of Unitholders.

In the exercise of its powers, the MNACT Trustee may (on the recommendation of the MNACT Manager) and subject to the provisions of the MNACT Trust Deed, acquire or dispose of any real or personal property, borrow and encumber any asset.

The MNACT Trustee may, subject to the provisions of the MNACT Trust Deed, appoint and engage:

- a person or entity to exercise any of its powers or perform its obligations; and
- any real estate agents or managers, including a Related Party of the MNACT Manager, in relation to the management, development, leasing, purchase or sale of any of real estate assets and real estate-related assets.

Subject to the MNACT Trust Deed and the Property Funds Appendix, the MNACT Manager may direct the MNACT Trustee to borrow or raise money or obtain other financial accommodation for the purposes of MNACT, both on a secured and unsecured basis.

The MNACT Trustee must carry out its functions and duties and comply with all the obligations imposed on it as set out in the MNACT Trust Deed, the Listing Manual, the SFA, the CIS Code (including the Property Funds Appendix), the Singapore Code on Take-overs and Mergers, any tax ruling and all other relevant laws. It must retain MNACT assets, or cause MNACT assets to be retained, in safe custody and cause MNACT's accounts to be audited. Pursuant to the MNACT Trust Deed, it can appoint any custodian, joint-custodian or sub-custodian (including, without limitation, any Related Party of the MNACT Trustee) in relation to the whole or any part of MNACT's assets. It can appoint valuers to value the real estate assets and real estate-related assets of MNACT.

The MNACT Trustee is not personally liable to a Unitholder in connection with the office of the MNACT Trustee except in respect of its own fraud, gross negligence, wilful default, breach of the MNACT Trust Deed or breach of trust. Any liability incurred and any indemnity to be given by the MNACT Trustee shall be limited to the assets of MNACT over which the MNACT Trustee has recourse, provided that the MNACT Trustee has acted without fraud, gross negligence, wilful default or breach of the MNACT Trust Deed. The MNACT Trust Deed contains certain indemnities in favour of the MNACT Trustee under which it will be indemnified out of the assets of MNACT for liability arising in connection with certain acts or omissions. These indemnities are subject to any applicable laws.

Retirement and Replacement

The MNACT Trustee may retire or be replaced under the following circumstances:

- The MNACT Trustee shall not be entitled to retire voluntarily except upon the appointment of a new trustee (such appointment to be made in accordance with the provisions of the MNACT Trust Deed).
- The MNACT Trustee may be removed by notice in writing to the MNACT Trustee by the MNACT Manager:
  - if the MNACT Trustee goes into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the MNACT Manager) or if a receiver is appointed over any of its assets or if a judicial manager is appointed in respect of the MNACT Trustee;
  - if the MNACT Trustee ceases to carry on business;

– if the MNACT Trustee fails or neglects after reasonable notice from the MNACT Manager to carry out or satisfy any material obligation imposed on the MNACT Trustee by the MNACT Trust Deed;

– if a MNACT Extraordinary Resolution is passed at a Unitholders' meeting duly convened and held in accordance with the provisions of the MNACT Trust Deed, and of which not less than 21 days' notice has been given to the MNACT Trustee and the MNACT Manager, shall so decide; or

– if the MAS directs that the MNACT Trustee be removed.

THE MNACT MANAGER

The MNACT Manager, Mapletree North Asia Commercial Trust Management Ltd., was incorporated in Singapore under the Companies Act, Chapter 50 of Singapore on 30 November 2012. It has a paid-up capital of S$1.0 million. Its registered office is 10 Pasir Panjang Road, #13-01 Mapletree Business City, Singapore 117438, and its telephone number is +65 6377 6111. The MNACT Manager is a wholly-owned subsidiary of the Sponsor.

Roles and Responsibilities of the MNACT Manager

The MNACT Manager has general powers of management over the assets of MNACT. The MNACT Manager's main responsibility is to manage MNACT's assets and liabilities for the benefit of Unitholders.

The MNACT Manager will set the strategic direction of MNACT and give recommendations to the MNACT Trustee on the acquisition, divestment and/or enhancement of assets of MNACT in accordance with its stated investment strategy.

The MNACT Manager has covenanted in the MNACT Trust Deed, among others, that:

- it will use its best endeavours to carry on and conduct its business in a proper and efficient manner;

- it will use its best endeavours to ensure that MNACT's operations are carried on and conducted in a proper and efficient manner; and

- it will, and will use its best endeavours to ensure that its Related Parties will, conduct all transactions with or for MNACT on an arm's length basis and on normal commercial terms.

The MNACT Manager will prepare property plans on a regular basis, which may contain proposals and forecasts on Gross Revenue, capital expenditure, sales and valuations, explanations of major variances to previous forecasts, written commentary on key issues and any relevant assumptions. The purpose of these plans is to explain the performance of MNACT's properties.

The MNACT Manager will also be responsible for ensuring compliance with the applicable provisions of the SFA and all other relevant legislation, the Listing Manual, the Property Funds Appendix, the Singapore Code on Take-overs and Mergers, the MNACT Trust Deed, the CMS Licence, any tax ruling and all relevant contracts. The MNACT Manager will be responsible for all regular communications with Unitholders.

The MNACT Manager may require the MNACT Trustee to borrow on behalf of MNACT (upon such terms and conditions as the MNACT Manager deems fit, including the charging or mortgaging of all or any part of the MNACT Deposited Property) whenever the MNACT Manager considers, among others, that such borrowings are necessary or desirable in order to enable MNACT to meet any liabilities or to finance the acquisition of any property. However, the MNACT Manager must not direct the MNACT Trustee to incur a borrowing if to do so would mean that MNACT's total borrowings and deferred payments will exceed the limit stipulated by the MAS based on the value of its MNACT Deposited Property at the time the borrowing is incurred, taking into account deferred payments (including deferred payments for assets whether to be settled in cash or in Units).

In the absence of fraud, gross negligence, wilful default or breach of the MNACT Trust Deed by the MNACT Manager, it shall not incur any liability by reason of any error of law or any matter or thing done or suffered to be done or omitted to be done by it in good faith under the MNACT Trust Deed. In addition, the MNACT Manager shall be entitled, for the purpose of indemnity against any actions, costs, claims, damages, expenses or demands to which it may be put as MNACT Manager, to have recourse to the MNACT Deposited Property or any part thereof save where such action, cost, claim, damage, expense or demand is occasioned by the fraud, gross negligence, wilful default or breach of the MNACT Trust Deed by the MNACT Manager.

The MNACT Manager may, in managing MNACT and in carrying out and performing its duties and obligations under the MNACT Trust Deed, with the written consent of the MNACT Trustee, appoint such person to exercise any or all of its powers and discretions and to perform all or any of its obligations under the MNACT Trust Deed, provided always that the MNACT Manager shall be liable for all acts and omissions of such persons as if such acts and omissions were its own.

MNACT Manager's Management Fees

The MNACT Manager is entitled under the MNACT Trust Deed to the following management fees:

- a Base Fee at the rate of 10.0% per annum of the Distributable Income; and
- a Performance Fee[1] equal to the rate of 25.0% of the difference in Distribution Per Unit (**DPU**) in a financial year with the DPU in the preceding financial year (calculated before accounting for the Performance Fee in each financial year) multiplied by the weighted average number of Units in issue for such financial year.

The MNACT Manager is also entitled to:

- an acquisition fee equivalent to 0.75% for acquisitions from Related Parties and 1.0% for all other acquisitions of each of the following as is applicable (subject to there being no double-counting):
  - in relation to an acquisition whether directly or indirectly through one or more Special Purpose Vehicles (**SPVs**) of MNACT of any real estate, the acquisition price of any real estate purchased by MNACT, plus any other payments in addition to the acquisition price made by MNACT or its SPVs to the vendor in connection with the purchase of the real estate (pro-rated if applicable to the proportion of MNACT's interest);

[1] In consideration of the impact of COVID-19 on MNACT's distribution to the Unitholders, the MNACT Manager announced that its entitlement to any performance fee will be waived until such time that the DPU exceeds 7.124 cents, which was the DPU achieved in FY19/20, prior to the full-year impact of COVID-19. 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 and B) Manager to Waive Entitlement to Performance Fees".

– in relation to an acquisition (whether directly or indirectly through one or more SPVs of MNACT) of any SPVs or holding entities which holds real estate, the underlying value of any real estate which is taken into account when computing the acquisition price payable for the acquisition from the vendor of the equity interests of any vehicle holding directly or indirectly the real estate purchased by MNACT, plus any other payments made by MNACT or its SPVs to the vendor in connection with the purchase of such equity interests (pro-rated if applicable to the proportion of MNACT's interest); or

– the acquisition price of any investment by MNACT, whether directly or indirectly through one or more SPVs, in any debt securities of any property corporation or other SPV owning or acquiring real estate or any debt securities which are secured whether directly or indirectly by the rental income from real estate; and

- a divestment fee equivalent to 0.5% of each of the following as is applicable (subject to there being no double-counting):

  – the sale price of any real estate sold or divested, whether directly or indirectly through one or more SPVs, by MNACT (plus any other payments in addition to the sale price received by MNACT or its SPVs from the purchaser in connection with the sale or divestment of the real estate) (pro-rated if applicable to the proportion of MNACT's interest);

  – in relation to a divestment (whether directly or indirectly through one or more SPVs of MNACT) of any SPVs or holding entities which holds real estate, the underlying value of any real estate which is taken into account when computing the sale price for the equity interests in any vehicle holding directly or indirectly the real estate, sold or divested, whether directly or indirectly through one or more SPVs, by MNACT, plus any other payments received by MNACT or its SPVs from the purchaser in connection with the sale or divestment of such equity interests (pro-rated if applicable to the proportion of MNACT's interest); or

  – the sale price of any investment by MNACT, whether directly or indirectly through one or more SPVs, in any debt securities of any property corporation or other SPVs owning or acquiring real estate or any debt securities which are secured whether directly or indirectly by the rental income from real estate.

For the avoidance of doubt, the acquisition price, or as the case may be, the acquisition value, shall take into account any completion or other price or value adjustment to be made post-completion.

For the avoidance of doubt, the sale price, or as the case may be, the sale value, shall take into account any completion or other price or value adjustment to be made post-completion.

Retirement or Removal of the MNACT Manager

The MNACT Manager shall have the power to retire in favour of a corporation approved by the MNACT Trustee to act as the manager of MNACT.

Also, the MNACT Manager may be removed by notice given in writing by the MNACT Trustee if:

- the MNACT Manager goes into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the MNACT Trustee) or a receiver is appointed over any of its assets or a judicial manager is appointed in respect of the MNACT Manager;

- the MNACT Manager ceases to carry on business;

- the MNACT Manager fails or neglects after reasonable notice from the MNACT Trustee to carry out or satisfy any material obligation imposed on the MNACT Manager by the MNACT Trust Deed;

- the Unitholders by a MNACT Ordinary Resolution duly proposed and passed by Unitholders present and voting at a meeting of Unitholders convened in accordance with the MNACT Trust Deed, with no Unitholder (including the MNACT Manager and its Related Parties) being disenfranchised, vote to remove the MNACT Manager;

- for good and sufficient reason, the MNACT Trustee is of the opinion, and so states in writing, that a change of the MNACT Manager is desirable in the interests of the Unitholders; or

- the MAS directs the MNACT Trustee to remove the MNACT Manager.

Where the MNACT Manager is removed on the basis that a change of the MNACT Manager is desirable in the interests of the Unitholders, the MNACT Manager has a right under the MNACT Trust Deed to refer the matter to arbitration. Any decision made pursuant to such arbitration proceedings is binding upon the MNACT Manager, the MNACT Trustee and all Unitholders.

THE MNACT PROPERTY MANAGER

Mapletree North Asia Property Management Limited has been appointed as property manager of the Properties (the **MNACT Property Manager**). The MNACT Property Manager is a wholly-owned subsidiary of the Sponsor, and was incorporated in Hong Kong on 13 December 2012. Its registered office is located at Suites 2001-2, 20/F Great Eagle Centre 23 Harbour Road, Wanchai, Hong Kong.

The MNACT Property Manager will work with the MNACT Manager to formulate strategic plans for MNACT in accordance with the MNACT Manager's stated investment strategy. The MNACT Property Manager will be responsible for implementing best practices in the portfolio management aspects across the Portfolio.

MNACT Property Manager's Services

The services provided by the MNACT Property Manager for each property under its management include the following:

- property management services, recommending third party contracts for provision of property maintenance services, supervising the performance of contractors, ensuring compliance with building and safety regulations, coordinating tenants' fitting-out requirements, administration of rental collection, management of rental arrears, and administration of all property tax matters, arranging for adequate insurance;

- marketing services, including managing public relations, initiating lease renewals and negotiation of terms; and

- project management services in relation to the development or redevelopment (unless otherwise prohibited by the Property Funds Appendix or any other laws or regulations), the refurbishment, retrofitting and renovation works to a property, including recommendation of project budget and project consultants, and supervision and implementation of the project.

Termination

The MNACT Trustee or the MNACT Manager may terminate the appointment of the MNACT Property Manager in relation to all the properties of MNACT under the management of the MNACT Property Manager on the occurrence of certain specified events, which include the liquidation or cessation of business of the MNACT Property Manager.

The MNACT Trustee or the MNACT Manager may also terminate the appointment of the MNACT Property Manager specifically in relation to a property under its management in the event of the sale of such property, but the Master Property Management Agreement will continue to apply with respect to the remaining properties managed by the MNACT Property Manager under the terms of the Master Property Management Agreement.

In addition, if the MNACT Property Manager or MNACT Trustee or the MNACT Manager, within 90 days of receipt of written notice, fails to remedy any breach (which is capable of remedy) of its obligations in relation to a property, the party who is not in breach may terminate the appointment of the MNACT Property Manager in relation only to the property in respect of which the breach relates, upon giving 30 days' written notice to the party in breach.

On the termination of the appointment of the MNACT Property Manager, the MNACT Manager shall, as soon as practicable, procure the appointment of a replacement property manager for the affected property.

MANAGEMENT OF THE MNACT MANAGER

The section headed "Management of the MGCCT Manager" of the Original Offering Circular shall be deleted in its entirety and replaced with the following:

MANAGEMENT OF THE MNACT MANAGER

Board of Directors of the MNACT Manager

The key roles of the board of directors of the MNACT Manager are to (i) guide the corporate strategy and direction of the MNACT Manager, (ii) ensure that the management of the MNACT Manager discharges business leadership and demonstrates the highest quality of management with integrity and enterprise, and (iii) oversee the proper conduct of the MNACT Manager. The following table sets forth certain information regarding the directors of the MNACT Manager:

Name	Position
Mr Paul Ma Kah Woh	Non-Executive Chairman and Director
Mr Lok Vi Ming	Lead Independent Non-Executive Director and Chairman of the Nominating and Remuneration Committee
Mr Kevin Kwok	Independent Non-Executive Director and Chairman of the Audit and Risk Committee
Mr Lawrence Wong Liang Ying	Independent Non-Executive Director and Member of the Audit and Risk Committee
Mr Michael Kok Pak Kuan	Independent Non-Executive Director and Member of the Audit and Risk Committee
Ms Tan Su Shan	Independent Non-Executive Director and Member of the Nominating and Remuneration Committee
Mr Chua Tiow Chye	Non-Executive Director and Member of the Nominating and Remuneration Committee
Ms Koh Mui Ai Wendy	Non-Executive Director
Ms Cindy Chow Pei Pei	Executive Director and Chief Executive Officer

Experience and Expertise of the Board of Directors of the MNACT Manager

Information on the business and working experience of the directors of the MNACT Manager is set out below:

Mr Paul Ma Kah Woh is the Non-Executive Chairman and a Director of the MNACT Manager.

Mr. Ma is also a Non-Executive Director of the Sponsor, and a member of its Audit and Risk Committee and Executive Resource and Compensation Committee, and Investment Committee. Concurrently, Mr. Ma is a Director of StarHub Ltd. (a company listed on the Main Board of the Singapore Exchange). In addition, Mr. Ma is a member of the Advisory Board of the Asian Civilisations Museum.

Until 29 February 2020, Mr. Ma was also a Director of PACC Offshore Services Holdings Ltd.

Mr. Ma was previously the Chairman and Non-Executive Director of Mapletree Logistics Trust Management Ltd. (the Manager of Mapletree Logistics Trust), from 2005 to July 2016, and a member of the Transaction Review Committee of the Sponsor until June 2016.

Mr. Ma is a Fellow of the Institute of Chartered Accountants in England and Wales as well as a Member of the Institute of Singapore Chartered Accountants.

Mr Lok Vi Ming, Senior Counsel, is the Lead Independent Non-Executive Director of the MNACT Manager and is the Chairman of the Nominating and Remuneration Committee. He stepped down as a Member of the Audit and Risk Committee on 15 January 2019.

Mr. Lok is the founding partner of LVM Law Chambers LLC. Prior to LVM Law Chambers LLC, Mr. Lok was with Dentons Rodyk & Davidson LLP since the start of his legal career 34 years ago. He was appointed Senior Counsel in 2005.

A Fellow of the Singapore Institute of Arbitrators, Mr. Lok is an established arbitration practitioner and arbitrator. He has been appointed to the Regional Panel of Arbitrators with the Singapore International Arbitration Centre, Commercial Arbitration Board, the Asian International Arbitration Centre (Malaysia), CIETAC Beijing and Shanghai, the Shenzhen Court of International Arbitration and with numerous other Arbitration Commissions in China.

Mr. Lok holds a Bachelor of Law degree from the National University of Singapore. He is currently a Fellow of the Singapore Academy of Law and the Vice Chairman of the Singapore International Mediation Centre. He is also a Principal Mediator with the Singapore Mediation Centre. Concurrently, Mr. Lok is also a member of the Board of Trustees of the Singapore University of Social Sciences.

In 2021, Mr. Lok was appointed a Justice of the Peace by the President of the Republic of Singapore.

Mr Kevin Kwok is an Independent Non-Executive Director of the MNACT Manager and is the Chairman of the Audit and Risk Committee.

Mr. Kwok is an Independent Non-Executive Director and Chairman of the Audit Committee of the Singapore Exchange Ltd. He is also a director of Sentosa Development Corporation.

He is the immediate past Chairman of the Accounting Standards Council of Singapore.

He was a Senior Partner of Ernst & Young LLP and retired after 35 years with the firm. He was the Head of the firm's Assurance and Business Advisory Services in Singapore and ASEAN.

Mr. Kwok holds a Bachelor of Arts (Second Class Upper Honours, with Dual Honours in Economics and Accounting & Financial Management). He is qualified as a Chartered Accountant and is a Fellow of the Institute of Chartered Accountants in England & Wales. He is also a Chartered Accountant of the Malaysian Institute of Accountants and a Fellow of the Chartered Malaysian Institute of Taxation.

Mr. Kwok is a Fellow of the Institute of Singapore Chartered Accountants and also a Fellow of the Singapore Institute of Directors.

Mr Lawrence Wong Liang Ying is an Independent Non-Executive Director of the MNACT Manager and is a Member of the Audit and Risk Committee.

Mr. Wong is currently a Non-Executive Independent Director, and a Member of the Audit, Nominating and Remuneration Committees of Hotel Properties Limited. Previously, Mr. Wong was with Singapore Exchange Limited (**SGX**) first as Head of Listings and then Head of China until his retirement in March 2018. In his role with SGX, Mr. Wong was also a member of various collaboration councils set up by Singapore with various provinces in China to promote economic trade and investment activities.

Prior to joining SGX in April 2006, Mr. Wong was part of the senior management team at OCBC Bank. Before OCBC Bank, Mr. Wong held several senior positions in the Schroders Group (**Schroders**), including Head of Corporate Finance for South East Asia and Head of Financial Institutions Group, Asia Pacific. His assignments also included an overseas posting to Shanghai, as General Manager of Schroders' joint venture and Head of Corporate Finance for Greater China.

Mr. Wong holds a Bachelor's degree in Business Administration from the University of Singapore.

Mr Michael Kok Pak Kuan is an Independent Non-Executive Director of the MNACT Manager and is a Member of the Audit and Risk Committee.

Mr. Kok is currently a Non-Executive Director of Jardine Cycle and Carriage Limited and Chairman of the Remuneration Committee. He is concurrently a Non-Executive Director of SATS Ltd.

Prior to his retirement in May 2019, Mr. Kok was a Non-Executive Director of Dairy Farm International Holdings Limited (**Dairy Farm**), a leading pan-Asian retailer listed on the London Stock Exchange and the SGX-ST and a member of the Jardine Matheson Group. From April 2007 to December 2012, he was an Executive Director and Group Chief Executive Officer of Dairy Farm, and was responsible for over 5,400 outlets in the region, operating under various well-known brands in the area of supermarkets, hypermarkets, health and beauty stores, convenience stores and home furnishings stores. Under his watch, Dairy Farm employed over 85,000 people and annual sales grew from US$6.8 billion in 2007 up to US$10 billion in 2011.

Mr. Kok joined Dairy Farm in 1987, and has over 30 years' experience in retailing in Asia. He also resided in Hong Kong SAR from 2007 to 2012. He attended the Senior Executive Programme at London Business School and the Advanced Management Program at Harvard Business School.

Ms Tan Su Shan is an Independent Non-Executive Director of the MNACT Manager and a Member of the Nominating and Remuneration Committee.

Ms. Tan is currently the Group Head of Institutional Banking of DBS Bank Ltd. (**DBS**). In addition, she is currently also a Board Member of Central Provident Fund Board & Chairman of its Audit Committee.

Prior to joining DBS in June 2010, Ms. Tan was Morgan Stanley's Head of Private Wealth Management for Southeast Asia. Before re-joining Morgan Stanley in May 2008, she was a Region Head for Singapore, Malaysia and Brunei for Citi Private Bank. She was also the Singapore Investment Centre Head.

Ms. Tan was the founder and past president of the Financial Women's Association in Singapore. She sits on the investment committee of MOH Holdings Pte Ltd and was a Nominated Member of Parliament from 2012 to 2014.

Ms. Tan graduated with a Master of Arts from Oxford University in the United Kingdom, where she studied Politics, Philosophy and Economics. In May 2012, she was awarded the Distinguished Financial Industry Competent Professional title, which is the highest certification mark for a financial practitioner in Singapore, by the Institute of Banking and Finance.

Mr Chua Tiow Chye is a Non-Executive Director of the MNACT Manager and a Member of the Nominating and Remuneration Committee.

Mr. Chua is the Deputy Group Chief Executive Officer of the Sponsor. He focuses on driving the Sponsor's strategic initiatives including expanding and directing Mapletree Group's[1] international real estate investments and developments. He also directly oversees Mapletree Group's Global Lodging sector as well as the Private Capital Management function of the Sponsor. Previously, Mr. Chua was the Group Chief Investment Officer and Regional Chief Executive Officer of North Asia & New Markets of the Sponsor.

[1] Mapletree Group refers to the Sponsor and its subsidiaries.

Mr. Chua concurrently serves as a Non-Executive Director of Mapletree Industrial Trust Management Ltd. (the Manager of Mapletree Industrial Trust). He was also previously the Chief Executive Officer of Mapletree Logistics Trust Management Ltd.

Prior to joining the Sponsor in 2002, Mr. Chua held senior positions with various companies including Vision Century Corporation Ltd, Ascendas Pte Ltd, Singapore Food Industries Pte Ltd and United Overseas Bank Ltd.

Mr. Chua holds a Master of Business Administration from the University of Strathclyde and graduated with a Bachelor of Regional and Town Planning (1st Class Honours) from the University of Queensland in 1982.

Ms Koh Mui Ai Wendy is a Non-Executive Director of the MNACT Manager.

Ms. Koh is concurrently the Group Chief Financial Officer of the Sponsor. She oversees the Finance, Tax, and Treasury functions of the Sponsor. She holds various appointments within the Sponsor group including as the Non-Executive Director of Mapletree Logistics Trust Management Ltd. (the Manager of Mapletree Logistics Trust), Mapletree Industrial Trust Management Ltd. (the Manager of Mapletree Industrial Trust) and Mapletree Commercial Trust Management Ltd. (the Manager of Mapletree Commercial Trust).

Prior to this, she was the Regional Chief Executive Officer, South East Asia of the Sponsor from August 2014 to July 2019, heading the Sponsor's business in South East Asia and Head, Strategy and Research in 2014, overseeing strategy, planning and research for the Sponsor. She was also previously engaged by the Sponsor as an advisor to review the Sponsor's strategy implementation from FY09/10 to FY13/14, and was involved in the formulation of the Sponsor's second five-year strategic plan. Before joining the Sponsor, Ms. Koh was Co-head, Asia-Pacific Property Research, at Citi Investment Research.

Ms. Koh holds a Bachelor of Business (Honours) degree specialising in Financial Analysis from the Nanyang Technological University, Singapore and the professional designation of Chartered Financial Analyst (**CFA**) from the CFA Institute.

Ms Cindy Chow Pei Pei is both an Executive Director and the Chief Executive Officer of the MNACT Manager.

Ms. Chow has more than 23 years of investment experience in the region, including China, Hong Kong SAR, India, Japan, Singapore, Thailand and Vietnam. Prior to joining the MNACT Manager, Ms. Chow was Chief Executive Officer, India with the Sponsor, where she was instrumental in establishing the Sponsor's investments in India.

Ms. Chow joined the Sponsor in 2002 as a Business Development Manager. She later became the Senior Vice President and Head of Investment for Mapletree Logistics Trust Management Ltd.

Ms. Chow holds a Master of Science in Real Estate and a Bachelor of Science (Estate Management) (Second Upper Class Honours) from the National University of Singapore.

Executive Officers of the MNACT Manager

The executive officers of the MNACT Manager are entrusted with the responsibility for the daily operations of the MNACT Manager. The following table sets forth information regarding the executive officers of the MNACT Manager:

Name	Position
Ms Cindy Chow Pei Pei	Executive Director and Chief Executive Officer
Mr Ng Wah Keong	Chief Financial Officer
Mr Ng Chern Shiong	General Manager, Investment and Asset Management
Mr Lawrence Ng	Director, Finance
Ms Ng Eharn	Director, Portfolio and Asset Management
Ms Elizabeth Loo	Director, Investor Relations
Mr Frank Zhou	Vice President, Investment
Mr Miguel Su	Senior Manager, Investment and Asset Management
Mr Wan Kwong Weng	Joint Company Secretary
Ms See Hui Hui	Joint Company Secretary

Experience and Expertise of the Executive Officers of the MNACT Manager

Information on the working experience of the executive officers of the MNACT Manager is set out below:

Ms Cindy Chow Pei Pei is both an Executive Director and the Chief Executive Officer of the MNACT Manager. Details of her working experience are set out in the section "– *Board of Directors of the MNACT Manager*".

Mr Ng Wah Keong is the Chief Financial Officer of the MNACT Manager.

Mr. Ng has more than 22 years of auditing, financial and management reporting experience.

Before joining the MNACT Manager, he was with Keppel Infrastructure Holdings Pte. Ltd. as Financial Controller. Prior to that, he was the Director (Finance) of the Sponsor. Mr. Ng started as an Audit Manager with Deloitte KassimChan Malaysia, before relocating to Singapore to join KPMG LLP.

Mr. Ng holds a Master of Business Administration (Finance) from University of Lincoln (UK). He is also a member of the Association of Chartered Certified Accountants.

Mr Ng Chern Shiong is the General Manager, Investment and Asset Management of the MNACT Manager.

Based in Shanghai, Mr. Ng has 19 years of experience in the real estate business focusing on investment and asset management work.

Prior to joining the MNACT Manager, he held various positions including Director of Business Development at Keppel Land China Limited, and Senior Investment Manager and Associate Director of Asset Management at Mapletree Industrial Fund.

Mr. Ng holds a Bachelor of Science (Real Estate) (Second Upper Class Honours) from the National University of Singapore and a Graduate Diploma in Financial Management from the Association of Chartered Certified Accountants.

Mr Lawrence Ng is the Director, Finance of the MNACT Manager.

Mr. Ng has 22 years of experience in financial and management reporting, auditing and finance related work. His previous employment was with the Sponsor, Pan-United Corporation Ltd and Ernst & Young LLP.

Mr. Ng holds an Association of Chartered Certified Accountants professional qualification and is also a non-practising member of the Institute of Singapore Chartered Accountants.

Ms Ng Eharn is the Director, Portfolio and Asset Management of the MNACT Manager.

Ms. Ng has over 15 years of experience in consulting, investment, treasury and risk management.

Prior to joining the MNACT Manager, Ms. Ng had worked in Singapore Power and Dragonfly Consultancy.

Ms. Ng holds a Master of Business Administration from the Columbia Business School, the London Business School and the University of Hong Kong (EMBA Global Asia) and a Bachelor of Accountancy with an additional major in Finance, with Magna Cum Laude, from the Singapore Management University.

Ms Elizabeth Loo is the Director, Investor Relations of the MNACT Manager.

With more than 20 years of experience in communications & investor relations, Ms. Loo has held various senior positions at Sembcorp Marine Ltd, SMRT Corporation Ltd and Creative Technology Ltd.

Ms. Loo obtained a Master of Science in Industrial Administration from Carnegie Mellon University and a Bachelor of Science (Computer Science & Information Systems) (Second Upper Class Honours) from the National University of Singapore. She is also a Chartered Financial Analyst.

Mr Frank Zhou is the Vice President, Investment of the MNACT Manager.

Based in Shanghai, Mr. Zhou has more than 18 years of experience in real estate investment with developers, foreign real estate funds and asset management companies. Prior to joining the MNACT Manager, Mr. Zhou held positions at Taiping Asset Management and Forte Land Co., Ltd.

Mr. Zhou holds a Master of Business Administration from the University of Hong Kong and a Bachelor in Economics from Fudan University.

Mr Miguel Su is the Senior Manager, Investment and Asset Management of the MNACT Manager.

Based in Shanghai, Mr. Su has over 13 years of experience in investment, asset management, consulting, business development, and research.

Prior to joining the MNACT Manager, Mr. Su held positions in Ascendas and CBRE. Mr Su started his career as a consultant at KPMG LLP in Los Angeles.

Mr. Su holds a Bachelor of Science in Industrial Engineering from Purdue University.

Mr Wan Kwong Weng is the Joint Company Secretary of the MNACT Manager.

Mr. Wan is the Joint Company Secretary of the MNACT Manager as well as the other three Mapletree REIT managers, and concurrently Group Chief Corporate Officer of the Sponsor, where he is responsible for all legal, compliance and corporate secretarial matters, as well as corporate communications, human resource and administration matters across all business units and countries. In addition, Mr. Wan is Secretary and Member of the Singapore Management University Real Estate Programme Advisory Board.

Prior to joining the Sponsor, Mr. Wan was Group General Counsel – Asia at Infineon Technologies for seven years where he was a key member of its Asia-Pacific management team. He started his career as a litigation lawyer with one of the oldest law firms in Singapore, Wee Swee Teow & Co., and was subsequently with the Corporate & Commercial/Private Equity practice group of Baker & McKenzie in Singapore and Sydney.

Mr. Wan has an LL.B. (Honours) (Newcastle upon Tyne), where he was conferred the Wise Speke Prize, as well as an LL.M. (Merit) (London). He also attended the London Business School Senior Executive Programme. Mr. Wan is called to the Singapore Bar, where he was conferred the Justice FA Chua Memorial Prize, and is also on the Rolls of Solicitors (England & Wales). He was conferred the Public Service Medal (P.B.M.) in 2012 and Public Service Star (B.B.M.) in 2017 for his contributions to Central Singapore CDC.

Ms See Hui Hui is the Joint Company Secretary of the MNACT Manager.

Ms. See is the Joint Company Secretary of the MNACT Manager as well as Director, Legal of the Sponsor.

Prior to joining the Sponsor in 2010, Ms. See was in the Corporate/Mergers & Acquisitions practice group of WongPartnership LLP, one of the leading law firms in Singapore. She started her career as a litigation lawyer with Tan Kok Quan Partnership.

Ms. See holds an LL.B. (Honours) from the National University of Singapore, and is admitted to the Singapore Bar.

TAXATION

The first paragraph of the section "TAXATION" and the sub-section headed "Taxation – Singapore Taxation" of the Original Offering Circular shall be deleted in its entirety and replaced with the following:

TAXATION

The statements below are general in nature and are based on current income tax laws in Singapore and administrative guidelines and circulars issued by the tax authority in force as at the date of this Supplemental Offering Circular and are subject to any changes in such laws, administrative guidelines or circulars, or the interpretation of those laws, guidelines or circulars, occurring after such date, which changes could be made on a retroactive basis. These laws, guidelines and circulars are also subject to various interpretations and no assurance can be given that the tax authority or the courts will agree with the explanations or conclusions set out below. Neither these statements nor any other statements in this Supplemental Offering Circular are intended or are to be regarded as advice on the tax position of any holder of the Perpetual Securities or of any person acquiring, selling or otherwise dealing with the Perpetual Securities or on any tax implications arising from the acquisition, sale or other dealings in respect of the Perpetual Securities. The statements made herein do not purport to be a comprehensive or exhaustive description of all the tax considerations that may be relevant to a decision to subscribe for, purchase, own or dispose of the Perpetual Securities and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or financial institutions in Singapore which have been granted the relevant Financial Sector Incentive tax incentive(s)) may be subject to special rules or tax rates. The statements should not be regarded as advice on the tax position of any person and should be treated with appropriate caution. Holders and prospective holders of the Perpetual Securities are advised to consult their own professional tax advisers as to the tax consequences of the acquisition, ownership of or disposal of the Perpetual Securities, including, in particular, the effect of any foreign, state or local tax laws to which they are subject to. It is emphasised that none of the Issuer and any other persons involved in the Programme or the issue and offer of the Perpetual Securities accepts responsibility for any tax effects or liabilities resulting from the subscription for, purchase, holding or disposal of the Perpetual Securities.

SINGAPORE TAXATION

Interest and other payments

Subject to the following paragraphs, under Section 12(6) of the ITA, the following payments are deemed to be derived from Singapore:

(a) any interest, commission, fee or any other payment in connection with any loan or indebtedness or with any arrangement, management, guarantee, or service relating to any loan or indebtedness which is (i) borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore (except in respect of any business carried on outside Singapore through a permanent establishment outside Singapore or any immovable property situated outside Singapore); or (ii) deductible against any income accruing in or derived from Singapore; or

(b) any income derived from loans where the funds provided by such loans are brought into or used in Singapore.

Such payments, where made to a person not known to the paying party to be a resident in Singapore for tax purposes, are generally subject to withholding tax in Singapore. The rate at which tax is to be withheld for such payments (other than those subject to the 15.0% final withholding tax described below) to non-resident persons (other than non-resident individuals) is the prevailing corporate tax rate, currently 17.0%. The applicable rate for non-resident individuals is currently 22.0%. However, if the payment is derived by a person not resident in Singapore otherwise than from any trade, business, profession or vocation carried on or exercised by such person in Singapore and is not effectively connected with any permanent establishment in Singapore of that person, the payment is subject to a final withholding tax of 15.0%. The withholding tax rates may be reduced by applicable tax treaties.

However, certain Singapore-sourced investment income derived by individuals from financial instruments is exempt from tax, including:

(a) interest from debt securities derived on or after 1 January 2004;

(b) discount income (not including discount income arising from secondary trading) from debt securities derived on or after 17 February 2006; and

(c) prepayment fee, redemption premium or break cost from debt securities derived on or after 15 February 2007,

except where such income is derived through a partnership in Singapore or is derived from the carrying on of a trade, business or profession.

The terms **break cost**, **prepayment fee** and **redemption premium** are defined in the ITA as follows:

- **break cost**, in relation to debt securities, qualifying debt securities or qualifying project debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by any loss or liability incurred by the holder of the securities in connection with such redemption;

- **prepayment fee**, in relation to debt securities, qualifying debt securities or qualifying project debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by the terms of the issuance of the securities; and

- **redemption premium**, in relation to debt securities, qualifying debt securities or qualifying project debt securities, means any premium payable by the issuer of the securities on the redemption of the securities upon their maturity.

Any references to "break cost", "prepayment fee" and "redemption premium" in this Singapore taxation disclosure shall have the same meaning as defined in the ITA.

Characterisation of the Perpetual Securities

The ITA does not contain specific provisions on how financial instruments that exhibit both debt-like and equity-like features, i.e., hybrid instruments, should be treated for income tax purposes. However, IRAS has published an e-Tax Guide: Income Tax Treatment of Hybrid Instruments (Second Edition) on 21 October 2019 (the "**Hybrid Instruments e-Tax Guide**") which sets out the income tax treatment of hybrid instruments, including the factors that the IRAS will generally use to determine whether such instruments are debt or equity instruments for income tax purposes.

Among others, the IRAS has stated in the Hybrid Instruments e-Tax Guide that:

(a) whether or not a hybrid instrument will be treated as debt or equity security for income tax purposes will firstly depend on its legal form, to be determined based on an examination of the legal rights and obligations attached to the instrument;

(b) a hybrid instrument is generally characterised as equity if the legal terms of the instrument indicate ownership interests in the issuer. If the legal form of a hybrid instrument is not indicative of or does not reflect the legal rights and obligations, the facts and circumstances surrounding the instrument and a combination of factors, not limited to the following, would have to be examined to ascertain the nature of the instrument for income tax purposes.

These factors include (but are not limited to):

(i) nature of interest acquired;

(ii) investor's right to participate in issuer's business;

(iii) voting rights conferred by the instrument;

(iv) obligation to repay the principal amount;

(v) payout;

(vi) investor's right to enforce payment;

(vii) classification by other regulatory authority; and

(viii) ranking for repayment in the event of liquidation or dissolution;

(c) if a hybrid instrument is characterised as a debt instrument for income tax purposes, distributions from the issuer to the investors are regarded as interest; and

(d) if a hybrid instrument issued by a company or a REIT (as defined in the ITA) is characterised as an equity instrument for income tax purposes, distributions from the issuer to the investors are regarded as either dividends or REIT distributions. In respect of REIT distributions, such distributions are taxable in the hands of the instrument holders being returns of investments, regardless of the underlying receipts from which such distributions are made.

The IRAS has also stated in the Hybrid Instruments e-Tax Guide that where a hybrid instrument is issued by a foreign issuer, the Comptroller of Income Tax in Singapore will examine the facts and circumstances, including the characterisation of the hybrid instrument in the tax jurisdiction of the issuer, and the factors indicated above for the purpose of determining the characterisation of the distribution derived by investors in Singapore.

Tax treatment if the Perpetual Securities are characterised as debt instruments

In the event that the Perpetual Securities are characterised as debt instruments for Singapore income tax purposes, payment of distributions (including Optional Distributions and Arrears of Distribution) in respect of the Perpetual Securities (hereafter referred to as **Distributions**) and Additional Distribution Amounts should be regarded as interest payments and the disclosure above under "Interest and other payments" and the section below summarises the income tax treatment that may be applicable on the Distributions and Additional Distribution Amounts.

As the Programme as a whole was jointly arranged by Citigroup Global Markets Singapore Pte. Ltd. and DBS Bank Ltd., each of which was either a Financial Sector Incentive (Bond Market) Company, Financial Sector Incentive (Capital Market) Company or Financial Sector Incentive (Standard Tier) Company (as defined in the ITA) at such time, any tranche of the Perpetual Securities issued under the Programme during the period from the date of this Supplemental Offering Circular to 31 December 2023 (the **Relevant Securities**) would be, pursuant to the ITA and the Income Tax (Qualifying Debt Securities) Regulations (the **QDS Regulations**), "qualifying debt securities" (**QDS**) for the purposes of the ITA, to which the following treatment shall apply:

(a) subject to certain prescribed conditions having been fulfilled (including the furnishing to the Monetary Authority of Singapore (**MAS**) by the Issuer, or such other person as the MAS may direct, of a return on debt securities for any tranche of the Relevant Securities within such period as the MAS may specify and such other particulars in connection with such tranche of the Relevant Securities as the MAS may require and the inclusion by the Issuer in all offering documents relating to such tranche of the Relevant Securities of a statement to the effect that where interest, discount income, prepayment fee, redemption premium or break cost from the Relevant Securities is derived by a person who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, the tax exemption for QDS shall not apply if the non-resident person acquires such Relevant Securities using funds of such person's operations through the Singapore permanent establishment), interest, discount income (not including discount income arising from secondary trading), prepayment fee, redemption premium and break cost (collectively, the **Qualifying Income**) from the Relevant Securities paid by the Issuer and derived by a holder who is not resident in Singapore and who (aa) does not have any permanent establishment in Singapore or (bb) carries on any operation in Singapore through a permanent establishment in Singapore but the funds used by that person to acquire the Relevant Securities are not obtained from such person's operation through a permanent establishment in Singapore, are exempt from Singapore income tax;

(b) subject to certain conditions having been fulfilled (including the furnishing to the MAS by the Issuer, or such other person as the MAS may direct, of a return on debt securities for any tranche of the Relevant Securities within such period as the MAS may specify and such other particulars in connection with such tranche of the Relevant Securities as the MAS may require), Qualifying Income from the Relevant Securities paid by the Issuer and derived by any company or body of persons (as defined in the ITA) in Singapore, other than any non-resident who qualifies for the tax exemption as described in paragraph (a) above, is subject to income tax at a concessionary rate of 10.0% (except for holders who have been granted the relevant Financial Sector Incentive(s) who may be taxed at different rates); and

(c) subject to:

    (i) the Issuer including in all offering documents relating to any tranche of the Relevant Securities a statement to the effect that any person whose interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Qualifying Income) derived from the Relevant Securities is not exempt from tax shall include such income in a return of income made under the ITA; and

    (ii) the furnishing by the Issuer, or such other person as the MAS may direct, to the MAS of a return on debt securities for any tranche of the Relevant Securities within such period as the MAS may specify and such other particulars in connection with the Relevant Securities as the MAS may require, Qualifying Income derived from the Relevant Securities is not subject to withholding of tax by the Issuer.

Notwithstanding the foregoing:

(a) if during the primary launch of any tranche of Relevant Securities, such tranche of the Relevant Securities is issued to fewer than four persons and 50.0% or more of the issue of such tranche of the Relevant Securities is beneficially held or funded, directly or indirectly, by related parties of the Issuer or the MNACT Manager, such tranche of the Relevant Securities would not qualify as QDS; and

(b) even though a particular tranche of Relevant Securities is QDS, if, at any time during the tenure of such tranche of Relevant Securities, 50.0% or more of the issue of such tranche of Relevant Securities which is outstanding at any time during the life of the issue is beneficially held or funded, directly or indirectly, by related parties of the Issuer or the MNACT Manager, Qualifying Income derived from such tranche of the Relevant Securities by:

    (i) any related party of the Issuer or the MNACT Manager; or

    (ii) any other person where the funds used by such person to acquire such tranche of the Relevant Securities are obtained, directly or indirectly, from any related party of the Issuer or the MNACT Manager,

shall not be eligible for the tax exemption or concessionary rate of tax at 10.0% as described above.

The term **related party**, in relation to a person, means any other person who, directly or indirectly, controls that person, or is controlled, directly or indirectly, by that person, or where he and that other person, directly or indirectly, are under the control of a common person.

Where interest, discount income, prepayment fee, redemption premium or break cost is derived from the Relevant Securities by any person who is not tax resident in Singapore and who carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for QDS under the ITA (as described above) shall not apply if such person acquires such Relevant Securities using the funds of such person's operations through a permanent establishment in Singapore.

Notwithstanding that the Issuer is permitted to make payments of Qualifying Income in respect of the Relevant Securities without deduction or withholding of tax under Sections 45 or 45A of the ITA, any person whose Qualifying Income derived from such Relevant Securities is not exempt from tax is required to include such income in a return of income made under the ITA.

Tax treatment if the Perpetual Securities are characterised as equity instruments

Distributions from Perpetual Securities issued by MNACT Trustee

In the event that the Perpetual Securities issued by MNACT Trustee are characterised as equity instruments for Singapore income tax purposes, the Distributions are taxable in the hands of the Securityholders either as income under Section 10(1)(a) or Section 10(1)(g) of the ITA.

Additional Distribution Amounts from Perpetual Securities

Additional Distribution Amounts (if applicable), where made to a person not known to the paying party to be a resident in Singapore for tax purposes, may be subject to withholding tax in Singapore on the basis that such amounts are interest in nature. The rate at which tax is to be withheld for such payments (other than those subject to the 15.0% final withholding tax described below) to non-resident persons (other than non-resident individuals) is the prevailing corporate tax rate, currently 17.0%. The applicable rate for non-resident individuals is currently 22.0%. However, if the payment is derived by a person not resident in Singapore otherwise than from any trade, business, profession or vocation carried on or exercised by such person in Singapore and is not effectively connected with any permanent establishment in Singapore of that person, the payment is subject to a final withholding tax of 15.0%. The withholding tax rates may be reduced by applicable tax treaties.

Application for tax ruling

The Issuer may apply to the IRAS for an advance tax ruling to confirm the classification of the Perpetual Securities for Singapore income tax purposes and the Singapore tax treatment of the payment of the Distributions.

If such an application is made, the Issuer will provide relevant details of the tax ruling issued by the IRAS on its website www.mapletreenorthasiacommercialtrust.com or via an announcement shortly after the receipt of the tax ruling.

Gains on disposal of the Perpetual Securities

Singapore does not impose tax on capital gains. Any gains considered to be in the nature of capital arising from the sale of the Perpetual Securities will not be taxable in Singapore. However, any gains derived by any person from the sale of the Perpetual Securities which are gains from any trade, business, profession or vocation carried on by that person, if accruing in or derived from Singapore, may be taxable as such gains are considered revenue in nature.

There are no specific laws or regulations which deal with the characterisation of capital gains. The characterisation of the gains arising from the sale of the Perpetual Securities will depend on the facts and circumstances of each Securityholder. Holders of the Perpetual Securities who have adopted or are adopting the Financial Reporting Standard 109 – Financial Instruments (**FRS 109**) or Singapore Financial Reporting Standard (International) 9 (Financial Instruments) (**SFRS(I) 9**) (as the case may be) may, for Singapore income tax purposes, be required to recognise gains or losses (not being gains or losses in the nature of capital) on the Perpetual Securities, irrespective of disposal, in accordance with FRS 109 or SFRS(I) 9 (as the case may be). Please see the section below on "Adoption of FRS 109 or SFRS(I) 9 treatment for Singapore income tax purposes".

Adoption of FRS 109 or SFRS(I) 9 treatment for Singapore income tax purposes

The IRAS has published an e-Tax Guide: Income Tax Treatment Arising from Adoption of FRS 109 – Financial Instruments (Second Edition) on 6 November 2019 (the **FRS 109 e-Tax Guide**). Legislative amendments to give legislative effect to the tax treatment set out in the FRS 109 e-Tax Guide have been enacted in Section 34AA of the ITA. Section 34AA of the ITA requires taxpayers who comply or who are required to comply with FRS 109 or SFRS(I) 9 (as the case may be) for financial reporting purposes to calculate their profit, loss or expense for Singapore income tax purposes in respect of financial instruments in accordance with FRS 109 or SFRS(I) 9 (as the case may be), subject to certain exceptions.

Holders of the Perpetual Securities who may be subject to the tax treatment under the FRS 109 e-Tax Guide and Section 34AA of the ITA should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Perpetual Securities.

Estate duty

Singapore estate duty has been abolished with respect to all deaths occurring on or after 15 February 2008.

CLEARING AND SETTLEMENT

The following sub-section shall be inserted after the section headed "Remittance of Renminbi into and outside the PRC" of the Original Offering Circular:

CLEARANCE AND SETTLEMENT UNDER THE DEPOSITORY SYSTEM

In respect of Perpetual Securities which are accepted for clearance by CDP in Singapore, clearance will be effected through an electronic book-entry clearance and settlement system for the trading of debt securities (**Depository System**) maintained by CDP. Perpetual Securities that are to be listed on the SGX-ST may be cleared through CDP.

CDP, a wholly-owned subsidiary of Singapore Exchange Limited, is incorporated under the laws of Singapore and acts as a depository and clearing organisation. CDP holds securities for its accountholders and facilitates the clearance and settlement of securities transactions between accountholders through electronic book-entry changes in the securities accounts maintained by such accountholders with CDP.

In respect of Perpetual Securities which are accepted for clearance by CDP, the entire issue of the Perpetual Securities is to be held by CDP in the form of a Global Security or a Global Certificate for persons holding the Perpetual Securities in securities accounts with CDP (**Depositors**). Delivery and transfer of Perpetual Securities between Depositors is by electronic book-entries in the records of CDP only, as reflected in the securities accounts of Depositors.

Settlement of over-the-counter trades in the Perpetual Securities through the Depository System may only be effected through securities sub-accounts held with corporate depositors (**Depository Agents**). Depositors holding the Perpetual Securities in direct securities accounts with CDP, and who wish to trade Perpetual Securities through the Depository System, must transfer the Perpetual Securities to a securities sub-account with a Depository Agent for trade settlement.

CDP is not involved in money settlement between the Depository Agents (or any other persons) as CDP is not a counterparty in the settlement of trades of debt securities, such as the Perpetual Securities. However, CDP will make payment of distribution and repayment of principal on behalf of issuers of debt securities. Although CDP has established procedures to facilitate transfer of interests in the Perpetual Securities in global form among Depositors, it is under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Principal Paying Agent or any other agent will have the responsibility for the performance by CDP of its obligations under the rules and procedures governing its operations.

SUBSCRIPTION AND SALE

The sub-sections headed "Subscription and Sale – Public Offer Selling Restriction under the Prospectus Directive" and "Subscription and Sale – United Kingdom" of the Original Offering Circular shall be deleted in its entirety and replaced with the following:

European Economic Area and United Kingdom

Each of the Joint Bookrunners and Lead Managers has represented and agreed that no offers or sales of the Perpetual Securities will be made in, or to any person domiciled in, or having their registered office located in, any member of the European Economic Area or in the United Kingdom.

The sub-section headed "Subscription and Sale – Singapore" of the Offering Circular shall be deleted in its entirety and replaced with the following:

Singapore

Each of the Joint Bookrunners and Lead Managers has acknowledged that this Supplemental Offering Circular and the Original Offering Circular have not been registered as a prospectus with the MAS. Accordingly, each of the Joint Bookrunners and Lead Managers has represented and agreed that this Supplemental Offering Circular and the Original Offering Circular and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Perpetual Securities have not been and will not be circulated or distributed, nor the Perpetual Securities offered or sold, or made the subject of an invitation for subscription for or purchase, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1), or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Perpetual Securities are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Perpetual Securities pursuant to an offer made under Section 275 of the SFA except:

(1) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(2) where no consideration is or will be given for the transfer;

(3) where the transfer is by operation of law;

(4) as specified in Section 276(7) of the SFA; or

(5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Any reference to the SFA is a reference to the Securities and Futures Act, Chapter 289 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term or provision as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

PRICING SUPPLEMENT IN RELATION TO PERPETUAL SECURITIES

PRICING SUPPLEMENT

NOTIFICATION UNDER SECTION 309B(1)(C) OF THE SECURITIES AND FUTURES ACT (CHAPTER 289) OF SINGAPORE, AS AMENDED OR MODIFIED FROM TIME TO TIME (SFA) – In connection with Section 309B of the SFA and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the **CMP Regulations 2018**), the Issuer has determined and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA) of the classification of the Perpetual Securities as "prescribed capital markets products" (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Perpetual Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (**EEA**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, **MiFID II**); (ii) a customer within the meaning of Directive (EU) 2016/97 (the **Insurance Distribution Directive**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the **Prospectus Regulation**). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the **EU PRIIPs Regulation**) for offering or selling the Perpetual Securities or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Perpetual Securities or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

PROHIBITION OF SALES TO UK RETAIL INVESTORS – The Perpetual Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (**UK**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (**EUWA**); (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (**FSMA**) and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the **UK PRIIPs Regulation**) for offering or selling the Perpetual Securities or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Perpetual Securities or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

[●] 2021

DBS TRUSTEE LIMITED (IN ITS CAPACITY AS TRUSTEE OF MAPLETREE NORTH ASIA COMMERCIAL TRUST (FORMERLY KNOWN AS MAPLETREE GREATER CHINA COMMERCIAL TRUST))

Legal Entity Identifier: 5493006BB2S52YF6CU81

Issue of S$[●],000,000 [●] per cent. Fixed Rate Perpetual Securities (the **Perpetual Securities)**

under the U.S.$1,500,000,000 Euro Medium Term Securities Programme

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Offering Circular dated 31 May 2013, as supplemented by the Supplemental Offering Circular dated [●] 2021 (together, the **Offering Circular**). This document constitutes the Pricing Supplement of the Perpetual Securities described herein and must be read in conjunction with the Offering Circular. Full information on the Issuer and the offer of the Perpetual Securities is only available on the basis of the combination of this Pricing Supplement and the Offering Circular.

An advance tax ruling will be requested from the Inland Revenue Authority of Singapore (**IRAS**) to confirm, amongst other things, whether the IRAS would regard the Perpetual Securities as "debt securities" for the purposes of the Income Tax Act, Chapter 134 of Singapore (the **ITA**) and the distributions made under the Perpetual Securities as interest payable on indebtedness such that holders of the Perpetual Securities may enjoy the tax concessions and exemptions available for qualifying debt securities under the qualifying debt securities scheme, as set out in the section "*Taxation – Singapore Taxation*" of the Offering Circular provided that the relevant conditions are met.

There is no guarantee that a favourable ruling will be obtained from the IRAS. In addition, no assurance is given that the Issuer can provide all information or documents requested by the IRAS for the purpose of the ruling request, and a ruling may not therefore be issued. If the Perpetual Securities are not regarded as debt securities for the purposes of the ITA, the distributions made under the Perpetual Securities are not regarded as interest payable on indebtedness and/or holders thereof are not eligible for the tax concessions and exemptions under the qualifying debt securities scheme, the tax treatment to holders may differ.

No assurance, warranty or guarantee is given on the tax treatment to holders of the Perpetual Securities in respect of the distributions payable to them. Investors should therefore consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding and disposal of the Perpetual Securities.

Where interest (including distributions which are regarded as interest for Singapore tax income purposes), discount income, prepayment fee, redemption premium or break cost is derived from any of the Perpetual Securities by any person who is not resident in Singapore and who carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for qualifying debt securities (subject to certain conditions) under the ITA, shall not apply if such person acquires such Perpetual Securities using the funds and profits of such person's operations through a permanent establishment in Singapore. Any person whose interest (including distributions which are regarded as interest for Singapore tax income purposes), discount income, prepayment fee, redemption premium or break cost derived from the Perpetual Securities is not exempt from tax (including for the reasons described above) shall include such income in a return of income made under the ITA.

1.	(a)	Issuer:	DBS Trustee Limited (in its capacity as trustee of Mapletree North Asia Commercial Trust (formerly known as Mapletree Greater China Commercial Trust))
	(b)	Guarantor:	Not Applicable
2.	(a)	Series Number:	009
	(b)	Tranche Number:	001
	(c)	Date on which the Perpetual Securities will be consolidated and form a single Series:	Not Applicable

3.	Specified Currency or Currencies:	Singapore dollar (**S$** or **SGD**)
4.	Aggregate Nominal Amount:	
	(a) Series:	S$[●],000,000
	(b) Tranche:	S$[●],000,000
5.	(a) Issue Price:	[●] per cent. of the Aggregate Nominal Amount
	(b) Private banking rebates:	Applicable
6.	(a) Specified Denominations:	S$250,000
	(b) Calculation Amount:	S$250,000
7.	(a) Issue Date:	[●] 2021
	(b) Distribution Commencement Date:	Issue Date
8.	Distributions:	
	(i) Rate of Distribution:	[●] per cent. Fixed Rate (further particulars specified below)
	(ii) Distribution Deferral:	Applicable
	(iii) Cumulative Deferral:	Not Applicable
	(iv) Non-Cumulative Deferral:	Applicable
	(v) Optional Payment:	Applicable
	(vi) Additional Distribution:	Not Applicable
	(vii) Dividend Pusher:	Not Applicable
	(viii) Dividend Stopper:	Applicable
9.	Redemption/Payment Basis:	Redemption for Taxation Reasons Redemption for Accounting Reasons Redemption for Tax Deductibility Event Redemption upon a Regulatory Event Redemption at the Option of the Issuer Minimum Outstanding Amount Redemption Option
10.	Early Redemption Amount(s) payable on redemption and/or the method of calculating the same:	S$250,000 per Calculation Amount
11.	Change of Redemption/Payment Basis:	Not Applicable

12.	(a)	Status of the Perpetual Securities:	Subordinated
	(b)	Status of the Guarantee:	Not Applicable
13.		Listing:	SGX-ST
14.		Method of distribution:	Syndicated

PROVISIONS RELATING TO DISTRIBUTIONS (IF ANY) PAYABLE

15.			Fixed Rate Perpetual Security Provisions	Applicable
	(a)		Rate of Distribution:	From and including the Issue Date to but excluding the First Reset Date, [●] per cent. per annum (the **Initial Rate of Distribution**) and, for the period from, and including, the First Reset Date and each Reset Date falling thereafter to, but excluding, the immediately following Reset Date, the Reset Rate of Distribution." **Reset Rate of Distribution** means the Relevant Rate with respect to the relevant Reset Date plus the Initial Spread.
	(b)		Step-Up:	Not Applicable
	(c)		Reset:	Applicable
		(i)	First Reset Date:	[●] 2026
		(ii)	Reset Date(s):	Subject to Condition 4.1A(i), the First Reset Date and each date falling every five calendar years after the First Reset Date. For the avoidance of doubt, notwithstanding any adjustment to any Original Reset Date (as defined in Condition 4.1A(i)) in accordance with Condition 4.1A(i), the immediately following Reset Date shall fall on the date falling five calendar years after such Original Reset Date, and not the Adjusted Reset Date.
		(iii)	Reset Period:	Subject to Condition 4.1A(i), five calendar years, being the period from and including the First Reset Date to but excluding the next Reset Date, and each successive period from and including a Reset Date to but excluding the next succeeding Reset Date.

(iv) Relevant Rate:	**Singapore Dollar Swap Offer Rate**, being the rate in per cent. per annum notified by the Calculation Agent to the Issuer equal to the average of the rate appearing under the column headed "Ask" for a maturity of five years which appears on the Bloomberg Screen TPIS Page under the caption "Tullett Prebon – Rates – Interest Rate Swaps – Asia Pac – SGD" (or such other substitute page thereof or if there is no substitute page, the screen page which is the generally accepted page used by market participants at that time) published at the close of business on the Reset Determination Date; provided that, in the event such rate is zero or negative, the Swap Offer Rate shall be deemed to be zero per cent. per annum. If such rate does not appear on the Bloomberg Screen TPIS Page (or such other substitute page thereof or if there is no substitute page, the screen page which is the generally accepted page used by market participants at that time) on any such Singapore Business Day, the rate for that Singapore Business Day will be any substitute rate announced by the Association of Banks in Singapore. **Reset Determination Date** means the second Singapore Business Day prior to each Reset Date. Benchmark Discontinuation and Replacement, as set out in Condition 4.1A, applies. Please refer to the Annex to this Pricing Supplement.
(v) Initial Spread:	[●] per cent. per annum
(vi) Step-Up Margin:	Not Applicable
(d) Distribution Payment Date(s):	[●] and [●] in each year
(e) Fixed Coupon Amount(s):	Not Applicable
(f) Broken Amount(s):	Not Applicable
(g) Day Count Fraction:	Actual/365 (Fixed)
(h) Determination Date(s):	Not Applicable
(i) Other terms relating to the method of calculating distribution for Fixed Rate Perpetual Securities:	Please refer to the Annex to this Pricing Supplement.

16.	Floating Rate Perpetual Security Provisions	Not Applicable
17.	Index Linked Distribution Perpetual Security Provisions	Not Applicable
18.	Dual Currency Distribution Perpetual Security Provisions	Not Applicable

PROVISIONS RELATING TO REDEMPTION

19.	Redemption for Accounting Reasons:	Applicable
20.	Redemption at the Option of the Issuer:	Applicable
	(a) Optional Redemption Date(s):	[●] 2026 and every Distribution Payment Date thereafter
	(b) If redeemable in part:	
	(i) Minimum Redemption Amount:	Not Applicable
	(ii) Maximum Redemption Amount:	Not Applicable
21.	Redemption Upon a Ratings Event:	Not Applicable
22.	Redemption for Tax Deductibility Event:	Applicable
23.	Redemption Upon a Change of Control Event:	Not Applicable
24.	Redemption Upon a Regulatory Event:	Applicable
25.	Minimum Outstanding Amount Redemption Option:	Applicable

GENERAL PROVISIONS APPLICABLE TO THE PERPETUAL SECURITIES

26.	Form of Perpetual Securities:	Regulation S Registered Global Perpetual Security (S$[●],000,000 nominal amount) registered in the name of CDP
27.	Governing Law of Perpetual Securities:	Singapore Law
28.	Additional Financial Centre(s) or other special provisions relating to Payment Days:	Not Applicable
29.	Offshore Renminbi Centre(s):	Not Applicable
30.	Talons for future Coupons to be attached to Definitive Perpetual Securities (and dates on which such Talons mature):	Not Applicable

31.	Details relating to Partly Paid Perpetual Securities: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences of failure to pay, including any right of the relevant Issuer to forfeit the Perpetual Securities and interest due on late payment:	Not Applicable
32.	Consolidation provisions:	Consolidation not applicable
33.	Parity Obligations:	Any instrument or security (including without limitation any preferred units in Mapletree North Asia Commercial Trust (formerly known as Mapletree Greater China Commercial Trust) (**MNACT**)) issued, entered into or guaranteed by the Issuer (a) which ranks or is expressed to rank, by its terms or by operation of law, *pari passu* with a MNACT Notional Preferred Unit and/or other Parity Obligations and (b) the terms of which provide that the making of payments thereon or distributions in respect thereof are fully at the discretion of the Issuer and/or, in the case of an instrument or security guaranteed by the Issuer, the issuer thereof. **MNACT Notional Preferred Unit** means a class of the preferred units in the capital of MNACT (and if more than one class of preferred units is outstanding, the most junior ranking class of such preferred units).
34.	Junior Obligations:	Any class of equity capital in MNACT, other than any instrument or security (including without limitation any preferred units) ranking in priority in payment and in all other respects to the ordinary units of MNACT.
35.	Other terms:	Please refer to the Annex to this Pricing Supplement

DISTRIBUTION

36.	(a) If syndicated, names of Managers:	DBS Bank Ltd. and Oversea-Chinese Banking Corporation Limited
	(b) Date of Subscription Agreement:	[●] 2021
	(c) Stabilising Manager(s) (if any):	Not Applicable
37.	If non-syndicated, name of relevant Dealer:	Not Applicable

38.	U.S. Selling Restrictions:	Reg. S Compliance Category 1; TEFRA not applicable
39.	Additional selling restrictions:	Not Applicable
40.	Prohibition of Sales to EEA Retail Investors:	Applicable
41.	Prohibition of Sales to UK Retail Investors:	Applicable

OPERATIONAL INFORMATION

42.	ISIN Code:	To be obtained
43.	Common Code:	To be obtained
44.	Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream:	CDP
45.	Delivery:	Delivery free of payment
46.	Names and addresses of additional Paying Agent(s) (if any):	The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch as the Calculation Agent
47.	Registrar:	The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch
48.	Ratings:	Not Applicable

LISTING APPLICATION

This Pricing Supplement comprises the final terms required for issue and admission to trading on the Singapore Exchange Securities Trading Limited of the Perpetual Securities described herein pursuant to the U.S.$1,500,000,000 Euro Medium Term Securities Programme of DBS Trustee Limited (in its capacity as trustee of Mapletree North Asia Commercial Trust (formerly known as Mapletree Greater China Commercial Trust)), Mapletree North Asia Commercial Trust Treasury Company (S) Pte. Ltd. (formerly known as Mapletree Greater China Commercial Trust Treasury Company (S) Pte. Ltd.) and Mapletree North Asia Commercial Treasury Company (HKSAR) Limited (formerly known as Mapletree Greater China Commercial Treasury Company (HKSAR) Limited).

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in this Pricing Supplement.

Signed on behalf of **DBS TRUSTEE LIMITED (IN ITS CAPACITY AS TRUSTEE OF MAPLETREE NORTH ASIA COMMERCIAL TRUST (FORMERLY KNOWN AS MAPLETREE GREATER CHINA COMMERCIAL TRUST)):**

By:...

Duly authorised

By: ....

Duly authorised

ANNEX

The following provisions shall be included in the Conditions in respect of the Perpetual Securities as a new Condition 4.1A:

"4.1A Benchmark Discontinuation and Replacement

(i) Independent Adviser

Notwithstanding the provisions above in Condition 4.1, if a Benchmark Event occurs in relation to an Original Reference Rate prior to the relevant Reset Determination Date when any Rate of Distribution (or any component part thereof) remains to be determined by reference to such Original Reference Rate, then the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to determine the Benchmark Replacement (in accordance with Condition 4.1A(ii)) and an Adjustment Spread, if any (in accordance with Condition 4.1A(iii)), and any Benchmark Amendments (in accordance with Condition 4.1A(iv)) by the relevant Reset Determination Date. An Independent Adviser appointed pursuant to this Condition 4.1A(i) as an expert shall act in good faith and in a commercially reasonable manner and in consultation with the Issuer. In the absence of bad faith or fraud, the Independent Adviser shall have no liability whatsoever to the Issuer, the Trustee, the Issuing and Paying Agent, the Securityholders for any determination made by it or for any advice given to the Issuer in connection with any determination made by the Issuer, pursuant to this Condition 4.1A.

If the Issuer is unable to appoint an Independent Adviser after using its reasonable endeavours, or the Independent Adviser appointed by it fails to determine the Benchmark Replacement prior to the relevant Reset Determination Date, the Issuer (acting in good faith and in a commercially reasonable manner) may determine the Benchmark Replacement (in accordance with Condition 4.1A(ii)) and an Adjustment Spread if any (in accordance with Condition 4.1A(iii)) and any Benchmark Amendments (in accordance with Condition 4.1A(iv)).

If the Issuer is unable to determine the Benchmark Replacement prior to the relevant Reset Determination Date in respect of a Reset Date (the **Original Reset Date**), the Rate of Distribution applicable to the next succeeding Fixed Distribution Period falling immediately after the Original Reset Date shall be equal to the Rate of Distribution last determined in relation to the Perpetual Securities in respect of the immediately preceding Fixed Distribution Period. If there has not been a first Distribution Payment Date, the Rate of Distribution shall be the initial Rate of Distribution. The foregoing shall apply to the relevant next Fixed Distribution Period falling immediately after the Original Reset Date only and any subsequent Fixed Distribution Periods are subject to the subsequent operation of, and to adjustments as provided in, the first paragraph of this Condition 4.1A(i), and such relevant Reset Date shall be adjusted so that it falls on the Distribution Payment Date immediately after the Original Reset Date (the **Adjusted Reset Date**). For the avoidance of doubt, this paragraph shall apply, *mutatis mutandis*, to each Adjusted Reset Date until the Benchmark Replacement is determined in accordance with this Condition 4.1A(i).

(ii) Benchmark Replacement

The Benchmark Replacement determined by the Independent Adviser or the Issuer (in the circumstances set out in Condition 4.1A(i)) shall (subject to adjustment as provided in Condition 4.1A(iii)) subsequently be used in place of the Original Reference Rate to determine the Rate of Distribution (or the relevant component part thereof) for all future payments of distribution on the Perpetual Securities (subject to the operation of this Condition 4.1).

(iii) Adjustment Spread

If the Independent Adviser or the Issuer (in the circumstances set out in Condition 4.1A(i)) (as the case may be) determines (i) that an Adjustment Spread is required to be applied to the Benchmark Replacement and (ii) the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to the Benchmark Replacement.

(iv) Benchmark Amendments

If the Independent Adviser or the Issuer (in the circumstances set out in Condition 4.1A(i)) (as the case may be) determines (i) that Benchmark Amendments are necessary to ensure the proper operation of such Benchmark Replacement and/or Adjustment Spread and (ii) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 4.1A(v), without any requirement for the consent or approval of Securityholders, vary these Conditions, the Trust Deed and/or the Agency Agreement to give effect to such Benchmark Amendments with effect from the date specified in such notice.

At the request of the Issuer, but subject to receipt by the Trustee of a certificate signed by a director or an authorised signatory of the Issuer pursuant to Condition 4.1A(v), the Trustee shall (at the expense of the Issuer), without any requirement for the consent or approval of the Securityholders, be obliged to concur with the Issuer in effecting any Benchmark Amendments (including, *inter alia*, by the execution of a deed supplemental to or amending the Trust Deed), provided that the Trustee shall not be obliged so to concur if in the reasonable opinion of the Trustee doing so would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions afforded to the Trustee in these Conditions or the Trust Deed (including, for the avoidance of doubt, any supplemental trust deed) in any way.

For the avoidance of doubt, the Trustee and the Paying Agents shall, at the direction and expense of the Issuer, effect such consequential amendments to the Trust Deed, the Agency Agreement and these Conditions as may be required in order to give effect to this Condition 4.1A. Securityholders' consent shall not be required in connection with effecting the Benchmark Replacement or such other changes, including for the execution of any documents or other steps by the Trustee, the Calculation Agent, the Paying Agents, the Registrars or the Transfer Agents (if required).

In connection with any such variation in accordance with Condition 4.1A(iv), the Issuer shall comply with the rules of any stock exchange on which the Perpetual Securities are for the time being listed or admitted to trading.

(v) Notices, etc.

Any Benchmark Replacement, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this Condition 4.1A will be notified promptly by the Issuer to the Trustee, the Calculation Agent, the Issuing and Paying Agent and, in accordance with Condition 4.1A, the Securityholders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

No later than notifying the Trustee of the same, the Issuer shall deliver to the Trustee a certificate signed by a director or an authorised signatory of the Issuer:

(1) confirming (x) that a Benchmark Event has occurred, (y) the Benchmark Replacement and, (z) where applicable, any Adjustment Spread and/or the specific terms of any Benchmark Amendments, in each case as determined in accordance with the provisions of this Condition 4.1A; and

(2) certifying that the Benchmark Amendments are necessary to ensure the proper operation of such Benchmark Replacement and/or Adjustment Spread.

The Trustee shall be entitled to rely on such certificate (without liability to any person) as sufficient evidence thereof. The Benchmark Replacement and the Adjustment Spread (if any) and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error or bad faith in the determination of the Benchmark Replacement and the Adjustment Spread (if any) and the Benchmark Amendments (if any) and without prejudice to the Trustee's ability to rely on such certificate as aforesaid) be binding on the Issuer, the Trustee, the Calculation Agent, the Issuing and Paying Agent and the Securityholders.

(vi) Survival of Original Reference Rate

Without prejudice to the obligations of the Issuer under Conditions 4.1A(i), 4.1A(ii), 4.1A(iii) and 4.1A(iv), the Original Reference Rate and the fallback provisions provided for in Condition 4.1A will continue to apply unless and until the Calculation Agent has been notified of the Benchmark Replacement, and any Adjustment Spread and Benchmark Amendments, in accordance with Condition 4.1A(v).

(vii) Definitions

As used in this Condition 4.1A:

"**Adjustment Spread**" means either a spread (which may be positive or negative), or the formula or methodology for calculating a spread, in either case, which the Independent Adviser or the Issuer (in the circumstances set out in Condition 4.1A(i)) (as the case may be) determines is required to be applied to the Benchmark Replacement to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to Securityholders as a result of the replacement of the Original Reference Rate with the Benchmark Replacement and is the spread, formula or methodology which:

(1) is formally recommended in relation to the replacement of the Original Reference Rate with the applicable Benchmark Replacement by any Relevant Nominating Body; or

(2) if the applicable Benchmark Replacement is the ISDA Fallback Rate, is the ISDA Fallback Adjustment; or

(3) is determined by the Independent Adviser or the Issuer (in the circumstances set out in Condition 4.1A(i)) (as the case may be) having given due consideration to any industry-accepted spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the Original Reference Rate with the applicable Benchmark Replacement for the purposes of determining rates of distribution (or the relevant component part thereof) for the same distribution period and in the same currency as the Perpetual Securities;

"**Alternative Rate**" means an alternative benchmark or screen rate which the Independent Adviser or the Issuer (in the circumstances set out in Condition 4.1A(i)) (as the case may be) determines in accordance with Condition 4.1A(ii) has replaced the Original Reference Rate for the Corresponding Tenor in customary market usage in the international or if applicable, domestic debt capital markets for the purposes of determining rates of interest or distribution (or the relevant component part thereof) for the same interest or distribution period and in the same currency as the Perpetual Securities (including, but not limited to, Singapore Government Bonds);

"**Benchmark Amendments**" means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the definition of "Fixed Distribution Period", timing and frequency of determining rates and making payments of distribution, changes to the definition of "Corresponding Tenor" solely when such tenor is longer than the Fixed Distribution Period, any other amendments to these Conditions, the Trust Deed and/or the Agency Agreement, and other administrative matters) that the Independent Adviser or the Issuer (in the circumstances set out in Condition 4.1A(i)) (as the case may be) determines may be appropriate to reflect the adoption of such Benchmark Replacement in a manner substantially consistent with market practice (or, if the Independent Adviser or the Issuer (in the circumstances set out in Condition 4.1A(i)) (as the case may be) determines that adoption of any portion of such market practice is not administratively feasible or if the Independent Adviser or the Issuer (in the circumstances set out in Condition 4.1A(i)) (as the case may be) determines that no market practice for use of such Benchmark Replacement exists, in such other manner as the Independent Adviser or the Issuer (in the circumstances set out in Condition 4.1A(i)) (as the case may be) determines is reasonably necessary);

"**Benchmark Event**" means:

(1) the Original Reference Rate ceasing to be published for a period of at least five Singapore business days or ceasing to exist; or

(2) a public statement by the administrator of the Original Reference Rate that it has ceased or will, by a specified date within the following six months, cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate); or

(3) a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate has been or will, by a specified date within the following six months, be permanently or indefinitely discontinued; or

(4) a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate has been prohibited from being used or that its use has been subject to restrictions or adverse consequences, or that it will be prohibited from being used or that its use will be subject to restrictions or adverse consequences within the following six months; or

(5) it has become unlawful for the Issuing and Paying Agent, the Calculation Agent, the Issuer or any other party to calculate any payments due to be made to any Securityholder using the Original Reference Rate; or

(6) a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate is no longer representative or will, by a specified date within the following six months, be deemed to be no longer representative,

provided that the Benchmark Event shall be deemed to occur (a) in the case of sub-paragraphs (2) and (3) above, on the date of the cessation of publication of the Original Reference Rate or the discontinuation of the Original Reference Rate, as the case may be, (b) in the case of sub-paragraph (4) above, on the date of the prohibition or restriction of use of the Original Reference Rate and (c) in the case of sub-paragraph (6) above, on the date with effect from which the Original Reference Rate will no longer be (or will be deemed to no longer be) representative and which is specified in the relevant public statement, and, in each case, not the date of the relevant public statement.

"**Benchmark Replacement**" means the Interpolated Benchmark, provided that if the Independent Adviser or the Issuer (in the circumstances set out in Condition 4.1A(i)) (as the case may be) cannot determine the Interpolated Benchmark by the relevant Reset Determination Date, then "Benchmark Replacement" means the first alternative set forth in the order below that can be determined by the Independent Adviser or the Issuer (in the circumstances set out in Condition 4.1A(i)) (as the case may be):

(1) Term SORA;

(2) Compounded SORA;

(3) the Successor Rate;

(4) the ISDA Fallback Rate (including Fallback Rate (SOR)); and

(5) the Alternative Rate.

"**Compounded SORA**" means the compounded average of SORAs for the applicable Corresponding Tenor, with the rate, or methodology for this rate, and conventions for this rate (which will be compounded in arrears with the selected mechanism to determine the distribution or other amount payable prior to the end of the relevant Fixed Distribution Period) being established by the Independent Adviser or the Issuer (in the circumstances set out in Condition 4.1A(i)) (as the case may be) in accordance with

(1) the rate, or methodology for this rate, and conventions for this rate selected or recommended by the Relevant Nominating Body for determining Compounded SORA; provided that:

(2) if, and to the extent that, the Independent Adviser or the Issuer (in the circumstances set out in Condition 4.1A(i)) (as the case may be) determines that Compounded SORA cannot be determined in accordance with clause (1) above, then the rate, or methodology for this rate, and conventions for this rate that have been selected by the Independent Adviser or the Issuer (in the circumstances set out in Condition 4.1A(i)) (as the case may be) giving due consideration to any industry-accepted market practice for the relevant Singapore dollar denominated securities at such time.

"**Corresponding Tenor**" with respect to a Benchmark Replacement means a tenor (including overnight) having approximately the same length (disregarding business day adjustment) as the applicable tenor for the then-current Original Reference Rate;

"**Fallback Rate (SOR)**" has the meaning ascribed to it in the 2006 ISDA Definitions as amended and supplemented by Supplement number 70, published on 23 October 2020;

"**Independent Adviser**" means an independent financial institution of good repute or an independent financial adviser with experience in the local or international debt capital markets appointed by and at the cost of the Issuer under Condition 4.1A(i);

"**Interpolated Benchmark**" with respect to the Original Reference Rate means the rate determined for the Corresponding Tenor by interpolating on a linear basis between: (1) the Original Reference Rate for the longest period (for which the Original Reference Rate is available) that is shorter than the Corresponding Tenor and (2) the Original Reference Rate for the shortest period (for which the Original Reference Rate is available) that is longer than the Corresponding Tenor;

"**ISDA Definitions**" means the 2006 ISDA Definitions published by the International Swaps and Derivatives Association Inc. or any successor thereto, as may be updated, amended or supplemented from time to time, or any successor definitional booklet for interest rate derivatives published from time to time;

"**ISDA Fallback Adjustment**" means the spread adjustment (which maybe positive or negative value or zero) that would apply for derivative transactions referencing the Original Reference Rate in the ISDA Definitions to be determined upon the occurrence of an index cessation event with respect to the Original Reference Rate for the applicable tenor;

"**ISDA Fallback Rate**" means the rate that would apply for derivative transactions referencing the Original Reference Rate in the ISDA Definitions to be effective upon the occurrence of an index cessation event with respect to the Original Reference Rate for the applicable tenor excluding the applicable ISDA Fallback Adjustment;

"**Original Reference Rate**" means, initially, Singapore Swap Offer Rate (being the originally-specified reference rate of applicable tenor used to determine the Rate of Distribution) or any component part thereof, including the relevant USD London Interbank Offered Rate, provided that if a Benchmark Event has occurred with respect to Singapore Swap Offer Rate or the then-current Original Reference Rate, then "Original Reference Rate" means the applicable Benchmark Replacement;

"**Relevant Nominating Body**" means, in respect of a benchmark or screen rate (as applicable):

(1) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or

(2) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (1) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (2) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (3) a group of the aforementioned central banks or other supervisory authorities or (4) the Financial Stability Board or any part thereof;

"**SORA**" or "**Singapore Overnight Rate Average**" with respect to any Singapore Business Day means a reference rate equal to the daily Singapore Overnight Rate Average published by the Monetary Authority of Singapore (or a successor administrator), as the administrator of the benchmark, on the Monetary Authority of Singapore's website currently at http://www.mas.gov.sg, or any successor website officially designated by the Monetary Authority of Singapore (or as published by its authorised distributors) on the Singapore Business Day immediately following such Singapore Business Day;

"**Successor Rate**" means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body as the replacement for the Original Reference Rate for the applicable Corresponding Tenor; and

"**Term SORA**" means the forward-looking term rate for the applicable Corresponding Tenor based on SORA that has been selected or recommended by the Relevant Nominating Body, or as determined by the Independent Adviser or the Issuer (in the circumstances set out in Condition 4.1A(i)) (as the case may be) having given due consideration to any industry-accepted market practice for the relevant Singapore dollar denominated securities."

The following provisions shall be included in the Conditions in respect of the Perpetual Securities as a new Condition 4.1B:

"4.1B The Calculation Agent shall, on the second Singapore Business Day prior to each Reset Date, determine the applicable Reset Rate of Distribution in respect of each Perpetual Security, and cause the applicable Reset Rate of Distribution to be notified to the Issuer as soon as possible after their determination but in no event later than the fourth Singapore Business Day thereafter. Upon such notification, the Issuer shall cause the Reset Rate of Distribution in respect of each Perpetual Security to be notified to the Issuing and Paying Agent, the Securityholders and any stock exchange on which the relevant Fixed Rate Perpetual Securities are for the time being listed and notice thereof to be published in accordance with Condition 13 as soon as possible after being notified by the Calculation Agent but in no event later than the fourth Singapore Business Day thereafter.

For the avoidance of doubt, if for any reason at any relevant time the Calculation Agent is unable to fulfil its obligation to determine the Reset Rate of Distribution in accordance with this Condition 4.1B, the Calculation Agent shall be entitled to resign as calculation agent by giving at least 90 days' (or such other period as may be agreed with the Issuer) written notice to the Issuer and the Trustee, specifying the date on which its resignation shall be effective.

For the purposes of this paragraph, the expression **Singapore Business Day** means a day (other than a Saturday, Sunday or public holiday) on which banks and foreign exchange markets are open for general business in Singapore. The determination of any rate, the obtaining of each quotation and the making of each determination or calculation for the purposes of this Condition 4.1B by the Calculation Agent shall (in the absence of wilful default, bad faith or manifest error) be final and binding upon all parties."

Condition 13 in respect of the Perpetual Securities shall be deleted in its entirety and replaced with the following:

"All notices regarding the Registered Perpetual Securities will be deemed to be validly given if (a) sent by mail or (if posted to an address overseas) by airmail to the holders (or the first named of joint holders) at their respective addresses recorded in the Register and will be deemed to have been given on the fourth day after mailing or (b) for so long as the Registered Perpetual Securities are listed on the SGX-ST and the rules of the SGX-ST so require, published on the website of the SGX-ST at http://www.sgx.com and such notice shall be deemed to have been given on the date of publication of such notice on the website of the SGX-ST. In addition, for so long as any Registered Perpetual Securities are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules.

Until such time as any definitive Perpetual Securities are issued, there may, so long as any Global Perpetual Securities representing the Perpetual Securities are held in their entirety on behalf of CDP, be substituted for such publication in such newspaper(s) or such mailing (A) (subject to the agreement of CDP) the delivery of the relevant notice to CDP for communication by them to the holders of the Perpetual Securities, (B) the delivery of the relevant notice to the persons shown in the records maintained by the CDP no earlier than three Business Days preceding the date of despatch of such notice as holding interests in the relevant Global Perpetual Securities, or (C) for so long as the Perpetual Securities are listed on the SGX-ST, the publication of the relevant notice on the website of the SGX-ST at http://www.sgx.com, and, in addition, for so long as any Perpetual Securities are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules. Any such notice shall be deemed to have been given to the holders of the Perpetual Securities on (x) the day after the day on which the said notice was given to CDP, and/or (y) the date of the despatch of such notice to the persons shown in the records maintained by CDP and/or (z) (in the case of Perpetual Securities cleared through CDP) the date of publication of such notice on the website of the SGX-ST.

Notices to be given by any Securityholder shall be in writing and given by lodging the same, together (in the case of any Perpetual Security in definitive form) with the relative Perpetual Security or Perpetual Securities, with the Registrar. Whilst any of the Perpetual Securities are represented by a Global Perpetual Security, such notice may be given by any holder of a Perpetual Security to the Issuing and Paying Agent or the Registrar through CDP in such manner as the Registrar and/or the CDP as the case may be, may approve for this purpose."

GENERAL INFORMATION

(1) Application will be made to the Singapore Exchange Securities Trading Limited (the **SGX-ST**) for permission to deal in, and for a quotation of, the Perpetual Securities on the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained herein. Admission to the Official List of the SGX-ST and quotation of the Perpetual Securities on the SGX-ST are not to be taken as an indication of the merits of the Issuer, MNACT, the Programme or the Perpetual Securities. The Perpetual Securities will be traded on the SGX-ST in a minimum board lot size of S$250,000.

(2) The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue of the Perpetual Securities. The issue of the Perpetual Securities was authorised by resolutions of the Board of Directors of the Issuer passed on 2 May 2019, with variations made to the list of signatories on 5 July 2019, 1 April 2020 and 15 September 2020, and an amendment to the signing mandate dated 23 November 2020.

(3) Except as disclosed in this Supplemental Offering Circular, there has been no material adverse change in the financial position of MNACT or the Group since 31 March 2021.

(4) There are no legal or arbitration proceedings pending or threatened against the Issuer, MNACT or any of their respective subsidiaries the outcome of which may have or have had during the 12 months prior to the date of this Supplemental Offering Circular a material adverse effect on the financial position of the Issuer, MNACT or the Group.

(5) The following documents will be available, at all reasonable times during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted), for inspection at the principal place of business of the Trustee and the specified office of the Principal Paying Agent and (for items (ii), (iii) and (iv) only) at the registered office of the MNACT Manager, the addresses of which, as of the date of this Supplemental Offering Circular, are set out at the end of this Supplemental Offering Circular:

  (i) the Trust Deed and the Agency Agreement;

  (ii) the Constitution of the Issuer;

  (iii) the MNACT Trust Deed;

  (iv) the most recently published audited consolidated annual financial statements of MNACT (if published) and the most recently published unaudited interim financial statements (if any) of MNACT, together with any audit or review reports prepared in connection therewith;

  (v) the Pricing Supplement; and

  (vi) a copy of the Original Offering Circular and this Supplemental Offering Circular,

subject (a) in the case of the documents mentioned in (ii), (iii), (iv), (v) and (vi), to the same having first been provided by the MNACT Manager to the Trustee and the Principal Paying Agent and (b) in the case of the Trust Deed and the Agency Agreement, to the same having first been provided by the Issuer to the Principal Paying Agent.

(6) PricewaterhouseCoopers LLP has given and has not withdrawn its written consents to the issue of this Supplemental Offering Circular for the inclusion herein of (i) its name; and (ii) its Independent Auditor's Reports on the audited financial statements for the years ended 31 March 2019 and 2020, in the form and context in which they appear in this Supplemental Offering Circular.

INDEX TO FINANCIAL STATEMENTS

Note: The audited consolidated financial statements set out herein have been reproduced from the Group's annual reports for the financial years ended 31 March 2019 and 2020, and page references are to pages set forth in such annual report. The audited consolidated financial statements have not been specifically prepared for inclusion in this Supplemental Offering Circular.

(Constituted in the Republic of Singapore pursuant to a Trust Deed dated 14 February 2013 (as amended))

MAPLETREE NORTH ASIA COMMERCIAL TRUST UNAUDITED FINANCIAL STATEMENTS FOR THE SECOND HALF YEAR FROM 1 OCTOBER 2020 TO 31 MARCH 2021 AND FINANCIAL YEAR FROM 1 APRIL 2020 TO 31 MARCH 2021 AND DISTRIBUTION ANNOUNCEMENT

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Summary Results of Mapletree North Asia Commercial Trust ("MNACT") Group

	FY20/21 [1]	FY19/20 [2]	Variance %	2H FY20/21 [1]	2H FY19/20 [2]	Variance %
Gross revenue (S$'000)	391,415	354,478	10.4	201,316	144,084	39.7
Net property income (S$'000)	292,040	277,487	5.2	152,300	107,693	41.4
Distributable income (S$'000)	210,150	227,928	(7.8)	113,318	104,140	8.8
Distribution per unit (cents) [3]	6.175	7.124	(13.3)	3.299	3.237	1.9

Footnotes:

1) Financial year from 1 April 2020 to 31 March 2021 ("FY20/21") and period from 1 October 2020 to 31 March 2021 ("2H FY20/21")

2) Financial year from 1 April 2019 to 31 March 2020 ("FY19/20") and period from 1 October 2019 to 31 March 2020 ("2H FY19/20")

3) MNACT has amended its distribution policy to make distributions on a half-yearly basis starting from 1H FY20/21. Consequently, DPU for FY20/21 is calculated based on the income available for distribution for 1H and 2H FY20/21 over the number of units in issue as at the end of each period of 3,366,891,945 units and 3,434,336,938 units respectively. The number of units in issue as at the end of 2H FY20/21 does not include the payment of Manager's base fee and the property manager's management fees (collectively known as "Fees") in units of 13,428,409 for 2H FY20/21. The units for payment of Fees for 2H FY20/21, to be issued in May 2021, will be included in the computation of the DPU payable for the 1st half of the next financial year.

Introduction

Mapletree North Asia Commercial Trust[1] ("MNACT") was constituted in the Republic of Singapore pursuant to a Trust Deed dated 14 February 2013 (as amended). MNACT was listed on Singapore Exchange Securities Trading Limited ("SGX-ST") on 7 March 2013 (the "Listing Date") as a real estate investment trust. The principal investment strategy of MNACT is to invest, directly or indirectly in the Greater China region, Japan and South Korea, in a diversified portfolio of income-producing real estate which is used primarily for commercial purposes (including real estate used predominantly for retail and/or offices), as well as real estate-related assets.

The current portfolio of MNACT comprises eleven commercial properties in China, in Hong Kong SAR, Japan and South Korea, with a total lettable area of 5.7 million square feet. Their total book value[2] is S$7,945.9 million as of 31 March 2021:

(a) Festival Walk, a landmark territorial retail mall and lifestyle destination with an office component in the Kowloon Tong area of Hong Kong. Festival Walk has been consistently ranked as one of the top ten shopping malls in Hong Kong (acquired on listing date);
(b) Gateway Plaza, a premier Grade-A office building with a retail podium located in the established and prime Lufthansa Area in Beijing, China (acquired on listing date);
(c) Sandhill Plaza, a premium quality business park development located at Zhangjiang Hi-tech Park, within the Pudong New Area, Shanghai, China (acquired on 17 June 2015);
(d) Japan Properties, three office buildings in Tokyo (IXINAL Monzen-nakacho Building, Higashi-nihonbashi 1-chome Building, and TS Ikebukuro Building); an office building in Yokohama (ABAS Shin-Yokohama Building); and two office buildings in Chiba (SII Makuhari Building and Fujitsu Makuhari Building) (acquired on 25 May 2018). Another two office buildings, mBAY POINT Makuhari ("MBP") located in Chiba and Omori Prime Building ("Omori") located in Tokyo, were acquired on 28 February 2020[3](collectively the "Japan Properties"); and
(e) The Pinnacle Gangnam, a high quality office building located at Gangnam-gu, Seoul South Korea acquired on 30 October 2020.[4,5]

All these properties enjoy excellent connectivity via convenient access to major roads, expressways and subway lines, with quality tenants operating across diversified trade sectors.

Mapletree North Asia Commercial Trust Management Ltd. ("MNACTM" or the "Manager") aims to deliver stable and steady DPU growth to Unitholders, through actively managing and enhancing the properties, acquiring good quality income-producing commercial assets aligned with MNACT's investment mandate, and having in place an active capital management strategy to manage both interest rate and foreign exchange volatility. The Manager monitors MNACT's cash flow position and working capital requirements to ensure adequate reserves and liquidity to meet its financial obligations. The Manager also actively refinances MNACT's financial obligations so as to manage the debt maturity profile.

MNACT's distribution policy was to distribute at least 90.0% of its distributable income on a quarterly basis. However, the Manager may, at its discretion, amend the distribution policy in view of the evolving COVID-19 situation where there continues to be uncertainty over its duration and severity, and the consequential impact on businesses and the markets that MNACT operates in.

Following the amendments to Rule 705 of the Listing Manual of the Singapore Exchange Securities Trading Limited on the quarterly reporting framework which took effect from 7 February 2020,

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[1] Formerly known as Mapletree Greater China Commercial Trust.
[2] Includes MNACT's 50.0% effective interest in The Pinnacle Gangnam.
[3] Please refer to MNACT's SGX-ST Announcement dated 28 February 2020 titled "Issuance of Transaction Units to Sponsor's Nominee, and Completion of Acquisition of Two Office Properties in Greater Tokyo and Use of Proceeds".
[4] Please refer to MNACT's SGX-ST Announcement dated 25 September 2020 titled "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".
[5] Please refer to MNACT's SGX-ST Announcement dated 25 September 2020 titled "Expansion of Investment Mandate".

MNACT has announced financial statements on a half-yearly basis with effect from the financial year from 1 April 2020 to 31 March 2021 ("FY20/21"). Consequently, MNACT has also amended its distribution policy to make distributions on a half-yearly basis.

Notwithstanding the above, the Manager will continue its proactive engagement with unitholders through various communication channels, including providing relevant and material updates between the announcements of half-yearly financial statements, through SGX announcements.

Distribution Reinvestment Plan ("DRP")

As part of the Manager's proactive capital management efforts to maintain an optimal overall aggregate leverage for MNACT, the Manager will continue to apply the Distribution Reinvestment Plan ("DRP") for MNACT's distribution for the period from 1 April 2020 to 31 March 2021.

Valuation of Investment Properties

Valuations of properties in MNACT's portfolio are conducted annually in accordance with the requirements under Appendix 6 of the Code on Collective investment Schemes ("Property Fund Appendix").

Accordingly, the investment properties in the balance sheet are stated at fair value based on the portfolio valuation as of 31 March 2021. The resultant net revaluation loss of S$481.0 million as of 31 March 2021 is recognised in the Statement of Profit and Loss. (Please refer to Paragraph 8 for the gain/loss recorded for each investment property.)

1(a) Statement of Profit and Loss, Statement of Comprehensive Income and Distribution Statement (MNACT Group)

Statement of Profit and Loss	FY20/21 (S$'000)	FY19/20 (S$'000)	Variance Positive/ (Negative) (%)	2H FY20/21 (S$'000)	2H FY19/20 (S$'000)	Variance Positive/ (Negative) (%)
Gross revenue[1]	391,415	354,478	10.4	201,316	144,084	39.7
Property operating expenses	(99,375)	(76,991)	(29.1)	(49,016)	(36,391)	(34.7)
Net property income	**292,040**	**277,487**	**5.2**	**152,300**	**107,693**	**41.4**
Other income						
Interest income	2,050	2,114	(3.0)	850	1,038	(18.1)
Other non-operating income - interim insurance proceeds[2]	46,393	-	NM	9,642	-	NM
Other gains/(loss)						
Net foreign exchange gain	1,525	5,110	(70.2)	1,386	4,553	(69.6)
Expenses						
Manager's management fees[3]						
- Base fee	(21,591)	(23,217)	7.0	(11,626)	(10,652)	(9.1)
- Performance fee	-	-	-	-	322	NM
Trustee's fee	(821)	(787)	(4.3)	(403)	(397)	(1.5)
Other trust expenses	(2,461)	(2,112)	(16.5)	(1,173)	(1,130)	(3.8)
Finance costs[4]	(71,595)	(74,901)	4.4	(33,676)	(37,489)	10.2
Share of profit of a joint venture[5]	3,428	-	NM	3,428	-	NM
Profit before net change in fair value of investment properties and financial derivatives	**248,968**	**183,694**	**35.5**	**120,728**	**63,938**	**88.8**
Net change in fair value of investment properties	(480,957)	(17,906)	NM	(176,067)	(17,906)	NM
Net change in fair value of financial derivatives	3,886	(4,070)	NM	(61)	(3,532)	98.3
(Loss)/profit before income tax	**(228,103)**	**161,718**	**NM**	**(55,400)**	**42,500**	**NM**
Income tax expenses	(36,459)	(37,452)	2.7	(18,651)	(16,214)	(15.0)
(Loss)/profit for the financial year/period	**(264,562)**	**124,266**	**NM**	**(74,051)**	**26,286**	**NM**
(Loss)/profit attributable to:						
Unitholders	(265,788)	123,556	NM	(74,396)	25,823	NM
Non-controlling interests[6]	1,226	710	72.7	345	463	(25.5)
	(264,562)	**124,266**	**NM**	**(74,051)**	**26,286**	**NM**

Footnotes:

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 Relates to the interim payments by the insurers, as partial payment on account of the estimated insurance claims for property damage and revenue loss due to business interruption at Festival Walk.

3 Manager's base fee is calculated based on 10% of distributable income for the period. This includes the asset management fee payable to Mapletree Investments Japan Kabushiki Kaisha ("MIJ") in cash which is calculated based on 10% of distributable income from the Japan Properties.

4 Includes the interest expenses imputed to the lease liabilities under Singapore Financial Reporting Standards (International) ("SFRS(I)") 16 Leases.

5 Share of profit of joint venture refers to the 50% effective interest in The Pinnacle Gangnam. The acquisition of The Pinnacle Gangnam was completed on 30 October 2020.

6 Non-controlling interests refers to the 1.53% effective interest in the Japan Properties held by MIJ.

1(a) Statement of Profit and Loss, Statement of Comprehensive Income and Distribution Statement (MNACT Group)

Statement of Comprehensive Income	FY20/21 (S$'000)	FY19/20 (S$'000)	Variance Positive/ (Negative) (%)	2H FY20/21 (S$'000)	2H FY19/20 (S$'000)	Variance Positive/ (Negative) (%)
(Loss)/profit for the financial year/period	**(264,562)**	**124,266**	**NM**	**(74,051)**	**26,286**	**NM**
Other comprehensive income/(loss):						
Items that may be reclassified subsequently to profit or loss:						
Currency translation differences						
- Loss for the period	(40,161)	75,327	NM	(11,959)	96,960	NM
- Reclassification	834	(1,939)	NM	238	(1,827)	NM
- Share of a foreign joint venture	(2,188)	-	NM	(2,188)	-	NM
Cash flow hedges						
- Fair value changes, net of tax	39,789	(30,517)	NM	24,701	(18,130)	NM
- Reclassification	(46,033)	42,043	NM	(24,198)	25,794	NM
Total other comprehensive (loss)/income, net of tax	**(47,759)**	**84,914**	NM	**(13,406)**	**102,797**	NM
Total comprehensive (loss)/income	**(312,321)**	**209,180**	NM	**(87,457)**	**129,083**	NM
Total comprehensive (loss)/income attributable to:						
Unitholders	(313,260)	208,189	NM	(87,726)	128,344	NM
Non-controlling interests[1]	939	991	(5.2)	269	739	(63.7)
	(312,321)	**209,180**	**NM**	**(87,457)**	**129,083**	**NM**

Footnotes:

1 Non-controlling interests refers to the 1.53% effective interest in the Japan Properties held by MIJ.

1(a) Statement of Profit and Loss, Statement of Comprehensive Income and Distribution Statement (MNACT Group)

Distribution Statement	FY20/21 (S$'000)	FY19/20 (S$'000)	Variance Positive/ (Negative) (%)	2H FY20/21 (S$'000)	2H FY19/20 (S$'000)	Variance Positive/ (Negative) (%)
(Loss)/profit for the financial year/period attributable to Unitholders	**(265,788)**	**123,556**	**NM**	**(74,396)**	**25,823**	**NM**
Distribution adjustments (Note A)	475,938	104,372	NM	187,714	78,317	NM
Distributable income to Unitholders	**210,150**	**227,928**	**(7.8)**	**113,318**	**104,140**	**8.8%**

Note A:						
Distribution adjustments[1] comprise:						
- Trustee's fee	821	787	4.3	403	397	1.5
- Financing fees	4,691	3,437	36.5	2,417	1,744	38.6
- Net change in fair value of investment properties net of deferred tax impact	476,930	23,525	NM	173,505	23,525	NM
- Manager's base fee paid/payable in units	15,847	19,761	(19.8)	8,729	8,575	1.8
- Property manager's management fees paid/payable in units	9,605	10,150	(5.4)	5,005	3,681	36.0
- Net change in fair value of financial derivatives	(3,886)	4,070	NM	61	3,532	(98.3)
- Net foreign exchange loss/(gain) on capital item[2]	834	(1,939)	NM	238	(1,827)	NM
- Other non-tax deductible items and other adjustments	11,144	11,664	(4.5)	5,379	5,773	(6.8)
	515,986	**71,455**	**NM**	**195,737**	**45,400**	**NM**
- Interim insurance proceeds (net of tax)[3]	(40,048)	-	NM	(8,023)	-	NM
- Festival Walk Top-Ups[4]	-	32,917	NM	-	32,917	NM
	475,938	**104,372**	**NM**	**187,714**	**78,317**	**NM**

Footnotes:

NM – Not Meaningful

1 Excludes share attributable to non-controlling interests.

2 Net foreign exchange loss/(gain) on capital item arises from the partial settlement of inter-company loans between MNACT and its overseas subsidiaries. These transactions are capital in nature and the foreign exchange gain arising is not distributable.

3 In FY20/21 and 2H FY20/21, interim insurance proceeds (net of tax) of S$40.0 million and S$8.0 millon relating to the claims for property damage and revenue loss due to business interruption ("Business Interruption Insurance Amount") at Festival Walk, were received. As announced on 4 December 2019, the Business Interruption Insurance Amount will be used to repay the external borrowings incurred to fund the distribution top-ups paid to unitholders in 2H FY19/20. Any Business Interruption Insurance Amount in excess of the distribution top-ups will be distributed to the unitholders.

4 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 (for FY19/20 and 2H FY19/20) (ii) the estimated loss of Festival Walk office rental revenue for the period from 13 November 2019 to 25 November 2019 (for FY19/20 and 2H FY19/20). Festival Walk Top-Ups are intended 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 and until such time as the loss of such revenue may be recovered through insurance claims.

1(b)(i) Statement of Financial Position (MNACT Group)

	31 Mar 2021 (S$'000)	31 Mar 2020 (S$'000)
Current assets		
Cash and bank balances	252,198	207,798
Trade and other receivables	14,596	17,671
Other current assets	3,361	1,893
Inventories	569	638
Derivative financial instruments[1]	1,990	129
Total current assets[3]	**272,714**	**228,129**
Non-current assets		
Derivative financial instruments[1]	22,040	7,528
Investment properties[4]	7,674,050	8,347,232
Plant and equipment	3,307	3,785
Investment in a joint venture	116,562	-
Total non-current assets	**7,815,959**	**8,358,545**
Total Assets	**8,088,673**	**8,586,674**
Current liabilities		
Trade and other payables	122,060	149,957
Borrowings	207,406	352,669
Lease liabilities	62	77
Current income tax liabilities	27,805	33,874
Derivative financial instruments[1]	9,544	5,313
Total current liabilities[3]	**366,877**	**541,890**
Non-current liabilities		
Trade and other payables	105,861	109,894
Borrowings	3,063,847	3,019,639
Lease liabilities	-	64
Derivative financial instruments[1]	16,216	51,397
Deferred tax liabilities	150,749	133,160
Total non-current liabilities	**3,336,673**	**3,314,154**
Total Liabilities	**3,703,550**	**3,856,044**
Net assets	**4,385,123**	**4,730,630**
Represented by:		
Unitholders' funds	4,275,933	4,575,669
General reserve	5,167	3,782
Hedging reserve	(104)	6,164
Foreign currency translation reserve	94,688	135,892
	4,375,684	4,721,507
Non-controlling interests[2]	9,439	9,123
	4,385,123	**4,730,630**
Net Asset Value (NAV) per unit (S$)	**1.274**	**1.412**

Footnotes:

1 Derivative financial instruments represent the fair value as at period end of the (i) currency forwards to swap HKD, RMB, JPY and KRW to SGD; (ii) interest rate swaps to swap floating interest payments into fixed; and (iii) cross currency interest rate swaps to swap SGD fixed interest rate and USD floating interest rate to HKD fixed interest rate and SGD and HKD fixed interest rate to JPY fixed interest rate.

2 Non-controlling interests refers to 1.53% effective interest in the Japan Properties held by MIJ.

3 At 31 March 2021, MNACT Group had net current liabilities of S$94.2 million (31 March 2020: S$313.8 million) which is mainly due to borrowings maturing in March 2022. Based on the Group's existing financial resources and facilities, the Group will be able to refinance the borrowings and meet its current obligations as and when they fall due.

4 Investment properties are stated at fair value based on valuations performed by independent valuers as at 31 March 2021.

1(b)(i) Statement of Financial Position (MNACT)

	31 Mar 2021 (S$'000)	31 Mar 2020 (S$'000)
Current assets		
Cash and bank balances	87,092	53,209
Trade and other receivables	8,729	7,059
Derivative financial instruments[1]	1,404	128
Total current assets	**97,225**	**60,396**
Non-current asset		
Investments in subsidiaries	2,691,823	2,673,349
Total non-current asset	**2,691,823**	**2,673,349**
Total Assets	**2,789,048**	**2,733,745**
Current liabilities		
Trade and other payables	16,069	41,306
Current income tax liabilities	151	198
Derivative financial instruments[1]	1,342	3,952
Total current liabilities	**17,562**	**45,456**
Total Liabilities	**17,562**	**45,456**
Net assets	**2,771,486**	**2,688,289**
Represented by:		
Unitholders' funds	2,771,424	2,692,113
Hedging reserve	62	(3,824)
	2,771,486	**2,688,289**
Net Asset Value (NAV) per unit (S$)	**0.807**	**0.804**

Footnote:

1 Derivative financial instruments represent the fair value as at period end of the currency forwards to swap HKD, RMB, JPY and KRW to SGD.

1(b)(ii) Aggregate Amount of Borrowings and Debt Securities (MNACT Group)[2]

	31 Mar 2021 (S$'000)	31 Mar 2020 (S$'000)
Amount repayable within one year		
Bank loans (secured)	-	5,030
Bank loans (unsecured)	32,987	348,118
Medium-term notes ("MTN") (unsecured)	175,000	-
Amount repayable after one year		
Bank loans (secured)	624,821	683,090
Bank loans (unsecured)	1,825,514	1,530,545
Tokutei Mokuteki Kaisha ("TMK") Bonds (secured)	78,943	86,305
Medium-term notes ("MTN") (unsecured)	544,713	730,406
Gross borrowings	**3,281,978**	**3,383,494**
Less: Unamortised transaction costs[2]	(10,725)	(11,186)
Net borrowings	**3,271,253**	**3,372,308**
Represented by:		
Current position	207,406	352,669
Non-current position	3,063,847	3,019,639

Footnotes:

1 There are no borrowings and debt securities taken up at MNACT entity level.

2 Transaction costs are amortised over the life of the loan facilities, the tenure of the MTN and TMK Bonds.

Ratios

	31 Mar 2021 (S$'000)	31 Mar 2020 (S$'000)
Aggregate leverage ratio (%) [1]	41.5[3]	39.3
Interest cover ratio (times) [2]	3.7[4]	3.5

Footnotes:

1 As per Property Funds Guidelines, the aggregated leverage includes proportionate share of borrowings as well as lease liabilities that are entered into in the ordinary course of MNACT's business on or after 1 April 2019 in accordance with the guidance from the Monetary Authority of Singapore. MNACT's proportionate share of it's joint venture's borrowings and deposited property values are also included when computing aggregate leverage.

2 In accordance with the definition from the Monetary Authority of Singapore, with effect from 16 April 2020, the interest coverage ratio is calculated by dividing the trailing 12 months earnings before interest, tax, depreciation and amortisation (excluding effects of any fair value changes of derivatives and investment properties, foreign exchange translation), by the trailing 12 months interest expense and borrowing-related fees. The comparative is computed on the same basis.

3 Based on the independent valuations of the investment properties as of 31 March 2021.

4 Excludes the interim insurance proceeds.

1(c) Statement of Cash Flows (MNACT Group)

	FY20/21 (S$'000)	FY19/20 (S$'000)	2H FY20/21 (S$'000)	2H FY19/20 (S$'000)
Cash flows from operating activities				
(Loss)/profit for the financial year/period	(264,562)	124,266	(74,051)	26,286
Adjustments for:				
- Income tax expenses	36,459	37,452	18,651	16,214
- Amortisation of rent free incentive	(119)	(509)	(16)	(466)
- Depreciation	1,306	1,238	640	652
- Plant and equipment written off	35	101	35	101
- Net change in fair value of investment properties	480,957	17,906	176,067	17,906
- Net change in fair value of financial derivatives	(3,886)	4,070	61	3,532
- Manager's management fees paid/payable in units	15,847	19,761	8,729	8,575
- Property manager's management fees paid/payable in units	9,605	10,150	5,005	3,681
- Finance costs	71,595	74,901	33,676	37,489
- Interest income	(2,050)	(2,114)	(850)	(1,038)
- Net foreign exchange loss/(gain) on capital item	834	(1,939)	238	(1,827)
- Share of profit of a joint venture	(3,428)	-	(3,428)	-
Operating cash flows before working capital changes	342,593	285,283	164,757	111,105
Changes in working capital:				
- Trade and other receivables and other current assets	1,345	(7,689)	(662)	(5,243)
- Inventories	69	34	69	(5)
- Trade and other payables	(5,498)	8,448	7,476	10,886
Cash generated from operations	338,509	286,076	171,640	116,743
- Income tax paid	(25,403)	(20,308)	(13,526)	(7,964)
Net cash provided by operating activities	**313,106**	**265,768**	**158,114**	**108,779**
Cash flows from investing activities				
Additions to investment properties	(19,743)	(12,803)	(14,921)	(11,051)
Additions to plant and equipment	(957)	(1,694)	(552)	(661)
Net cash outflow on acquisition of investment properties	-	(464,693)	-	(464,693)
Net cash outflow on investment in a joint venture	(114,650)	-	(114,650)	-
Interest income received	1,491	2,940	498	1,401
Net cash used in investing activities	**(133,859)**	**(476,250)**	**(129,625)**	**(475,004)**
Cash flows from financing activities				
Repayment of borrowings	(614,599)	(174,285)	(355,456)	(141,079)
Repayment of MTN	-	(98,313)	-	(98,313)
Proceeds from borrowings	638,605	654,751	388,701	623,721
Principal payment of lease liabilities	(77)	(53)	(38)	(33)
Proceeds from issuance of Transaction Units	-	144,776	-	144,776
Payment of issue expenses	(500)	(30)	(9)	(30)
Payments of distributions to Unitholders (net of distribution in units)[1]	(84,225)	(216,201)	(49,934)	(92,077)
Payments of distributions to non-controlling interests	(623)	(284)	(335)	(170)
Contribution from non-controlling interests	-	3,741	-	3,741
Financing fees paid	(3,889)	(4,095)	(1,014)	(3,787)
Interest paid	(65,904)	(73,183)	(30,461)	(36,737)
Change in restricted cash[2]	(5,003)	(15,524)	(1,824)	(15,461)
Net cash (used in)/from financing activities	**(136,215)**	**221,300**	**(50,370)**	**384,551**
Net increase/(decrease) in cash and cash equivalents held	**43,032**	**10,818**	**(21,881)**	**18,326**
Cash and cash equivalents at beginning of the financial year/period	188,208	175,168	251,199	166,078
Effect of currency translation on cash and cash equivalents	(1,964)	2,222	(42)	3,804
Cash and cash equivalents at end of the financial year/period	**229,276**	**188,208**	**229,276**	**188,208**

Footnotes:

1 This amount excludes:

- FY20/21: S$63.4 million (FY19/20: S$23.1 million) distributed through the issuance of 70,129,942 (FY19/20: 19,391,049) new units in MNACT in FY20/21 as part payment of distributions for the periods from 1 January 2020 to 31 March 2020 (4Q FY19/20) and 1 April 2020 to 30 September 2020 (1H FY20/21) (FY19/20: 1 October 2019 to 31 December 2019) pursuant to the Distribution Reinvestment Plan ("DRP") which started from 3Q FY19/20; and
- 2H FY20/21: S$46.9 million (2H FY19/20: S$23.1 million) distributed through the issuance of 54,689,603 (2H FY19/20: 19,391,049) new units in MNACT in 2H FY20/21 as part payment of distributions for the period from 1 April 2020 to 30 September 2020 (FY19/20: 1 October 2019 to 31 December 2019), pursuant to the Distribution Reinvestment Plan ("DRP") which started from 3Q FY19/20.

2 For the purpose of presenting the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	FY20/21 (S$'000)	**FY19/20 (S$'000)**	**2H FY20/21 (S$'000)**	**2H FY19/20 (S$'000)**
Cash and bank balances	252,198	207,798	252,198	207,798
Less: Restricted cash	(22,922)	(19,590)	(22,922)	(19,590)
Cash and cash equivalents per consolidated statement of cash flows	**229,276**	**188,208**	**229,276**	**188,208**

Restricted cash relates to the amount of cash reserves for the Japan Properties which is required to be maintained based on the agreements with the banks. Restricted cash are reserves for use in capital expenditure, interest expense and certain property related expenses to ensure these liabilities can be met when incurred.

1(d)(i) Statement of Movements in Unitholders' Funds (MNACT Group)

	Unitholders' funds						
	Operations (S$'000)	Unitholders' Contribution (S$'000)	General reserve (S$'000)	Hedging reserve (S$'000)	Foreign currency translation reserve (S$'000)	Non-controlling interests (S$'000)	Total (S$'000)
Balance as at 1 Apr 2020	1,735,551	2,840,118	3,782	6,164	135,892	9,123	4,730,630
(Loss)/profit for the financial year	(265,788)	-	-	-	-	1,226	(264,562)
Distributions to Unitholders[1]	(74,936)	(38,532)	-	-	-	-	(113,468)
Transfer to general reserve	(1,385)	-	1,385	-	-	-	-
Issue of new units arising from: – settlement of management fees	-	18,163	-	-	-	-	18,163
– Distribution Reinvestment Plan	-	63,422	-	-	-	-	63,422
Issue expenses	-	(680)	-	-	-	-	(680)
Fair value changes on cash flow hedges	-	-	-	39,784	-	5	39,789
Distributions to non-controlling interests	-	-	-	-	-	(623)	(623)
Reclassification to Profit or Loss	-	-	-	(46,052)	834	19	(45,199)
Translation differences relating to financial statements of: – foreign subsidiaries and quasi equity loans	-	-	-	-	(39,850)	(311)	(40,161)
– a foreign joint venture	-	-	-	-	(2,188)	-	(2,188)
Balance as at 31 Mar 2021	**1,393,442**	**2,882,491**	**5,167**	**(104)**	**94,688**	**9,439**	**4,385,123**
Balance as at 1 Oct 2020	1,531,887	2,857,598	4,449	(585)	108,499	9,505	4,511,353
(Loss)/profit for the period	(74,396)	-	-	-	-	345	(74,051)
Distributions to Unitholders[1]	(63,331)	(33,501)	-	-	-	-	(96,832)
Transfer to general reserve	(718)	-	718	-	-	-	-
Issue of new units arising from: – settlement of management fees	-	11,671	-	-	-	-	11,671
– Distribution Reinvestment Plan	-	46,898	-	-	-	-	46,898
Issue expenses	-	(175)	-	-	-	-	(175)
Fair value changes on cash flow hedges	-	-	-	24,688	-	13	24,701
Distributions to non-controlling interests	-	-	-	-	-	(335)	(335)
Reclassification to Profit or Loss	-	-	-	(24,207)	238	9	(23,960)
Translation differences relating to financial statements of: – foreign subsidiaries and quasi equity loans	-	-	-		(11,861)	(98)	(11,959)
– a foreign joint venture	-	-	-		(2,188)	-	(2,188)
Balance as at 31 Mar 2021	**1,393,442**	**2,882,491**	**5,167**	**(104)**	**94,688**	**9,439**	**4,385,123**

1. Includes S$46.9 million distributed through the issuance of 54,689,603 new units in MNACT in 2H FY20/21 as part payment of distributions for the period from 1 April 2020 to 30 September 2020, pursuant to the DRP.

1(d)(i) Statement of Movements in Unitholders' Funds (MNACT Group)

	Unitholders' funds						
	Operations (S$'000)	Unitholders' Contribution (S$'000)	General reserve (S$'000)	Hedging reserve (S$'000)	Foreign currency translation reserve (S$'000)	Non-controlling interests (S$'000)	Total (S$'000)
Balance as at 1 Apr 2019	1,791,595	2,734,001	2,461	(5,354)	62,777	4,675	4,590,155
Profit for the period	123,556	-	-	-	-	710	124,266
Distributions to Unitholders[1]	(178,279)	(95,151)	-	-	-	-	(273,430)
Transfer to general reserve	(1,321)	-	1,321	-	-	-	-
Issue of new units arising from: – settlement of management fees	-	33,692	-	-	-	-	33,692
– Transaction Units[2]	-	144,776	-	-	-	-	144,776
– Distribution Reinvestment Plan	-	23,050	-	-	-	-	23,050
Issue expenses	-	(250)	-	-	-	-	(250)
Fair value changes on cash flow hedges	-	-	-	(30,505)	-	(12)	(30,517)
Contribution from non-controlling interests	-	-	-	-	-	3,741	3,741
Distributions to non-controlling interests	-	-	-	-	-	(284)	(284)
Reclassification to Profit or Loss	-	-	-	42,023	(1,939)	20	40,104
Translation differences relating to financial statements of foreign subsidiaries and quasi- equity loans	-	-	-	-	75,054	273	75,327
Balance as at 31 Mar 2020	**1,735,551**	**2,840,118**	**3,782**	**6,164**	**135,892**	**9,123**	**4,730,630**
Balance as at 1 Oct 2019	1,791,058	2,726,420	3,106	(1,466)	41,001	4,813	4,564,932
Profit for the period	25,823	-	-	-	-	463	26,286
Distributions to Unitholders[1]	(80,654)	(68,652)	-	-	-	-	(149,306)
Transfer to general reserve	(676)	-	676	-	-	-	-
Issue of new units arising from: – settlement of management fees	-	14,774	-	-	-	-	14,774
– Transaction Units[2]	-	144,776	-	-	-	-	144,776
– Distribution Reinvestment Plan	-	23,050	-	-	-	-	23,050
Issue expenses	-	(250)	-	-	-	-	(250)
Fair value changes on cash flow hedges	-	-	-	(18,154)	-	24	(18,130)
Contribution from non-controlling interests	-	-	-	-	-	3,741	3,741
Distributions to non-controlling interests	-	-	-	-	-	(170)	(170)
Reclassification to Profit or Loss	-	-	-	25,784	(1,827)	10	23,967
Translation differences relating to financial statements of foreign subsidiaries and quasi- equity loans	-	-	-	-	96,718	242	96,960
Balance as at 31 Mar 2020	**1,735,551**	**2,840,118**	**3,782**	**6,164**	**135,892**	**9,123**	**4,730,630**

1. The amount of S$273.4 million includes an advanced distribution of S$34.2 million or 1.07 cents per unit declared to eligible Unitholders on 28 February 2020. This advanced distribution represents distribution from 1 January 2020 to 27 February 2020 to Unitholders existing as at 28 February 2020 and prior to the issuance of new units pursuant to the Transaction Units.

2. 123,708,135 units were issued via issuance of Transaction Units to the Sponsor's Nominee, and the payment received from issuance of Transaction Units was fully utilised to make part payment for the acquisition of MBP and Omori. Please refer to MNACT's SGX-ST Announcement dated 28 February 2020 titled "Issuance of the Transaction Units to the Sponsor's Nominee, and Completion of Acquisitions of Two Office Properties in Greater Tokyo and Use of Proceeds".

1(d)(i) Statement of Movements in Unitholders' Funds (MNACT)

	Unitholders' funds			
	Operations (S$'000)	**Unitholders' Contribution (S$'000)**	**Hedging reserve (S$'000)**	**Total (S$'000)**
Balance as at 1 Apr 2020	(148,005)	2,840,118	(3,824)	2,688,289
Profit for the period	111,874	-	-	111,874
Distributions to Unitholders[1]	(74,936)	(38,532)	-	(113,468)
Issue of new units arising from: – settlement of management fees	-	18,163	-	18,163
– Distribution Reinvestment Plan	-	63,422	-	63,422
Issue expenses	-	(680)	-	(680)
Fair value changes on cash flow hedges	-	-	3,065	3,065
Reclassification to Profit or Loss	-	-	821	821
Balance as at 31 Mar 2021	**(111,067)**	**2,882,491**	**62**	**2,771,486**
Balance as at 1 Oct 2020	(104,269)	2,857,598	123	2,753,452
Profit for the period	56,533	-	-	56,533
Distributions to Unitholders[1]	(63,331)	(33,501)	-	(96,832)
Issue of new units arising from: – settlement of management fees	-	11,671	-	11,671
– Distribution Reinvestment Plan	-	46,898	-	46,898
Issue expenses	-	(175)	-	(175)
Fair value changes on cash flow hedges	-	-	265	265
Reclassification to Profit or Loss	-	-	(326)	(326)
Balance as at 31 Mar 2021	**(111,067)**	**2,882,491**	**62**	**2,771,486**

1. Includes S$46.9 million distributed through the issuance of 54,689,603 new units in MNACT in 2H FY20/21 as part payment of distributions for the period from 1 April 2020 to 30 September 2020, pursuant to the DRP

1(d)(i) Statement of Movements in Unitholders' Funds (MNACT)

	Unitholders' funds			
	Operations (S$'000)	Unitholders' Contribution (S$'000)	Hedging reserve (S$'000)	Total (S$'000)
Balance as at 1 Apr 2019	(91,496)	2,734,001	246	2,642,751
Profit for the period	121,770	-	-	121,770
Distributions to Unitholders[1]	(178,279)	(95,151)	-	(273,430)
Issue of new units arising from:				
– settlement of management fees	-	33,692	-	33,692
– Transaction Units[2]	-	144,776	-	144,776
– Distribution Reinvestment Plan	-	23,050	-	23,050
Issue expenses	-	(250)	-	(250)
Fair value changes on cash flow hedges	-	-	(5,665)	(5,665)
Reclassification to Profit or Loss	-	-	1,595	1,595
Balance as at 31 Mar 2020	**(148,005)**	**2,840,118**	**(3,824)**	**2,688,289**
Balance as at 1 Oct 2019	(102,314)	2,726,420	(292)	2,623,814
Profit for the period	34,963	-	-	34,963
Distributions to Unitholders[1]	(80,654)	(68,652)	-	(149,306)
Issue of new units arising from:				
– settlement of management fees	-	14,774	-	14,774
– Transaction Units[2]	-	144,776	-	144,776
– Distribution Reinvestment Plan	-	23,050	-	23,050
Issue expenses	-	(250)	-	(250)
Fair value changes on cash flow hedges	-	-	(4,915)	(4,915)
Reclassification to Profit or Loss	-	-	1,383	1,383
Balance as at 31 Mar 2020	**(148,005)**	**2,840,118**	**(3,824)**	**2,688,289**

1. The amount of S$273.4 million includes an advanced distribution of S$34.2 million or 1.07 cents per unit declared to eligible Unitholders on 28 February 2020. This advanced distribution represents distribution from 1 January 2020 to 27 February 2020 to Unitholders existing as at 28 February 2020 and prior to the issuance of new units pursuant to the Transaction Units.

2. 123,708,135 units were issued via issuance of Transaction Units to Sponsor's Nominee, and the payment received from issuance of Transaction Units was fully utilised to make part payment for the acquisition of MBP and Omori. Please refer to MNACT's SGX-ST Announcement dated 28 February 2020 titled "Issuance of the Transaction Units to Sponsor's Nominee, and Completion of Acquisitions of Two Office Properties in Greater Tokyo and Use of Proceeds".

1(d)(ii) Details of Any Change in Units

	FY20/21 ('000)	FY19/20 ('000)	2H FY20/21 ('000)	2H FY19/20 ('000)
Balance as at beginning of period	3,342,916	3,173,892	3,366,892	3,187,863
Movements during the period				
Issue of units arising from:				
- settlement of management fees	21,291	25,925	12,755	11,954
- Transaction Units	-	123,708	-	123,708
- Distribution Reinvestment Plan	70,130	19,391	54,690	19,391
Total issued units as at end of period	**3,434,337**	**3,342,916**	**3,434,337**	**3,342,916**

There were no convertibles, treasury units and subsidiary holdings as at 31 March 2021 and 31 March 2020.

1(d)(iii) To show the total number of issued units excluding treasury units as at the end of the current financial period, and as at the end of the immediately preceding year

Total number of issued units in MNACT as at 31 March 2021 and 31 March 2020 were 3,434,336,938 and 3,342,916,300, respectively.

1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury units and subsidiary holdings as at the end of the current financial period reported on

Not applicable.

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice

The figures have not been audited or reviewed by the auditors.

3. Where the figures have been audited, or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recent audited annual financial statements have been applied

The same accounting policies and methods of computation in the audited financial statements for the financial year ended 31 March 2020 have been applied for the current financial period, except for the adoption of the new or amended Singapore Financial Reporting Standards (International) ("SFRS(I)") that are mandatory for application from 1 April 2020.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of the change

MNACT Group (the "Group") adopted the new or amended SFRS(I) that are mandatory for application from 1 April 2020. 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 financial period.

6. Earnings Per Unit ("EPU") and Distribution Per Unit ("DPU")

	FY20/21	FY19/20	2H FY20/21	2H FY19/20
Weighted average number of units[1]	3,382,632,299	3,199,143,444	3,403,898,794	3,217,799,073
Earnings per unit ("EPU") - Basic and Diluted [2]				
Based on the weighted average number of units in issue (cents)	(7.857)[3]	3.862	(2.186)[3]	0.803
Number of units in issue at end of period	3,434,336,938	3,342,916,300	3,434,336,938	3,342,916,300
Distribution per unit ("DPU")				
Based on the number of units in issue at the end of the financial year/period (cents)	6.175[4]	7.124	3.299[4]	3.237

Footnotes:

[1] Weighted average number of units for the period has been adjusted to take into account the units issued as payment for base fee, property and lease management fees and performance fee (if applicable).

[2] Diluted earnings per unit is the same as the basic earnings per unit as there are no dilutive instruments in issue during the financial period.

[3] EPU is calculated based on loss attributable to Unitholders (inclusive of the net revaluation loss and interim insurance proceeds), over weighted average units in issue in cents (refer to Paragraph 1(a) Statement of Profit and Loss).

[4] DPU is calculated based on distributable income (excluding the net revaluation loss and interim insurance proceeds that are non-distributable), over the number of units in issue at the end of the period in cents (refer to Paragraph 1(a) Distribution Statement and the related footnotes).

7. Net Asset Value ("NAV") and Net Tangible Asset ("NTA") Per Unit (MNACT Group)

	MNACT Group	
	31 Mar 2021	31 Mar 2020
Number of units in issue at end of financial year/ period	3,434,336,938	3,342,916,300
NAV and NTA per unit (S$)[1]	**1.274**	**1.412**

Footnote:

[1] Net tangible asset per unit is the same as net asset value per unit as there are no intangible assets as at period end. The decrease in NAV and NTA per unit is mainly due to the revaluation loss of investment properties (net of deferred tax impact) amounting to S$476.9 million and S$0.14 per unit (refer to paragraph 8 for more details)

8. Review of Performance

a. Financial results FY20/21 vs FY19/20

Gross revenue increased by S$36.9 million or 10.4% to S$391.4 million for FY20/21 compared to the corresponding last year. The increase in revenue was due to:

		S$ million
(i)	a full year's contribution from MBP and Omori which were acquired on 28 February 2020[1];	47.0
(ii)	higher average rates of HKD, JPY and RMB against SGD; offset by	5.6
(iii)	higher rent reliefs granted to tenants at Festival Walk[2] and lower average rental rates[3] in FY20/21 compared to FY19/20, offset by the lower revenue in FY19/20 due to the temporary closure of the Festival Walk mall from 13 November 2019 to 15 January 2020 and its office tower from 13 to 25 November 2019 ("FY19/20 FW Temporary Closure")	(11.7)
(iv)	lower average rental rates at Gateway Plaza	(4.0)
Net		**36.9**

For FY20/21, Festival Walk, Gateway Plaza, Sandhill Plaza and the Japan Properties contributed 47.3%, 20.2%, 6.6% and 25.9% (FY19/20 55.1%, 22.9%, 7.1% and 14.9%) respectively, of the portfolio gross revenue.

Property operating expenses increased by S$22.4 million or 29.1% to S$99.4 million for FY20/21 compared to the corresponding last year. The increase in property operating expenses was due to:
(i) a full year's operation of MBP and Omori which were acquired on 28 February 2020[1];
(ii) a low base effect last year due to the FY19/20 FW Temporary Closure;
(iii) the higher average rates of HKD, JPY and RMB against SGD; offset by
(iv) the property tax refund received (net of the associated consultancy fee) for SII Makuhari Building, one of the Japan Properties, due to a downward revision in the annual value of the property for property tax assessment; and
(v) lower operating expenses in Festival Walk and Gateway Plaza in line with the lower revenue.

Net property income for FY20/21 increased by S$14.6 million or 5.2% to S$292.0 million, compared to the corresponding period last year.

Other non-operating income of S$46.4 million in FY20/21 (FY19/20: Nil) relates to the interim payments by the insurers[4], as payment 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, the Business Interruption Insurance Amount will be used to repay the external borrowings incurred to fund the distribution top-ups paid to unitholders in 3Q FY19/20 and 4Q FY19/20. Any Business Interruption Insurance Amount in excess of the distribution top-ups will be distributed to unitholders.

Net foreign exchange gain of S$1.5 million for FY20/21 (FY19/20: gain of S$5.1 million) was due to the:

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[1] Please refer to MNACT's SGX-ST Announcement dated 28 February 2020 titled "Issuance of Transaction Units to Sponsor's Nominee, and Completion of Acquisition of Two Office Properties in Greater Tokyo and Use of Proceeds"
[2] For FY20/21, rent reliefs of S$49.8 million were granted to FW's retail tenants (FY19/20: $17.8 million)
[3] The average rental reversion at Festival Walk mall for expired leases that were renewed or re-let in FY20/21 was negative 21%.
[4] Please refer to MNACT's SGX-ST Announcements dated 17 June 2020, 9 July 2020 and 14 October 2020, titled "Update on Festival Walk". To date, the Manager has received interim insurance proceeds of HK$263 million (approximately S$46.4 million) as partial payments on account of the estimated claims.

(i) net realized exchange gains of S$2.4 million (FY19/20: S$3.0 million) from the settlement of foreign currency contracts to hedge HKD, RMB and JPY distributable income; offset by
(ii) exchange losses of S$0.9 million (FY19/20: gain of S$1.9 million) mainly due to the partial settlement of inter-company loans, which is mainly capital in nature and not distributable.

Cushman & Wakefield Limited and CBRE K.K have performed valuations of the investment properties as at 31 March 2021. Their valuations have resulted in revaluation losses of S$481.0 million, as follows:

(i) Festival Walk: Loss of S$428.7 million (FY19/20: Loss of S$46.5 million);
(ii) Gateway Plaza: Loss of S$79.0 million (FY19/20: Gain of S$0.3 million); offset by
(iii) Sandhill Plaza: Gain of S$0.2 million (FY19/20: Gain of S$14.2 million); and
(iv) Japan Properties: Gain of S$26.5 million (19/20: Gain of S$14.1million).

The net fair value loss was largely due to lower market rents assumed by the valuers for Festival Walk and Gateway Plaza due to the impact of COVID-19 on the properties' performance, and has no impact on the distributable income to the Unitholders.

Net gain in fair value of financial derivatives of S$3.9 million relates to the mark-to-market movement of currency forward contracts to hedge currency exposures of future HKD, RMB, JPY and KRW distributable income.

Finance costs decreased by S$3.3 million compared to the corresponding last year. The variances are due to:

		S$ million
(i)	Net savings mainly due to the impact of lower interest rates on floating Debt (S$6.9 million) and refinancing of borrowings (S$0.5 million); offset by	7.4
(ii)	Borrowings undertaken to partially fund the acquisitions of MBP and Omori on 28 February 2020[1] and The Pinnacle Gangnam on 30 October 2020;	(3.3)
(iii)	Higher average rates of HKD and JPY against SGD	(0.8)
Net		**3.3**

After taking into account the distribution adjustments, the distributable income to Unitholders for FY20/21 decreased by 7.8% to S$210.1 million and the distribution per unit decreased by 13.3%, to 6.175 cents per unit, compared to the corresponding last year.

[1] Please refer to MNACT's SGX-ST Announcement dated 28 February 2020 titled "Issuance of Transaction Units to Sponsor's Nominee, and Completion of Acquisition of Two Office Properties in Greater Tokyo and Use of Proceeds"

b. Financial results 2H FY20/21 vs 2H FY19/20

Gross revenue increased by S$57.2 million or 39.7% to S$201.3 million for 2H FY20/21 compared to the corresponding period last year. The increase in revenue was due to:

		S$ million
(i)	contributions from MBP and Omori which were acquired on 28 February 2020[1];	21.9
(ii)	lower rent reliefs granted to tenants at Festival Walk[2] in 2H FY20/21 as compared to 2H FY19/20 and lower revenue in 2H FY19/20 due to FY19/20 FW Temporary Closure, partially offset by lower average rental rates at FW[3]; and	35.2
(iii)	others (including lower average rental rates at Gateway Plaza and lower average rates of HKD, offset by higher average rates of RMB and JPY)	0.1
Net		**57.2**

For 2H FY20/21, Festival Walk, Gateway Plaza, Sandhill Plaza and the Japan Properties contributed 48.3%, 20.0%, 6.6% and 25.1% (2H FY19/20 45.0%, 27.1%, 8.9% and 19.0%) of the portfolio gross revenue, respectively.

Property operating expenses increased by S$12.6 million or 34.7% to S$49.0 million for 2H FY20/21 compared to the corresponding period last year. The increase in property operating expenses was due to:
(i) expenses of MBP and Omori which were acquired on 28 February 2020[3]; and
(ii) a low base effect last year due to the FY19/20 FW Temporary Closure; offset by
(iii) the property tax refund received (net of the associated consultancy fee) for SII Makuhari Building, one of the Japan Properties, due to a downward revision in the annual value of the property for property tax assessment; and
(iv) lower operating expenses in Festival Walk and Gateway Plaza in line with the lower revenue.

Net property income for 2H FY20/21 increased by S$44.6 million or 41.4% to S$152.3 million, compared to the corresponding period last year.

Other non-operating income of S$9.6 million in 2H FY20/21 (2H FY19/20: Nil) relates to the interim payments by the insurers[4], as payment 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, the Business Interruption Insurance Amount will be used to repay the external borrowings incurred to fund the distribution top-ups paid to unitholders in 2H FY19/20. Any Business Interruption Insurance Amount in excess of the distribution top-ups will be distributed to unitholders.

Net foreign exchange gain of S$1.4 million for 2H FY20/21 (2H FY19/20: S$4.6 million) was due to the:
(i) net realized exchange gains of S$1.7 million (2H FY19/20: S$2.5 million) from the settlement of foreign currency contracts to hedge HKD, RMB and JPY distributable income; offset by

[1] Please refer to MNACT's SGX-ST Announcement dated 28 February 2020 titled "Issuance of Transaction Units to Sponsor's Nominee, and Completion of Acquisition of Two Office Properties in Greater Tokyo and Use of Proceeds"
[2] For 2H FY20/21, rent reliefs of S$14.9 million were granted to FW's retail tenants (2H FY19/20: $17.8 million).
[3] The average rental reversion at Festival Walk mall for expired leases that were renewed or re-let in FY20/21 was negative 21%.
[4] Please refer to MNACT's SGX-ST Announcements dated 17 June 2020, 9 July 2020 and 14 October 2020, titled "Update on Festival Walk". The Manager has received interim insurance proceeds of HK$59 million (approximately S$9.6 million) as partial payments on account of the estimated claims during 2H FY20/21.

(ii) exchange losses of S$0.3 million (2H FY19/20: gain of S$1.9 million) mainly due to the partial settlement of inter-company loans, which is mainly capital in nature and not distributable.

Net gain in fair value of financial derivatives of S$0.1 million relates to the mark-to-market movement of currency forward contracts to hedge currency exposures of future HKD, RMB and JPY distributable income.

Finance costs decreased by S$3.8 million compared to the corresponding period last year. The variances are due to:

		S$ million
(i)	Net savings mainly due to the impact of lower interest rates on floating Debt (S$5.1 million) and refinancing of borrowings (S$0.1 million);	5.2
(ii)	Lower average rate of HKD against SGD; offset by	0.5
(iii)	Borrowings undertaken to partially fund the acquisitions of MBP and Omori on 28 February 2020[1] and The Pinnacle Gangnam on 30 October 2020	(1.9)
Net		**3.8**

Income tax expenses increased by S$2.4 million or 15.0% to S$18.7 million for 2H FY20/21 compared to the corresponding period last year. The increase in income tax expense was due to higher taxable profits offset by deferred tax credit attributable to the net fair value loss of investment properties (other than Festival Walk). Fair value change of Festival Walk is not subject to deferred tax.

After taking into account the distribution adjustments, the distributable income to Unitholders for 2H FY20/21 increased by 8.8% to S$113.3 million and the distribution per unit increased by 1.9%, from 3.237 cents per unit to 3.299 cents per unit, compared to the corresponding period last year.

c. Financial position as of 31 March 2021 vs 31 March 2020

Total assets at S$8,088.7 million as of 31 March 2021, was S$498.0 million lower compared to 31 March 2020 primarily due to:

(i) decrease in investment properties by S$673.2 million due to:

- fair valuation loss of the properties of S$481.0 million; and
- net translation loss of S$212.0 million from the weaker HKD and JPY offset by stronger RMB.
- additions to the investment properties of $19.8 million, of which S$12.1 million is the additions at Festival Walk; offset by

(ii) acquisition of the “The Pinnacle Gangnam” of S$116.6 million;

(iii) increase of S$16.4 million in financial derivative assets due to movement in fair value; and

(iv) increase of S$44.4 million in cash and bank balances due to the increase in cash and cash equivalent of S$43.0 million as shown in the Statement of Cash Flows (refer to Paragraph 1 (c)) and net increase of S$1.4 million from the higher restricted cash and the effect of currency translation

[1] Please refer to MNACT’s SGX-ST Announcement dated 28 February 2020 titled “Issuance of Transaction Units to Sponsor’s Nominee, and Completion of Acquisition of Two Office Properties in Greater Tokyo and Use of Proceeds”

Group total liabilities amounted to S$3,703.6 million as of 31 March 2021, S$152.5 million lower compared to 31 March 2020 primarily due to the following:

(i) decrease in borrowings of S$101.1 million from
- translation gain of S$125.5 million arising from the weaker JPY and HKD offset by stronger RMB;
- net repayment of borrowings and unamortised financing costs of S$87.6 million; offset by
- borrowings of S$112.0 million to fund the acquisition of The Pinnacle Gangnam.

(ii) decrease in trade and other payables by S$31.9 million due to settlement of
- Advanced distribution for the period 1 January to 27 February 2020 (S$34.2 million); offset by
- Accruals and payables (S$2.3 million);

(iii) decrease of S$31.0 million in financial derivatives liabilities due to movements in fair value; and

(iv) decrease in income tax liabilities of $6.1 million, offset by the increase in deferred tax liabilities of S$17.6 million, mainly due to provision of current year taxes.

Accordingly, net assets attributable to Unitholders (excluding non-controlling interests of S$9.4 million) is S$4,375.7 million as of 31 March 2021, as shown in the Statement of Movement in Unitholders' Funds (refer to Paragraph 1(d)(i)).

9. Variance from Previous Forecast / Prospect Statement

MNACT has not provided any forecast to the market.

10. Commentary on the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting and the next 12 months

While a global economic recovery is underway, the pace of recovery will depend on the progress of vaccine deployment, a decline in global infection rates as well as geopolitical developments.

Festival Walk, Hong Kong SAR

In Hong Kong SAR, low consumption demand[1] will continue to weigh on retail sales, with prospects of a recovery dependent upon the effectiveness of the mass vaccination programme and the re-opening of the border. Rental rates[2] are expected to drop further in 2021 as the pandemic takes its toll on the economy, before bouncing back in 2022 and 2023.

For Festival Walk, the average renewal or re-let rental rate for FY21/22 is expected to be lower compared to FY20/21[3] The Manager will remained focused on maintaining a high occupancy rate, and will work closely with our tenants on exciting marketing and promotional events to stimulate sales. While the restrictive COVID-19 measures, which limit capacity and operating hours, have been relaxed since 1 April 2021, the impact on the sales performance of our retail tenants remains to be seen and will be monitored. We remain committed to support our retail tenants with rental reliefs where necessary. We will continue to enhance the mall's retail proposition as a lifestyle hub through our ongoing repositioning of tenant mix, initiatives to boost retail sales, various shopping and dining marketing programmes and further digitalisation initiatives.

[1] CBRE, Hong Kong Retail, 4Q 2020.
[2] Savills, Hong Kong Retail, 4Q 2020.
[3] For FY20/21, the average rental reversion at Festival Walk mall was negative 21%.

Recovery works resulting from the Festival Walk Incident[1], which include the installation of permanent balustrades within the mall, are underway. These are being carried out progressively and expected to be completed within the second half of 2021.

China, Japan and South Korea Properties

For Beijing office market[2], supply completions are set to surge while demand is expected to remain sluggish. Rents are expected to drop further in view of increasing competition in the market. For Gateway Plaza, we will continue to focus on maintaining occupancy levels and retaining tenants.

In Shanghai[3], due to the lingering impact from COVID-19, some office tenants are expected to remain cost sensitive. For Sandhill Plaza, its rental performance FY21/22 is expected to remain resilient.

In Tokyo[4], many corporations remain cautious about capital expenditures, leading to a decrease in new office openings or expansions. In line with office decentralisation plans that were put in place as a result of COVID-19, office buildings in non-core areas whose rental levels are lower, are expected to attract certain level of demand from companies looking to either cut costs or set up satellite offices. The Manager will focus on tenant retention to maintain a high level of occupancy for the Japan Properties which are located at the fringe of the city centre or suburban areas.

For the Seoul office market[5], despite lower office demand among some construction and international consumer companies, demand from the IT, gaming, biotech and pharmaceutical industries is expected to grow going forward. The full year contribution from The Pinnacle Gangnam is expected to increase MNACT's income stream. Its average rental reversion rate is expected to remain healthy due to the high proportion of leases with rent escalation clauses and continued demand for expansion and relocation from office users.

[1] Please refer to MNACT's SGX-ST Announcement dated 4 December 2019 titled "Update on Festival Walk and Impact on MNACT".
[2] JLL, Asia Property Digest, 4Q 2020.
[3] JLL, Asia Property Digest, 4Q 2020.
[4] CBRE, Japan Market Outlook 2021.
[5] Savills, Seoul Prime Office, 4Q 2020.

11. Distributions

(a) Current financial period

Any distributions declared for the current financial period? Yes

Name of distribution:	20th distribution for the period from 1 October 2020 to 31 March 2021
Distribution types:	Income / Capital
Distribution rate:	Period from 1 October 2020 to 31 March 2021 Tax-exempt income: 1.796 cents per unit Capital: 1.503 cents per unit (Being 100% of MNACT's Distributable Income for the period)
Par value of units:	Not meaningful.
Tax rate:	Not applicable.

(b) Corresponding period of the preceding financial period

Any distributions declared for the corresponding period of the immediate preceding financial period? Yes

Name of distribution:	17th and 18th distribution for the period from 1 October 2019 to 31 December 2019 and 28 February 2020 to 31 March 2020, respectively, and an advanced distribution representing the distribution from 1 January 2020 to 27 February 2020 prior to the issuance of the Transaction Units.
Distribution types:	Income / Capital
Distribution rate:	Period from 1 October 2019 to 31 December 2019 Tax-exempt income: 0.682 cents per unit Capital: 0.989 cents per unit Advanced distribution for the period from 1 January 2020 to 27 February 2020 Tax-exempt income: 0.330 cents per unit Capital: 0.740 cents per unit Period from 28 February 2020 to 31 March 2020 Tax-exempt income: 0.346 cents per unit Capital: 0.150 cents per unit (Being 100% of MNACT's Distributable Income for the period)
Par value of units:	Not meaningful.
Tax rate:	Not applicable.

(c) Date payable: 21 June 2021

(d) Record date: 30 April 2021

12. If no distribution has been declared/(recommended), a statement to that effect.

Not applicable.

13. a. Segment Revenue and Results (MNACT Group)

	FY20/21		FY19/20		2H FY20/21		2H FY19/20	
	S$'000	%	S$'000	%	S$'000	%	S$'000	%
Gross Revenue								
Retail	158,060	40.4	166,140	46.9	83,546	41.5	53,151	36.9
Office	227,459	58.1	178,797	50.4	114,486	56.9	88,720	61.6
Others[1]	5,896	1.5	9,541	2.7	3,284	1.6	2,213	1.5
	391,415	**100.0**	**354,478**	**100.0**	**201,316**	**100.0**	**144,084**	**100.0**

	FY20/21		FY19/20		2H FY20/21		2H FY19/20	
	S$'000	%	S$'000	%	S$'000	%	S$'000	%
Net Property Income								
Retail	121,160	41.5	130,239	46.9	65,536	43.0	36,809	34.2
Office	171,577	58.7	145,128	52.3	86,721	56.9	71,680	66.5
Others[1]	(697)	(0.2)	2,120	0.8	43	0.1	(796)	(0.7)
	292,040	**100.0**	**277,487**	**100.0**	**152,300**	**100.0**	**107,693**	**100.0**

Footnote:

[1] Others comprised car park revenue and ice rink income.

b. Geographical breakdown (MNACT Group)

	FY20/21		FY19/20		2H FY20/21		2H FY19/20	
	S$'000	%	S$'000	%	S$'000	%	S$'000	%
Gross Revenue								
Hong Kong SAR	185,164	47.3	195,091	55.1	97,294	48.3	64,800	45.0
China	104,948	26.8	106,417	30.0	53,486	26.6	51,896	36.0
Japan	101,303	25.9	52,970	14.9	50,536	25.1	27,388	19.0
	391,415	**100.0**	**354,478**	**100.0**	**201,316**	**100.0**	**144,084**	**100.0**

	FY20/21		FY19/20		2H FY20/21		2H FY19/20	
	S$'000	%	S$'000	%	S$'000	%	S$'000	%
Net Property Income								
Hong Kong SAR	138,748	47.5	148,967	53.7	74,686	49.0	44,073	40.9
China	86,966	29.8	88,583	31.9	44,341	29.1	43,489	40.4
Japan	66,326	22.7	39,937	14.4	33,273	21.9	20,131	18.7
	292,040	**100.0**	**277,487**	**100.0**	**152,300**	**100.0**	**107,693**	**100.0**

c. Summary of Segment Information (MNACT Group)

1 Apr 2020 to 31 Mar 2021

	Hong Kong SAR	China	Japan	South Korea	Total
	S$'000	S$'000	S$'000	S$'000	S$'000
Gross revenue	185,164	104,948	101,303	-	391,415
Net property income	**138,748**	**86,966**	**66,326**	**-**	**292,040**
Interest income					2,050
Other non-operating income					46,393
Manager's management fees					(21,591)
Trustee's fee					(821)
Other trust expenses					(2,461)
Net foreign exchange gain					1,525
Finance costs					(71,595)
Net change in fair value of financial derivatives					3,886
Share of profit of a joint venture	-	-	-	3,428	3,428
Net change in fair value of investment properties	(428,673)	(78,783)	26,499	-	(480,957)
Profit before income tax					**(228,103)**
Income tax expenses					(36,459)
Profit after income tax					**(264,562)**

1 Apr 2019 to 31 Mar 2020

	Hong Kong SAR	China	Japan	South Korea	Total
	S$'000	S$'000	S$'000	S$'000	S$'000
Gross revenue	195,091	106,417	52,970	-	354,478
Net property income	**148,967**	**88,583**	**39,937**	**-**	**277,487**
Interest income					2,114
Manager's management fees					(23,217)
Trustee's fee					(787)
Other trust expenses					(2,112)
Net foreign exchange gain					5,110
Finance costs					(74,901)
Net change in fair value of financial derivatives					(4,070)
Net change in fair value of investment properties	(46,526)	14,536	14,084	-	(17,906)
Profit before income tax					**161,718**
Income tax expenses					(37,452)
Profit after income tax					**124,266**

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

There was a new addition to the geographical segments of MNACT Group's following the acquisition of The Pinnacle Gangnam in South Korea during the year. Retail (by business segment) and Hong Kong SAR (by geographical segment) remain the largest contributor to MNACT Group's gross revenue and net property income.

15. Breakdown of Revenue and Profit after tax (MNACT Group)

	FY20/21 (S$'000)	FY19/20 (S$'000)	Variance (%)
1 April to 30 September ("First Half Year")			
Gross revenue	190,099	210,394	(9.6)
Profit after income tax before distribution	(190,511)	97,980	NM
1 October to 31 March ("Second Half Year")			
Gross revenue	201,316	144,084	39.7
Profit after income tax before distribution	(74,051)	26,286	NM

16. Breakdown of Total Distributions

	FY20/21 (S$'000)	FY19/20 (S$'000)
In respect of period:		
1 October 2020 to 31 March 2021[1]	113,318	-
1 April 2020 to 30 September 2020	96,832	-
1 January 2020 to 31 March 2020	-	50,761
1 October 2019 to 31 December 2019	-	53,379
1 July 2019 to 30 September 2019	-	61,743
1 April 2019 to 30 June 2019	-	62,045
Total distribution to Unitholders	**210,150**	**227,928**

Footnote:

[1] Distribution was approved by the Board on 22 April 2021 and will be paid on 21 June 2021. Distribution is computed based on 3.299 cents multiplied by the actual number of units as at 31 March 2021.

17. General mandate relating to Interested Person Transactions

MNACT has not obtained a general mandate from Unitholders for Interested Person Transactions other than the Exempted Agreements as disclosed in the Prospectus.

18. Confirmation pursuant to Rule 720(1) of the Listing Manual

The Manager confirms that it has procured undertakings from all its directors and executive officers in the form as set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

19. Confirmation pursuant to Rule 704(13) of the Listing Manual

Pursuant to Rule 704(13) of the Listing Manual, the Manager confirms that there is no person occupying a managerial position in Mapletree North Asia Commercial Trust Management Ltd.

who is a relative of a director, chief executive officer, substantial shareholder of the Company or substantial unitholder of MNACT.

20. Additional information required pursuant to Rule 706A of the listing Manual

Acquisition of The Pinnacle Gangnam

On 30 October 2020, MNACT completed the acquisition of an effective interest of 50% in The Pinnacle Gangam for a total acquisition cost of S$276.4 million.

Please refer to the announcements dated 30 October 2020 for more information.

By Order of the Board
Wan Kwong Weng
Joint Company Secretary
Mapletree North Asia Commercial Trust Management Ltd.
(Company Registration No. 201229323R)
As Manager of Mapletree North Asia Commercial Trust

22 April 2021

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REPORT OF THE TRUSTEE

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

DBS Trustee Limited (the "Trustee") is under a duty to take into custody and hold the assets of Mapletree North Asia Commercial Trust ("MNACT") and its subsidiaries (the "Group") in trust for the holders ("Unitholders") of units in MNACT. In accordance with the Securities and Futures Act (Cap. 289), its subsidiary legislation and the Code on Collective Investment Schemes ("CCIS") (collectively referred to as the "laws and regulations"), the Trustee shall monitor the activities of Mapletree North Asia Commercial Trust Management Ltd. (the "Manager") for compliance with the limitations imposed on the investment and borrowing powers as set out in the trust deed dated 14 February 2013 (as amended) (the "Trust Deed") between the Trustee and the Manager in each annual accounting period and report thereon to Unitholders in an annual report.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed MNACT and the Group during the financial year covered by these financial statements, set out on pages 133 to 196, in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

For and on behalf of the Trustee,
DBS Trustee Limited

Chan Kim Lim
Director

Singapore, 15 May 2020

STATEMENT BY THE MANAGER

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

In the opinion of the Directors of Mapletree North Asia Commercial Trust Management Ltd., the accompanying financial statements of Mapletree North Asia Commercial Trust ("MNACT") and its subsidiaries (the "Group"), as set out on pages 133 to 196, comprising the Statements of Financial Position of MNACT and the Group, and Portfolio Statement of the Group as at 31 March 2020, the Statements of Profit and Loss, Statements of Comprehensive Income, Distribution Statements and Statements of Movements in Unitholders' Funds of MNACT and the Group, the Consolidated Statement of Cash Flows of the Group and Notes to the Financial Statements for the financial year then ended are drawn up so as to present fairly, in all material respects, the financial position of MNACT and of the Group as at 31 March 2020, the portfolio holdings of the Group as at 31 March 2020, and the financial performance, amount distributable and movements in Unitholders' funds of MNACT and of the Group and the consolidated cash flows of the Group for the financial year then ended in accordance with the Singapore Financial Reporting Standards (International) and the applicable requirements of the Code on Collective Investment Schemes relating to financial reporting. At the date of this statement, there are reasonable grounds to believe that MNACT and the Group will be able to meet its financial obligations as and when they materialise.

For and on behalf of the Manager,
Mapletree North Asia Commercial Trust Management Ltd.

Cindy Chow Pei Pei
Director

Singapore, 15 May 2020

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF MAPLETREE NORTH ASIA COMMERCIAL TRUST

(CONSTITUTED UNDER A TRUST DEED IN THE REPUBLIC OF SINGAPORE)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our Opinion

In our opinion, the accompanying consolidated financial statements and Portfolio Statement of Mapletree North Asia Commercial Trust ("MNACT") and its subsidiaries (the "Group"), and the Statement of Profit and Loss, Statement of Comprehensive Income, Statement of Financial Position, Distribution Statement and Statement of Movement in Unitholders' Funds of MNACT are properly drawn up in accordance with the Singapore Financial Reporting Standards (International) ("SFRS(I)s") and the applicable requirements of the Code on Collective Investment Schemes relating to financial reporting, so as to present fairly, in all material respects, the consolidated financial position of the Group, the financial position of MNACT and the consolidated portfolio holdings of the Group as at 31 March 2020, the consolidated financial performance of the Group and the financial performance of MNACT, the consolidated amount distributable of the Group and the amount distributable of MNACT, the consolidated movements in Unitholders' funds of the Group and the movements in Unitholders' funds of MNACT, and the consolidated cash flows of the Group for the financial year ended on that date.

What we have audited

The financial statements of MNACT and the Group comprise:

- the statements of profit and loss of MNACT and of the Group for the financial year ended 31 March 2020;
- the statements of comprehensive income of MNACT and of the Group for the financial year then ended;
- the statements of financial position of MNACT and of the Group as at 31 March 2020;
- the distribution statements of MNACT and of the Group for the financial year then ended;
- the statements of movements in Unitholders' funds of MNACT and of the Group for the financial year then ended;
- the consolidated statement of cash flows of the Group for the financial year then ended;
- the portfolio statement of the Group as at 31 March 2020; and
- the notes to the financial statements, including a summary of significant accounting policies.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

Our Audit Approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the accompanying financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year ended 31 March 2020. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of investment properties *Refer to Note 13 (Investment Properties) to the financial statements.*	
As at 31 March 2020, the carrying value of the Group's investment properties of S$8.3 billion accounted for 97% of the Group's total assets. The valuation of the investment properties is a key audit matter due to the significant judgement in the key inputs used in the valuation techniques. These key inputs include capitalisation rates, discount rates and adjusted price per square metre and are dependent on the nature of each investment property and the prevailing market conditions. The key inputs as at 31 March 2020 are disclosed in Note 13 to the accompanying financial statements. Furthermore, the valuation reports obtained from independent property valuers for the investment properties have highlighted the heightened uncertainty of the Coronavirus Disease 2019 ("COVID-19") outbreak. Accordingly, the valuation of these investment properties may be subjected to more fluctuation subsequent to 31 March 2020 than during normal market conditions.	We involved our internal specialists in our audit procedures. Our audit procedures included the following: • assessed the competency, capabilities and objectivity of the external valuers engaged by the Group; • obtained an understanding of the techniques used by the external valuers in determining the valuations of individual investment properties; • discussed the critical assumptions made by the external valuers for the key inputs used in the valuation techniques; • tested the integrity of information, including underlying lease and financial information provided to the external valuers; and • assessed the reasonableness of the capitalisation rates, discount rates and adjusted price per square metre by benchmarking these against prior year inputs and those of comparable properties based on information available as at 31 March 2020. We found the external valuers to be members of recognised bodies for professional valuers. We also found that the valuation techniques used were appropriate in the context of the Group's investment properties and the critical assumptions used for the key inputs were within the range of market data. We have also assessed the adequacy of the disclosures relating to the assumptions and the impact of COVID-19 on the valuation of investment properties, as we consider them as likely to be significant to users of the financial statements given the estimation uncertainty and sensitivity of the valuations.

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF MAPLETREE NORTH ASIA COMMERCIAL TRUST
(CONSTITUTED UNDER A TRUST DEED IN THE REPUBLIC OF SINGAPORE)

Other Information

The Manager is responsible for the other information. The other information comprises the "Report of the Trustee", the "Statement by the Manager" (but does not include the financial statements and our auditor's report thereon) which we obtained prior to the date of this auditor's report, and other sections of MNACT's Annual Report ("Other Sections"), which are expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Other Sections, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

Responsibilities of the Manager for the Financial Statements

The Manager is responsible for the preparation and fair presentation of these financial statements in accordance with the SFRS(I)s and the applicable requirements of the Code on Collective Investment Schemes relating to financial reporting and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to terminate the Group or to cease the Group's operations, or has no realistic alternative but to do so.

The Manager's responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF MAPLETREE NORTH ASIA COMMERCIAL TRUST

(CONSTITUTED UNDER A TRUST DEED IN THE REPUBLIC OF SINGAPORE)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Manager with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Manager, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Alex Toh Wee Keong.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 15 May 2020
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STATEMENTS OF PROFIT AND LOSS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

	Note	Group		MNACT	
		2020 S$'000	2019 S$'000	**2020 S$'000**	2019 S$'000
Gross revenue	3	**354,478**	408,687	**-**	-
Property operating expenses	4	**(76,991)**	(79,657)	**-**	-
Net property income		**277,487**	329,030	**-**	-
Other income					
Dividend income		**-**	-	**142,137**	176,329
Interest income		**2,114**	1,898	**465**	353
Other gains/(losses)					
Net foreign exchange gain		**5,110**	2,792	**43**	273
Net change in fair value of investment properties	13	**(17,906)**	465,152	**-**	-
Net change in fair value of financial derivatives		**(4,070)**	(604)	**-**	-
Expenses					
Manager's management fees					
- Base fee		**(23,217)**	(24,378)	**(19,761)**	(21,532)
- Performance fee		**-**	(1,560)	**-**	(1,560)
Trustee's fee		**(787)**	(737)	**(787)**	(737)
Other trust expenses	5	**(2,112)**	(1,495)	**(248)**	(210)
Finance costs	6	**(74,901)**	(74,264)	**-**	-
Profit before income tax		**161,718**	695,834	**121,849**	152,916
Income tax expenses	7(a)	**(37,452)**	(61,422)	**(79)**	(60)
Profit for the financial year		**124,266**	634,412	**121,770**	152,856
Profit attributable to:					
Unitholders		**123,556**	633,933	**121,770**	152,856
Non-controlling interests*		**710**	479	**-**	-
		124,266	634,412	**121,770**	152,856
Earnings per unit (cents)					
- Basic and diluted	8	**3.862**	20.291	**3.806**	4.893

* Non-controlling interests refer to the 1.53% effective interest in the Japan Properties held by Mapletree Investments Japan Kabushiki Kaisha ("MIJ").

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

	Note	Group		MNACT	
		2020 S$'000	2019 S$'000	**2020 S$'000**	2019 S$'000
Profit for the financial year		**124,266**	634,412	**121,770**	152,856
Other comprehensive income/(loss):					
Items that may be reclassified subsequently to profit or loss:					
Currency translation differences					
- Gains		**75,327**	7,655	**-**	-
- Reclassification		**(1,939)**	(3,794)	**-**	-
Cash flow hedges					
- Fair value changes, net of tax		**(30,517)**	(27,456)	**(5,665)**	(913)
- Reclassification		**42,043**	5,992	**1,595**	309
Other comprehensive income/(loss), net of tax		**84,914**	(17,603)	**(4,070)**	(604)
Total comprehensive income		**209,180**	616,809	**117,700**	152,252
Total comprehensive income attributable to:					
Unitholders		**208,189**	616,438	**117,700**	152,252
Non-controlling interests*		**991**	371	**-**	-
		209,180	616,809	**117,700**	152,252

* Non-controlling interests refer to the 1.53% effective interest in the Japan Properties held by Mapletree Investments Japan Kabushiki Kaisha ("MIJ").

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2020

	Note	Group		MNACT	
		2020 S$'000	2019 S$'000	**2020 S$'000**	2019 S$'000
ASSETS					
Current assets					
Cash and bank balances	9	**207,798**	178,833	**53,209**	62,662
Trade and other receivables	10	**17,671**	9,322	**7,059**	6,309
Other current assets	11	**1,893**	2,095	**-**	-
Inventories		**638**	672	**-**	-
Derivative financial instruments	12	**129**	3,407	**128**	982
		228,129	194,329	**60,396**	69,953
Non-current assets					
Derivative financial instruments	12	**7,528**	13,336	**-**	-
Investment properties	13	**8,347,232**	7,609,543	**-**	-
Plant and equipment	15	**3,785**	3,158	**-**	-
Investments in subsidiaries	16	**-**	-	**2,673,349**	2,582,649
		8,358,545	7,626,037	**2,673,349**	2,582,649
Total assets		**8,586,674**	7,820,366	**2,733,745**	2,652,602
LIABILITIES					
Current liabilities					
Trade and other payables	17	**149,957**	93,181	**41,306**	8,995
Borrowings	18	**352,669**	287,582	**-**	-
Lease liabilities		**77**	-	**-**	
Current income tax liabilities	7(b)	**33,874**	31,216	**198**	119
Derivative financial instruments	12	**5,313**	1,226	**3,952**	737
		541,890	413,205	**45,456**	9,851
Non-current liabilities					
Trade and other payables	17	**109,894**	99,687	**-**	-
Borrowings	18	**3,019,639**	2,580,322	**-**	-
Lease liabilities		**64**	-	**-**	-
Derivative financial instruments	12	**51,397**	17,108	**-**	-
Deferred tax liabilities	19	**133,160**	119,889	**-**	-
		3,314,154	2,817,006	**-**	-
Total liabilities		**3,856,044**	3,230,211	**45,456**	9,851
NET ASSETS		**4,730,630**	4,590,155	**2,688,289**	2,642,751
Represented by:					
Unitholders' funds		**4,575,669**	4,525,596	**2,692,113**	2,642,505
General reserve	20	**3,782**	2,461	**-**	-
Hedging reserve	21	**6,164**	(5,354)	**(3,824)**	246
Foreign currency translation reserve	22	**135,892**	62,777	**-**	-
		4,721,507	4,585,480	**2,688,289**	2,642,751
Non-controlling interests*		**9,123**	4,675	**-**	-
		4,730,630	4,590,155	**2,688,289**	2,642,751
UNITS IN ISSUE ('000)	23	**3,342,916**	3,173,892	**3,342,916**	3,173,892
NET ASSET VALUE PER UNIT (S$)		**1.412**	1.445	**0.804**	0.833

* Non-controlling interests refer to the 1.53% effective interest in the Japan Properties held by Mapletree Investments Japan Kabushiki Kaisha ("MIJ").

The accompanying notes form an integral part of these financial statements.

DISTRIBUTION STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

	Group		MNACT	
	2020 S$'000	2019 S$'000	**2020 S$'000**	2019 S$'000
Profit for the financial year attributable to Unitholders	**123,556**	633,933	**121,770**	152,856
Adjustment for net effect of non-tax deductible/ (chargeable) items and other adjustments (Note A)	**104,372**	(393,268)	**106,158**	87,809
Amount available for distribution	**227,928**	240,665	**227,928**	240,665
Amount available for distribution to Unitholders at beginning of the financial year	**62,141**	106,533	**62,141**	106,533
	290,069	347,198	**290,069**	347,198
Distribution to Unitholders:				
Distribution of 4.531 cents per unit for the period from 1 October 2017 to 7 May 2018	**-**	(128,058)	**-**	(128,058)
Distribution of 1.117 cents per unit for the period from 8 May 2018 to 30 June 2018	**-**	(35,141)	**-**	(35,141)
Distribution of 1.926 cents per unit for the period from 1 July 2018 to 30 September 2018	**-**	(60,841)	**-**	(60,841)
Distribution of 1.927 cents per unit for the period from 1 October 2018 to 31 December 2018	**-**	(61,017)	**-**	(61,017)
Distribution of 1.956 cents per unit for the period from 1 January 2019 to 31 March 2019	**(62,081)**	-	**(62,081)**	-
Distribution of 1.950 cents per unit for the period from 1 April 2019 to 30 June 2019	**(62,043)**	-	**(62,043)**	-
Distribution of 1.937 cents per unit for the period from 1 July 2019 to 30 September 2019	**(61,749)**	-	**(61,749)**	-
Distribution of 1.671 cents per unit for the period from 1 October 2019 to 31 December 2019	**(53,378)**	-	**(53,378)**	-
Distribution of 1.070 cents per unit for the period from 1 January 2020 to 27 February 2020 (Note 17)	**(34,179)**	-	**(34,179)**	-
Total Unitholders' distribution (including capital return) (Note B)	**(273,430)**	(285,057)	**(273,430)**	(285,057)
Amount available for distribution to Unitholders at end of the financial year	**16,639**	62,141	**16,639**	62,141

Note A:

Adjustment for net effect of non-tax (chargeable) / deductible items and other adjustments comprises:

	Group 2020	Group 2019	MNACT 2020	MNACT 2019
Major non-tax deductible/(chargeable) items:				
- Trustee's fee	**787**	737	**787**	737
- Financing fees	**3,437**	3,957	**-**	-
- Net change in fair value of investment properties net of deferred tax impact	**23,525**	(443,547)	**-**	-
- Manager's base fee paid/payable in units	**19,761**	21,532	**19,761**	21,532
- Manager's performance fee paid/payable in units	**-**	1,560	**-**	1,560
- Property Manager's management fees paid/payable in units	**10,150**	12,659	**-**	-
- Net change in fair value of financial derivatives	**4,070**	604	**-**	-
- Net foreign exchange gain on capital item	**(1,939)**	(3,794)	**-**	-
Net overseas income distributed back to MNACT in the form of capital returns	**-**	-	**26,387**	26,570
Net overseas income not distributed to MNACT	**-**	-	**26,229**	37,146
Other non-tax deductible items and other adjustments	**11,664**	13,024	**77**	264
	71,455	(393,268)	**73,241**	87,809
Festival Walk Top-Ups [1]	**32,917**	-	**32,917**	-
	104,372	(393,268)	**106,158**	87,809

Note B:

Total Unitholders' distribution:

	Group 2020	Group 2019	MNACT 2020	MNACT 2019
- From operations	**178,279**	214,768	**178,279**	214,768
- From Unitholders' contribution	**95,151**	70,289	**95,151**	70,289
	273,430	285,057	**273,430**	285,057

[1] Festival Walk Top-Ups comprise (i) the estimated loss of Festival Walk retail revenue for the period from 13 November 2019 to 15 January 2020 (2019: Nil) (ii) the estimated loss of Festival Walk office revenue for the period from 13 November 2019 to 25 November 2019 (2019: Nil). Festival Walk Top-Ups were made so as to mitigate the impact on the distributable income as rental from the tenants was not collectable over those periods that the mall and office were closed until such time as the loss of revenue is recovered through insurance claims. Please refer to Note 3 for more details.

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

	Note	Group 2020 S$'000	Group 2019 S$'000	MNACT 2020 S$'000	MNACT 2019 S$'000
Operations					
Beginning of the financial year		**1,791,595**	1,373,670	**(91,496)**	(29,584)
Profit for the financial year attributable to Unitholders		**123,556**	633,933	**121,770**	152,856
Distributions to Unitholders		**(178,279)**	(214,768)	**(178,279)**	(214,768)
Transfer to general reserve		**(1,321)**	(1,240)	**-**	-
End of the financial year		**1,735,551**	1,791,595	**(148,005)**	(91,496)
Unitholders' contribution					
Beginning of the financial year		**2,734,001**	2,438,943	**2,734,001**	2,438,943
Management fees paid in units		**33,692**	35,060	**33,692**	35,060
Issuance of Transaction Units		**144,776**	-	**144,776**	-
Issuance of units arising from Distribution Reinvestment Plan		**23,050**	-	**23,050**	-
Issuance of units arising from private placement		**-**	330,298	**-**	330,298
Acquisition fees paid in units		**-**	5,689	**-**	5,689
Issue expenses		**(250)**	(5,700)	**(250)**	(5,700)
Distributions to Unitholders		**(95,151)**	(70,289)	**(95,151)**	(70,289)
End of the financial year		**2,840,118**	2,734,001	**2,840,118**	2,734,001
Unitholders' funds at end of the financial year		**4,575,669**	4,525,596	**2,692,113**	2,642,505
General reserve					
Beginning of the financial year		**2,461**	1,221	**-**	-
Transfer from Operations		**1,321**	1,240	**-**	-
End of the financial year	20	**3,782**	2,461	**-**	-
Hedging reserve					
Beginning of the financial year		**(5,354)**	16,004	**246**	850
Fair value changes, net of tax		**(30,505)**	(27,335)	**(5,665)**	(913)
Reclassification to profit or loss, net of tax		**42,023**	5,977	**1,595**	309
End of the financial year	21	**6,164**	(5,354)	**(3,824)**	246
Foreign currency translation reserve					
Beginning of the financial year		**62,777**	58,914	**-**	-
Reclassification to profit or loss		**(1,939)**	(3,794)	**-**	-
Translation differences relating to financial statements of foreign subsidiaries and quasi-equity loans		**75,054**	7,657	**-**	-
End of the financial year	22	**135,892**	62,777	**-**	-
Net assets attributable to Unitholders at end of the financial year		**4,721,507**	4,585,480	**2,688,289**	2,642,751
Non-controlling interests					
Beginning of the financial year		**4,675**	-	**-**	-
Profit after tax for the financial year		**710**	479	**-**	-
Cash flow hedges					
- Fair value changes, net of tax		**(12)**	(121)	**-**	-
- Reclassification, net of tax		**20**	15	**-**	-
Contribution from non-controlling interests		**3,741**	4,960	**-**	-
Distributions to non-controlling interests (capital returns)		**(284)**	(656)	**-**	-
Translation differences relating to financial statements of foreign subsidiaries and quasi-equity loans		**273**	(2)	**-**	-
End of the financial year		**9,123**	4,675	**-**	-

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

	Note	Group 2020 S$'000	Group 2019 S$'000
Cash flows from operating activities			
Profit for the financial year		**124,266**	634,412
Adjustments for:			
- Income tax expenses	7(a)	**37,452**	61,422
- Amortisation of rent free incentive		**(509)**	1,088
- Depreciation	15	**1,238**	817
- Plant and equipment written off		**101**	-
- Net change in fair value of investment properties	13	**17,906**	(465,152)
- Net change in fair value of financial derivatives		**4,070**	604
- Manager's management fees paid/payable in units		**19,761**	23,092
- Property Manager's management fees paid/payable in units		**10,150**	12,659
- Finance costs	6	**74,901**	74,264
- Interest income		**(2,114)**	(1,898)
- Net foreign exchange gain on capital item		**(1,939)**	(3,794)
Operating cash flows before working capital changes		**285,283**	337,514
Changes in working capital:			
- Trade and other receivables and other current assets		**(7,689)**	(1,964)
- Inventories		**34**	71
- Trade and other payables		**8,448**	1,730
Cash generated from operations		**286,076**	337,351
Income tax paid	7(b)	**(20,308)**	(28,379)
Net cash provided by operating activities		**265,768**	308,972
Cash flows from investing activities			
Additions to investment properties	13	**(12,803)**	(3,399)
Additions to plant and equipment	15	**(1,694)**	(1,429)
Net cash outflow on acquisition of investment properties [1]		**(464,693)**	(733,068)
Interest income received		**2,940**	1,366
Net cash used in investing activities		**(476,250)**	(736,530)
Cash flows from financing activities			
Repayment of borrowings		**(174,285)**	(662,155)
Repayment of medium term note		**(98,313)**	-
Proceeds from borrowings		**654,751**	946,654
Financing fees paid		**(4,095)**	(6,128)
Proceeds from issuance of Tokutei Mokuteki Kaisha ("TMK") bonds and medium term note		**-**	178,278
Net proceeds		**378,058**	456,649
Principal payment of lease liabilities		**(53)**	-
Proceeds from issuance of Transaction Units		**144,776**	-
Proceeds from issuance of new units pursuant to private placement		**-**	330,298
Payment of issue expenses		**(30)**	(5,599)

The accompanying notes form an integral part of these financial statements.

	Note	Group 2020 S$'000	2019 S$'000
Payment of distributions to Unitholders (net of distribution in units) [2]		**(216,201)**	(285,057)
Payment of distributions to non-controlling interests (capital returns)		**(284)**	(656)
Contribution from non-controlling interests		**3,741**	4,960
Interest paid		**(73,183)**	(70,565)
Change in restricted cash		**(15,524)**	(3,665)
Net cash provided by financing activities		**221,300**	426,365
Net increase/(decrease) in cash and cash equivalents		**10,818**	(1,193)
Cash and cash equivalents at beginning of the financial year		**175,168**	177,981
Effect of currency translation on cash and cash equivalents		**2,222**	(1,620)
Cash and cash equivalents at end of the financial year	9	**188,208**	175,168

[1] The amount is adjusted for the net identifiable assets acquired, liabilities assumed (2020: S$15,876,000; 2019: S$38,786,000) and payment of acquisition fee to the Manager by way of issuance of units (2020: nil; 2019: S$5,689,000). The 2019 acquisition fee was in relation to the completion of the acquisition of six office properties in Greater Tokyo as announced on 25 May 2018.

[2] This amount excludes S$23.1 million distributed through the issuance of 19,391,049 new units in MNACT in 4QFY19/20 as payment of distributions for the period 1 October to 31 December 2019, pursuant to the DRP.

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Beginning of financial year $'000	Net Cash flows $'000	Non-cash changes Finance costs $'000	Foreign exchange movement $'000	End of financial year $'000
2020					
Borrowings	**2,867,904**	**378,058**	**3,448**	**122,898**	**3,372,308**
Interest payable within "Trade and other payables" (Note 17)	**8,285**	**(73,183)**	**71,453**	**2,048**	**8,603**
2019					
Borrowings	2,361,085	456,649	3,965	46,205	2,867,904
Interest payable within "Trade and other payables" (Note 17)	8,402	(70,565)	70,299	149	8,285

The accompanying notes form an integral part of these financial statements.

PORTFOLIO STATEMENT

AS AT 31 MARCH 2020

Description of properties	Acquisition date	Term of lease	Remaining term of lease	Location	Existing use
Investment property in The Hong Kong Special Administrative Region of China ("Hong Kong SAR"):					
Festival Walk	07/03/2013	54 years	27 years ending in 2047	No. 80 Tat Chee Avenue, Kowloon Tong, Hong Kong SAR	Commercial
Investment properties in China ("China"):					
Gateway Plaza	07/03/2013	50 years	33 years ending in 2053	No. 18 Xiaguangli, East 3rd Ring Road North, Chaoyang District, Beijing, China	Commercial
Sandhill Plaza	17/06/2015	50 years	40 years ending in 2060	Blocks 1 to 5 and 7 to 9, No. 2290 Zuchongzhi Road, Pudong New District, Shanghai, China	Commercial
Investment properties in Japan ("Japan Properties")					
IXINAL Monzen-nakacho Building("MON")	25/05/2018	Freehold	-	5-4, Fukuzumi 2-chome, Koto-ku, Tokyo, Japan	Commercial
Higashi-nihonbashi 1-chome Building ("HNB")	25/05/2018	Freehold	-	4-6, Higashi-Nihonbashi 1-chome, Chuo-ku, Tokyo, Japan	Commercial
TS Ikebukuro Building ("TSI")	25/05/2018	Freehold	-	63-4, Higashi-Ikebukuro 2-chome, Toshima-ku, Tokyo, Japan	Commercial

The accompanying notes form an integral part of these financial statements.

Gross revenue for financial year ended 31/03/2020 S$'000	Gross revenue for financial year ended 31/03/2019 S$'000	Occupancy rates at 31/03/2020 %	Occupancy rates at 31/03/2019 %	Latest valuation date	Valuation at 31/03/2020 S$'000	Valuation at 31/03/2019 S$'000	Percentage of net assets attributable to Unitholders at 31/03/2020	Percentage of net assets attributable to Unitholders at 31/03/2019
195,091	253,996	**99.8**	100.0	31/03/2020	**5,090,037**	4,966,850	**107.8**	108.3
81,174	87,221	**91.5**	99.0	31/03/2020	**1,367,996**	1,384,519	**29.0**	30.2
25,243	25,020	**98.0**	99.3	31/03/2020	**483,879**	475,316	**10.3**	10.4
4,356	5,438	**80.8**	100.0	31/03/2020	**110,352**	106,272	**2.3**	2.3
1,652	1,365	**100.0**	100.0	31/03/2020	**31,858**	26,416	**0.7**	0.6
3,590	2,966	**100.0**	100.0	31/03/2020	**71,589**	64,274	**1.5**	1.4

PORTFOLIO STATEMENT

AS AT 31 MARCH 2020

Description of properties	Acquisition date	Term of lease	Remaining term of lease	Location	Existing use
INVESTMENT PROPERTIES IN JAPAN ("JAPAN PROPERTIES") (continued)					
ABAS Shin-Yokohama Building ("ASY")	25/05/2018	Freehold	-	6-1, Shin-Yokohama 2-chome, Kohoku-ku, Yokohama City, Kanagawa	Commercial
SII Makuhari Building ("SMB")	25/05/2018	Freehold	-	8, Nakase 1-chome, Mihama-ku, Chiba-shi, Chiba, Japan	Commercial
Fujitsu Makuhari Building ("FJM")	25/05/2018	Freehold	-	9-3, Nakase 1-chome, Mihama-ku, Chiba-shi, Chiba, Japan	Commercial
Omori Prime Building ("OPB")	28/02/2020	Freehold	-	21-12, Minami-oi 6-chome, Shinagawa-ku, Tokyo, Japan	Commercial
mBAY POINT Makuhari ("MBP")	28/02/2020	Freehold	-	6, Nakase 1-chome, Mihama-ku, Chiba-shi, Chiba, Japan	Commercial
Investment properties - Group					
Other assets and liabilities - Group					
Net assets					
Less: Non-controlling interests					
Net assets attributable to Unitholders					

Notes:

The carrying amounts of the investment properties as at 31 March 2020 (2019: 31 March 2019) were based on independent full valuations undertaken by Cushman & Wakefield Limited (HK SAR and China properties) (2019: CBRE Limited) and Cushman & Wakefield K.K. (Japan Properties), independent valuers. Cushman & Wakefield Limited and Cushman & Wakefield K.K. (2019: CBRE Limited and Cushman & Wakefield K.K.) have the appropriate professional qualifications and experience in the locations and category of the properties being valued. The full valuations of the investment properties were based on discounted cash flow method, income capitalisation method and direct comparison method. The direct comparison method is only used for China properties.

Investment properties comprise a portfolio of commercial properties that are leased to external customers. Generally, the leases contain an initial non-cancellable period of 1 to 10 years. Subsequent renewals are negotiated with the lessees.

* OPB and MBP were acquired on 28 February 2020 and their carrying amounts were based on independent valuations as at 1 November 2019, obtained for the purpose of the acquisitions. The valuations were undertaken by Cushman & Wakefield K.K., an independent valuer.

The accompanying notes form an integral part of these financial statements.

Gross revenue for financial year ended 31/03/2020 S$'000	Gross revenue for financial year ended 31/03/2019 S$'000	Occupancy rates at 31/03/2020 %	Occupancy rates at 31/03/2019 %	Latest valuation date	Valuation at 31/03/2020 S$'000	Valuation at 31/03/2019 S$'000	Percentage of net assets attributable to Unitholders at 31/03/2020	Percentage of net assets attributable to Unitholders at 31/03/2019
2,225	1,803	**100.0**	100.0	31/03/2020	**38,089**	33,233	**0.8**	0.7
22,768	18,861	**100.0**	100.0	31/03/2020	**370,067**	325,024	**7.8**	7.1
14,506	12,017	**100.0**	100.0	31/03/2020	**259,324**	227,639	**5.5**	5.0
449	-	**100.0**	-	1/11/2019*	**95,894**	-	**2.0**	-
3,424	-	**86.6**	-	1/11/2019*	**428,147**	-	**9.1**	-
354,478	408,687				**8,347,232**	7,609,543	**176.8**	166.0
					(3,616,602)	(3,019,388)	**(76.6)**	(65.9)
					4,730,630	4,590,155	**100.2**	100.1
					(9,123)	(4,675)	**(0.2)**	(0.1)
					4,721,507	4,585,480	**100.0**	100.0

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. GENERAL

Mapletree North Asia Commercial Trust ("MNACT") is a Singapore-domiciled Real Estate Investment Trust constituted pursuant to the Trust Deed dated 14 February 2013 (as amended) between Mapletree North Asia Commercial Trust Management Ltd. (as Manager) and DBS Trustee Limited (as Trustee). The Trust Deed is governed by the laws of the Republic of Singapore.

MNACT was formally admitted to the Official List of the Singapore Exchange Securities Trading Limited ("SGX-ST") on 7 March 2013 and was approved for inclusion under the Central Provident Fund ("CPF") Investment Scheme on 23 January 2013.

The principal activity of MNACT and its subsidiaries (the "Group") is to invest, directly or indirectly, in a diversified portfolio of income-producing real estate in China, in Hong Kong SAR and in Japan. It focuses primarily on commercial assets (predominantly for retail and/or office use), as well as real estate-related assets. It has the primary objective of achieving an attractive level of return from rental income and long-term capital growth.

MNACT has entered into several service agreements in relation to the management of MNACT and its property operations. The fee structures for these services are as follows:

(A) Trustee's fees

The Trustee's fees shall not exceed 0.1% per annum of the value of all the assets of MNACT ("Deposited Property") (subject to a minimum of S$15,000 per month) or such higher percentage as may be fixed by an Extraordinary Resolution of a meeting of Unitholders. The Trustee's fees are payable out of the Deposited Property of MNACT monthly, in arrears. The Trustee is also entitled to reimbursement of expenses incurred in the performance of its duties under the Trust Deed.

Based on the current arrangement between the Manager and the Trustee, the Trustee's fees are charged on a scaled basis of up to 0.02% per annum of the value of the Deposited Property (subject to a minimum of S$15,000 per month). At inception, the Trustee was paid a one-time inception fee of S$50,000.

(B) Management fees

The Manager or its nominees are entitled to receive the following remuneration:

(i) a base fee of 10.0% per annum of the Distributable Income or such higher percentage as may be approved by an Extraordinary Resolution of a meeting of Unitholders; and

(ii) a performance fee of 25.0% of the difference in Distribution per Unit ("DPU") in a financial year with the DPU in the preceding financial year (calculated before accounting for the performance fee in each financial year) multiplied by the weighted average number of units in issue for such financial year, or such higher percentage as may be approved by an Extraordinary Resolution of a meeting of Unitholders.

The management fees payable to the Manager or its nominees will be paid in the form of cash or/and Units. In relation to the Japan Properties, the asset management services are provided by Mapletree Investments Japan Kabushiki Kaisha ("MIJ"). In view of the fees payable in cash to the MIJ 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 MIJ are wholly-owned by Mapletree Investments Pte Ltd and the MIJ continues to receive the Japan Asset Management Fee in respect of the Japan Properties.

Where the management base fees are paid in cash, the amounts are paid monthly, in arrears. Where the management base fees are paid in the form of Units, the amounts are paid quarterly, in arrears.

The management performance fees are paid annually in arrears, whether in the form of cash or/and Units.

1. **GENERAL** (continued)

(C) Acquisition and Divestment fee

The Manager or its nominees are entitled to receive the following fees:

(i) an acquisition fee not exceeding 0.75% and 1.0% of the acquisition price of any Authorised Investments (as defined in the Trust Deed) from Related Parties and all other acquisitions respectively, acquired directly or indirectly, through one or more Special Vehicles ("SPV"), pro-rated if applicable to the proportion of MNACT's interest; and

(ii) a divestment fee not exceeding 0.5% of the sale price of any Authorised Investments, sold or divested directly or indirectly through one or more SPVs, pro-rated if applicable to the proportion of MNACT's interest.

The acquisition and disposal fee will be paid in the form of cash or/and Units and is payable as soon as practicable after completion of the acquisition and disposal respectively.

The acquisition of two office properties in Greater Tokyo was completed on 28 February 2020. The Manager has waived the acquisition fee of S$3.5 million, which it is entitled to, for the acquisitions of MBP and Omori, to demonstrate its support of the initiatives to achieve greater diversification of MNACT's portfolio.

(D) Fees under the Property Management Agreement

(i) Property management services

The Trustee will pay Mapletree North Asia Commercial Property Management Limited (the "Property Manager"), for each Fiscal Year (as defined in the Property Management Agreement), the following fees:

- 2.0% per annum of the gross revenue for the relevant property;
- 2.0% per annum of the net property income ("NPI") for the relevant property (calculated before accounting for the property management fee in that financial period); and
- where any service is provided by a third party service provider, the Property Manager will be entitled to receive a fee equal to 20% of all fees payable to such third party service provider for supervising and overseeing the services rendered by the third party service provider. Such services shall include, but not limited to, master planning work, retail planning work and environmental impact studies.

The property management fees will be paid in the form of cash or/and Units (as the Manager may in its sole discretion determine).

(ii) Marketing services

Under the Property Management Agreement, the Trustee will pay the Property Manager, the following commissions:

- up to 1 month's gross rent inclusive of service charge for securing a tenancy of 3 years or less;
- up to 2 months' gross rent inclusive of service charge for securing a tenancy of more than 3 years;
- up to 0.5 month's gross rent inclusive of service charge for securing a renewal of tenancy of 3 years or less; and
- up to 1 month's gross rent inclusive of service charge for securing a renewal tenancy of more than 3 years.

The Property Manager is not entitled to the marketing services commissions if such service is (i) performed by staff of the asset holding company or (ii) performed by third party service providers.

The marketing services commissions will be paid in the form of cash or/and Units (as the Manager may in its sole discretion determine).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

1. GENERAL (continued)

(D) Fees under the Property Management Agreement (continued)

(iii) Project management services

The Trustee will pay the Property Manager a project management fee subject to:

- a limit of up to 3.0% of the total construction costs incurred for the development or redevelopment, the refurbishment, retrofitting and renovation works on a property; and
- (in the event that the project management fee is more than S$100,000), an opinion issued by an independent quantity surveyor, to be appointed by the Trustee upon recommendation by the Manager, that the project management fee is within market norms and reasonable range.

The project management fees will be paid in the form of cash or/and Units (as the Manager may in its sole discretion determine).

(iv) Staff costs reimbursement

The Property Manager employs the centre management team and the persons to run the ice rink business of Festival Walk. The Property Manager is entitled to the following:

- reimbursement for the cost of employing the centre management team of Festival Walk and the persons to run the ice rink business of Festival Walk; and
- 3.0% of such employment cost.

The staff costs reimbursement will be paid in the form of cash.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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 Monetary Authority of Singapore ("MAS") relating to financial reporting and the provisions of the Trust Deed.

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.

The preparation of financial statements in conformity with SFRS(I) requires the Manager to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. Information about an area involving a higher degree of judgement, where assumptions and estimates are significant to the financial statements, is disclosed in Note 13 - Investment Properties. The assumptions and estimates were used by the independent valuers in arriving at their valuations.

New or amended financial reporting standards effective this financial year

On 1 April 2019, 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:

2. **SIGNIFICANT ACCOUNTING POLICIES** (continued)

2.1 **Basis of preparation** (continued)

New or amended financial reporting standards effective this financial year (continued)

Adoption of SFRS(I) 16 Leases

(a) When the Group is the lessee

Prior to the adoption of SFRS(I) 16, non-cancellable operating lease payments were not recognised as liabilities in the balance sheet. These payments were recognised as rental expenses over the lease term on a straight-line basis.

The Group's accounting policy on leases after the adoption of SFRS(I) 16 is as disclosed in Note 2.18.

On initial application of SFRS(I) 16, the Group has applied the practical expedient to recognise right-of-use ("ROU") assets equal to its lease liabilities on 1 April 2019 and recognition exemptions for short-term leases and leases of low value items. Comparative information is not restated.

(b) When the Group is a lessor

There are no material changes to accounting by the Group.

The adoption of SFRS(I) 16 has no material effect on the amounts reported for the current financial year.

2.2 **Revenue recognition**

(a) Rental income and service charge from operating leases

Rental income and service charge from operating leases (net of any incentives given to the lessees) on investment properties are recognised on a straight-line basis over the lease term. Contingent rents, which include turnover rental income, are recognised as income in the profit or loss when earned.

(b) Interest income

Interest income is recognised on a time proportion basis using the effective interest method.

(c) Dividend income

Dividend income is recognised when the right to receive payment is established.

2.3 **Expenses**

(a) Property operating expenses

Property operating expenses are recognised on an accrual basis. Included in property operating expenses are Property Manager's fees which are based on the applicable formula set out in Note 1(D).

(b) Management fees

Management fees are recognised on an accrual basis using the applicable formula set out in Note 1(B).

(c) Trustee's fees

Trustee's fees are recognised on an accrual basis using the applicable formula set out in Note 1(A).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

2. **SIGNIFICANT ACCOUNTING POLICIES** (continued)

2.4 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method, except for those costs that are directly attributable to the construction or development of properties. This includes those costs on borrowings acquired specifically for the construction or development of properties, as well as those in relation to general borrowings used to finance the construction or development of properties.

The actual borrowing costs incurred during the financial period up to the issuance of the temporary occupation permit less any investment income on temporary investment of these borrowings, are capitalised in the cost of the property under development. Borrowing costs on general borrowings are capitalised by applying a capitalisation rate to construction or development expenditure that are financed by general borrowings.

2.5 Income tax

Taxation on the return for the financial year comprises current and deferred income tax.

Current income tax for the current and prior periods is recognised at the amount expected to be paid or to be recovered from the tax authorities, using tax rates enacted or substantively enacted by the reporting date.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised. The carrying amount of deferred income tax asset is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

A deferred income tax liability is recognised on temporary differences arising on investment in subsidiaries except where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax asset and liability are offset when there is a legally enforceable right to set off current income tax asset against current income tax liability and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current income tax asset and liability on a net basis.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amounts of its assets and liabilities, except for investment properties. Investment properties measured at fair value are presumed to be recovered entirely through sale.

2. **SIGNIFICANT ACCOUNTING POLICIES** (continued)

2.5 **Income tax** (continued)

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a transaction which is recognised directly in Unitholders' funds and/or hedging reserve, in which case the tax is also recognised directly in Unitholders' funds and/or hedging reserve, or where the tax arises from the initial accounting for a business combination.

Except for the tax exemption as described below, taxable income earned by the Trust will be subject to Singapore income tax at the prevailing corporate tax rate.

The Trustee is exempted from Singapore income tax under Section 13(12) of the Singapore Income Tax Act ("SITA") on the dividend income from its subsidiaries in Cayman out of underlying rental income derived from the investment properties in Hong Kong SAR and in China. This exemption is granted subject to certain conditions.

The Trustee is also exempted from Singapore income tax under Section 13(8) of the SITA on the dividends received from the Hong Kong Treasury Company provided that the underlying income is subject to profits tax in Hong Kong SAR and the highest rate of profits tax rate in Hong Kong SAR at the time the income is received in Singapore is not less than 15.0%.

The tax exemption also applies to dividend income from the Trust's subsidiaries out of gains, if any, derived from disposal of shares in the subsidiaries unless the gains are considered income of trade or business. Gains arising from the sales of subsidiaries, if considered to be trading gains, will be assessed to tax, currently at 17%, on the Trust under Section 10(1)(a) of the SITA.

Any return of capital received by the Trust from these subsidiaries is capital in nature and hence, is not taxable on the Trustee.

2.6 **Group accounting**

(a) Subsidiaries

(i) Consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests comprise the portion of a subsidiary's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the Unitholders of the Trust. They are shown separately in the consolidated statement of profit and loss, statement of comprehensive income, statement of changes in equity, and balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

2. **SIGNIFICANT ACCOUNTING POLICIES** (continued)

2.6 **Group accounting** (continued)

(a) Subsidiaries (continued)

(ii) Acquisitions

The acquisition method of accounting is used to account for business combinations by the Group.

The consideration transferred for the acquisition of a subsidiary comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill.

(iii) Disposals

When a change in the Group's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised.

Any retained interest in the entity is re-measured at fair value. The difference between the carrying amount of the retained investment at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to the paragraph "Investments in subsidiaries", for the accounting policy on investments in subsidiaries (Note 2.7) in the separate financial statements of MNACT.

(b) Transactions with non-controlling interests

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with Unitholders of the Trust. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised within equity attributable to the Unitholders of the Trust.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 Investments in subsidiaries

Investments in subsidiaries are stated at cost less accumulated impairment losses (Note 2.10) in MNACT's Statement of Financial Position. On disposal of investments in subsidiaries, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

2.8 Investment properties

Investment properties are properties held either to earn rental income and/or capital appreciation.

Investment properties are accounted for as non-current assets and initially recognised at cost on acquisition, and subsequently carried at fair value. Fair values are determined in accordance with the Trust Deed, which requires the investment properties to be valued by independent registered valuers at least once a year, in accordance with CCIS. Changes in fair values are recognised in profit or loss.

Investment properties are subject to renovations or improvement from time to time. The cost of major renovations and improvement are capitalised and the carrying amounts of the replaced components are written off to profit or loss. The costs of maintenance, repairs and minor improvements are recognised in profit or loss when incurred.

On disposal of an investment property, the difference between the net disposal proceeds and the carrying amount is taken to profit or loss.

If an investment property becomes substantially owner-occupied, it is reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its cost for accounting purposes.

2.9 Plant and equipment

(a) Measurement

All plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

The cost of an item of plant and equipment includes its purchase price and any costs that are directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Manager.

(b) Depreciation

Depreciation on plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives. The estimated useful lives are as follows:

	Useful lives
Computer equipment	5 years
Other fixed assets	3 to 5 years

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

2. **SIGNIFICANT ACCOUNTING POLICIES** (continued)

2.9 **Plant and equipment** (continued)

(b) ***Depreciation*** (continued)

The residual values and estimated useful lives of plant and equipment are reviewed, and adjusted as appropriate, at each reporting date. The effects of any revision are included in profit or loss for the financial period in which the changes arise.

(c) ***Subsequent expenditure***

Subsequent expenditure relating to plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Group and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial period in which it is incurred.

(d) ***Disposal***

On disposal of an item of plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to profit or loss.

2.10 **Impairment of non-financial assets**

Plant and equipment
Investments in subsidiaries

Plant and equipment and investments in subsidiaries are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the Cash Generating Unit ("CGU") to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset is reversed only if, there has been a change in the estimates used to determine the asset's recoverable amount or if there is a change in the events that had given rise to the impairment since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior financial period. A reversal of impairment loss for an asset is recognised in profit or loss.

2.11 **Inventories**

Inventories are carried at the lower of cost and net realisable value. Cost represents average unit cost of purchase and net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2. **SIGNIFICANT ACCOUNTING POLICIES** (continued)

2.12 Financial assets

Classification and measurement

The Group classifies its financial assets as held at amortised cost.

The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

(i) At initial recognition

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

(ii) At subsequent measurement

Debt instruments

Debt instruments mainly comprise of cash and bank balances, trade and other receivables and other current assets (except for prepayments).

There are three prescribed subsequent measurement categories, depending on the Group's business model in managing the assets and the cash flow characteristic of the assets. The Group managed these group of financial assets by collecting the contractual cash flow and these cash flows represents solely payment of principal and interest. Accordingly, these group of financial assets are measured at amortised cost subsequent to initial recognition.

A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets are recognised using the effective interest rate method.

The Group assesses on forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost.

For trade receivable, the Group applied the simplified approach permitted by the SFRS(I) 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

For other receivables, other current assets (except for prepayments) and cash and bank balances, the general 3 stage approach is applied. Credit loss allowance is based on 12-month expected credit loss if there is no significant increase in credit risk since initial recognition of the assets. If there is a significant increase in credit risk since initial recognition, lifetime expected credit loss will be calculated and recognised.

2.13 Cash and cash equivalents

Cash and cash equivalents include cash balances and deposits with financial institutions.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.14 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the reporting date, in which case they are presented as non-current liabilities.

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

2.15 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially measured at fair value, and subsequently at amortised cost, using the effective interest method.

2.16 Derivative financial instruments and hedging activities

The Group uses derivative financial instruments such as interest rate swaps, cross currency interest rate swaps and forward currency contracts to hedge its exposure to interest rate risks and currency risks arising from operational, financing and investment activities. In accordance with its treasury policy, which is in line with the CCIS, the Group does not hold or issue derivative financial instruments for trading purposes.

Derivative financial instruments are recognised initially at fair value on the date the contracts are entered into and are subsequently carried at their fair value.

The Group documents at the inception of the transaction the relationship between the hedging instruments and hedged items, as well as its risk management objective and strategies for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives designated as hedging instruments are highly effective in offsetting changes in cash flows of the hedged items.

The carrying amount of a derivative designated as a hedge is presented as a non-current asset or liability if the remaining expected life of the hedged item is more than 12 months and as a current asset or liability if the remaining expected life of the hedged item is less than 12 months.

(a) Cash flow hedge

(i) Interest rate swaps

The Group has entered into interest rate swaps that are cash flow hedges for the Group's exposure to interest rate risk on its borrowings. These contracts entitle the Group to receive interest at floating rates on notional principal amounts and oblige the Group to pay interest at fixed rates on the same notional principal amounts, thus allowing the Group to raise borrowings at floating rates and swap them into fixed rates.

The fair value changes on the effective portion of interest rate swaps designated as cash flow hedges are recognised in other comprehensive income and transferred to profit or loss when the hedged interest expense on the borrowings is recognised in profit or loss. The fair value changes on the ineffective portion of interest rate swaps are recognised immediately in profit or loss.

2. **SIGNIFICANT ACCOUNTING POLICIES** (continued)

2.16 Derivative financial instruments and hedging activities (continued)

(a) Cash flow hedge (continued)

(ii) Cross currency interest rate swaps

The Group has entered into cross currency interest rate swaps that are cash flow hedges and are used to reduce the Group's exposure to interest rate risk and currency risk on its borrowings and interest.

The fair value changes on the effective portion of cross currency interest rate swaps designated as cash flow hedges are recognised in other comprehensive income and transferred to profit or loss when the hedged interest expense on the borrowings and/or the exchange differences arising from the translation of the borrowings is recognised in profit or loss. The fair value changes on the ineffective portion of cross currency interest rate swaps are recognised immediately in profit or loss.

(iii) Forward currency contracts

MNACT has entered into forward currency contracts that qualify as cash flow hedges at MNACT level and are used to hedge the highly probable forecasted foreign currency income received from the offshore assets, back into Singapore Dollars.

The fair value changes on the effective portion of forward currency contracts designated as cash flow hedges are recognised in other comprehensive income and transferred to profit or loss as part of dividend income upon the receipt of the dividend income. The fair value changes on the ineffective portion of currency forwards are recognised immediately in the profit or loss.

(b) Derivatives that are not designated or do not qualify for hedge accounting

Fair value changes on forward currency contracts which do not qualify for hedge accounting at Group level, are recognised in the profit or loss when the changes arise. Such derivatives are presented as current assets or liabilities if they are either held for trading or are expected to be realised within 12 months after the balance sheet date.

2.17 Fair value estimation of financial assets and liabilities

The carrying amounts of current financial assets and liabilities carried at amortised cost approximate their fair values.

The fair values of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) are determined by using valuation techniques. The fair values of currency forwards are determined using banks' quoted forward rates and foreign exchange spot rates at the reporting date. The fair values of interest rate swaps and cross currency interest rate swaps are calculated as the present value of the estimated future cash flows, using assumptions based on market conditions existing at the reporting date.

The fair values of non-current financial liabilities carried at amortised cost are determined from adjusted quoted prices or cash flow analysis discounted at the current market interest rates that are available to the Group for similar financial liabilities.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.18 Leases

(a) *The accounting policy for leases before 1 April 2019 are as follows:*

When the Group is a lessor:

Leases of investment properties where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the period of the lease.

When the Group is a lessee:

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

(b) *The accounting policy for leases from 1 April 2019 is as follows:*

When the Group is the lessee:

At contract inception, the Group assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

(i) ROU assets

The Group recognises a ROU asset and lease liability at the date which the underlying asset is available for use. ROU assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentive received.

These ROU assets are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the ROU assets or the end of the lease term, and are presented within "Property, plant and equipment".

(ii) Lease liabilities

Lease liability is initially measured at the present value of the lease payments discounted using the implicit rate in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Group shall use its incremental borrowing rate.

Lease liability is subsequently measured at amortised cost using the effective interest method.

(iii) Short term and low value leases

The Group has elected to not recognised ROU assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low value leases, except for sublease arrangements. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease.

When the Group is the lessor:

The accounting policy applicable to the Group as a lessor in the comparative period is the same under SFRS(I) 16.

2. **SIGNIFICANT ACCOUNTING POLICIES** (continued)

2.19 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event where it is probable that such obligation will result in an outflow of economic benefits that can be reasonably estimated.

2.20 Currency translation

(a) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements are presented in Singapore Dollars, which is MNACT's functional currency.

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Currency translation gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the reporting date are recognised in profit or loss, except for currency translation differences on the net investment in foreign operations, borrowings in foreign currencies and other currency instruments qualifying as net investment hedges for foreign operations, which are recognised in other comprehensive income and included in the foreign currency translation reserve within the Statements of Movements in Unitholders' Funds of the Group.

(c) Translation of Group entities' financial statements

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities are translated at the closing rates at the reporting date;
(ii) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and
(iii) All resulting exchange differences are recognised in other comprehensive income and taken to the foreign currency translation reserve within the Statements of Movements in Unitholders' Funds of the Group.

(d) Consolidation adjustments

On consolidation, currency translation differences arising from the net investment in foreign operations, borrowings in foreign currencies, and other currency instruments designated as hedges of such investments, are recognised in other comprehensive income and taken to the foreign currency translation reserve. When a foreign operation is sold or any loan forming part of the net investment in foreign operation is repaid, such currency translation differences recorded in the foreign currency translation reserve are recognised in profit and loss as part of the gain or loss on sale.

2.21 Units and unit issuance expenses

Proceeds from the issuance of Units in MNACT are recognised as Unitholders' funds. Incremental costs directly attributable to the issuance of new Units are deducted directly from the net assets attributable to the Unitholders.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.22 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Manager who is responsible for allocating resources and assessing performance of the operating segments.

2.23 Distribution policy

MNACT's distribution policy is to distribute, on a quarterly basis, at least 90.0% of its distributable income, comprising substantially its income from the letting of its properties and related property services income and after deduction of allowable expenses and allowances, and of its tax-exempt income (if any).

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 the financial year from 1 April 2020 to 31 March 2021 ("FY20/21"). The next financial results announcement will be for the six-month period ending 30 September 2020. Accordingly, MNACT will also amend its distribution policy to make distributions on a half-yearly basis. The next distribution will be for the six-month period ending 30 September 2020.

The Manager has introduced and implemented the Distribution Reinvestment Plan ("DRP") on 4 December 2019. 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. DRP enables MNACT to conserve its cash balance and improve its liquidity position and aggregate leverage.

3. GROSS REVENUE

	Group	
	2020 S$'000	2019 S$'000
Rental income (net of rental reliefs granted)	**303,394**	350,311
Service charges	**11,615**	11,307
Other operating income	**39,469**	47,069
	354,478	408,687

The turnover rental income recognised in rental income during the financial year was S$2,648,000 (2019: S$8,525,000).

During the financial year, there was lower revenue from Festival Walk due to the rental reliefs granted to support retail tenants affected by the social unrests in Hong Kong SAR as well as the COVID-19. There was also no rental collection during the temporary closure of Festival Walk's mall from 13 November 2019 to 15 January 2020 and its office tower from 13 to 25 November 2019. To mitigate the above impact on the distributable income when the mall and office tower were closed and there was no rental collection, and until such time when the loss of revenue is recovered through the insurance claims, the Manager had implemented Festival Walk Top-Ups over the third and the fourth quarters. Please refer to footnote 1 of the Distribution Statements for more details on Festival Walk Top-Ups. The loss of retail and office revenue during the closures as well as property damage sustained are covered under the insurance policies.

Ad-hoc rental reliefs of S$18,136,000 (2019: nil) were granted to the Group's tenants during the year. The rental reliefs granted, which do not change the scope nor the original terms and conditions of the leases, are recognised as a period charge in the period in which they are granted to the tenants.

Other operating income comprises car park revenue and other income attributable to the operations of the properties, such as additional air-conditioning and chilled water charges, ice rink income, rental from event space and refuse compactor charge.

4. PROPERTY OPERATING EXPENSES

	Group	
	2020 S$'000	2019 S$'000
Staff costs*	4,012	3,595
Utilities and property maintenance	16,376	16,319
Marketing and promotion expenses	4,443	5,754
Professional fees	1,512	1,681
Property and other taxes	23,456	22,875
Property and lease management fees	13,803	16,079
Property management reimbursements**	10,311	9,613
Other operating expenses	3,078	3,741
	76,991	79,657

* Includes contribution to defined contribution plans of S$240,000 (2019: S$233,000).

** Includes reimbursements paid/payable to the Property Manager in respect of agreed employee expenditure incurred by the Property Manager for providing its services under the Property Management Agreement.

The Group's daily operations and administrative functions are provided by the Manager and Property Manager.

All of the Group's investment properties generate rental income and the above expenses are direct operating expenses arising therefrom.

5. OTHER TRUST EXPENSES

	Group		MNACT	
	2020 S$'000	2019 S$'000	2020 S$'000	2019 S$'000
Consultancy and professional fees	468	425	72	69
Valuation fees	62	57	-	-
Other trust expenses	1,582	1,013	176	141
	2,112	1,495	248	210

Total fees to auditors included in other trust expenses are as follows:

	Group		MNACT	
	2020 S$'000	2019 S$'000	2020 S$'000	2019 S$'000
Auditors' remuneration	354	312	45	48
Non-audit fees	-	-	-	-
	354	312	45	48

Auditors of the Group comprise member firms of PricewaterhouseCoopers International Limited.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

6. FINANCE COSTS

	Group	
	2020 S$'000	2019 S$'000
Interest expense	**81,475**	76,729
Cash flow hedges, reclassified from hedging reserve (Note 21)	**(10,022)**	(6,430)
Financing fees*	**3,448**	3,965
	74,901	74,264

* Includes legal fees of S$363,000 (2019: S$317,000).

7. INCOME TAX

(a) Income tax expenses

	Group		MNACT	
	2020 S$'000	2019 S$'000	**2020 S$'000**	2019 S$'000
Tax expense attributable to current financial year's results is made up of:				
Current income tax				
- Singapore	**79**	60	**79**	60
- Foreign	**10,546**	19,352	**-**	-
	10,625	19,412	**79**	60
Withholding tax - Foreign	**11,088**	9,561	**-**	-
	21,713	28,973	**79**	60
Deferred tax (Note 19)	**15,771**	32,452	**-**	-
	37,484	61,425	**79**	60
Over provision in preceding financial years:				
Current income tax - Foreign	**(32)**	(3)	**-**	-
	37,452	61,422	**79**	60

7. INCOME TAX (continued)

(a) Income tax expenses (continued)

The income tax expenses on the results for the financial year differ from the amount that would arise using the Singapore standard rate of income tax due to the following:

	Group		MNACT	
	2020 S$'000	2019 S$'000	**2020 S$'000**	2019 S$'000
Profit before tax	**161,718**	695,834	**121,849**	152,916
Tax calculated at a tax rate of 17% (2019: 17%)	**27,492**	118,292	**20,714**	25,996
Effects of:				
- Expenses not deductible for tax purposes	**4,925**	6,500	**3,528**	4,040
- Income not subject to tax	**(1,939)**	(2,004)	**-**	-
- Loss/(gain) on revaluation of investment properties not subject to tax	**7,677**	(55,408)	**-**	-
- Income not subject to tax due to tax transparency ruling (Note 2.5)	**-**	-	**(24,163)**	(29,976)
- Different tax rates in other countries	**(616)**	(6,136)	**-**	-
- Over provision in preceding financial years	**(32)**	(3)	**-**	-
- Others	**(55)**	181	**-**	-
Tax charge	**37,452**	61,422	**79**	60

(b) Movements in current income tax liabilities

	Group		MNACT	
	2020 S$'000	2019 S$'000	**2020 S$'000**	2019 S$'000
Beginning of the financial year	**31,216**	29,930	**119**	82
Income tax paid	**(20,308)**	(28,379)	*****	(23)
Tax expense	**21,713**	28,973	**79**	60
Over provision in preceding financial years	**(32)**	(3)	**-**	-
Translation differences on consolidation	**1,285**	695	**-**	-
End of the financial year	**33,874**	31,216	**198**	119

* The amount is below S$1,000.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

7. INCOME TAX (continued)

(c) The tax charge relating to each component of other comprehensive income is as follows:

	2020			2019		
	Before tax S$'000	Tax charge S$'000	After tax S$'000	Before Tax S$'000	Tax Charge S$'000	After tax S$'000
Cash flow hedges						
- Fair value changes	**(33,370)**	**2,853**	**(30,517)**	(32,951)	5,495	(27,456)
- Reclassification	**40,163**	**1,880**	**42,043**	6,528	(536)	5,992
Currency translation differences						
- Gains	**75,327**	**-**	**75,327**	7,655	-	7,655
- Reclassification	**(1,939)**	**-**	**(1,939)**	(3,794)	-	(3,794)
Other comprehensive income	**80,181**	**4,733**	**84,914**	(22,562)	4,959	(17,603)

8. EARNINGS PER UNIT

The calculation of basic and diluted earnings per unit is based on:

	Group		MNACT	
	2020	2019	2020	2019
Net profit attributable to Unitholders of MNACT (S$'000)	**123,556**	633,933	**121,770**	152,856
Weighted average number of units outstanding during the financial year ('000)	**3,199,143**	3,124,200	**3,199,143**	3,124,200
Basic and diluted earnings per unit (cents)	**3.862**	20.291	**3.806**	4.893

Diluted earnings per unit is the same as the basic earnings per unit as there are no dilutive instruments in issue during the financial year.

9. CASH AND BANK BALANCES

	Group		MNACT	
	2020 S$'000	2019 S$'000	2020 S$'000	2019 S$'000
Cash at bank and on hand	**145,662**	111,937	**46,653**	51,177
Short-term bank deposits	**62,136**	66,896	**6,556**	11,485
	207,798	178,833	**53,209**	62,662

Short-term bank deposits at the reporting date have a weighted average maturity of 164 (2019: 95) days from the end of the financial year. The effective interest rates at the reporting date ranged from 0.58% to 3.26% (2019: 1.64% to 3.85%) per annum.

9. CASH AND BANK BALANCES (continued)

For purpose of presenting the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	Group	
	2020 S$'000	2019 S$'000
Cash and bank balances	**207,798**	178,833
Less: Restricted cash*	**(19,590)**	(3,665)
Cash and cash equivalents per consolidated statement of cash flows	**188,208**	175,168

* Restricted cash relates to the amount of cash reserves for the Japan Properties which is required to be maintained based on the agreements with the banks. Restricted cash are reserves for use in capital expenditure, interest expense and certain property related expenses to ensure these liabilities can be met when incurred.

10. TRADE AND OTHER RECEIVABLES

	Group		MNACT	
	2020 S$'000	2019 S$'000	**2020 S$'000**	2019 S$'000
Trade receivables:				
- Non-related parties	**1,892**	996	**390**	395
- Related parties	**-**	-	**-**	-
Amounts due from subsidiaries (non-trade)	**-**	-	**6,479**	5,839
Accrued revenue	**7,020**	5,773	**-**	-
Interest receivables	**342**	1,168	**2**	30
Other receivables	**8,417**	1,385	**188**	45
	17,671	9,322	**7,059**	6,309

The amounts due from subsidiaries are unsecured, interest-free and repayable on demand.

Included in other receivables is the refundable withholding tax and consumption tax relating to the acquisition of MBP and Omori, total amounting to S$6,484,000 (2019: nil).

11. OTHER CURRENT ASSETS

	Group	
	2020 S$'000	2019 S$'000
Deposits	**52**	51
Prepayments	**1,841**	2,044
	1,893	2,095

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

12. DERIVATIVE FINANCIAL INSTRUMENTS

	Group			
	Maturity	Contract notional amount S$'000	Fair value Assets S$'000	Fair value Liabilities S$'000
31 March 2020				
Cash flow hedging instruments:				
Interest rate swaps (current)	April 2020 - March 2021	392,502	**1**	**(1,361)**
Interest rate swaps (non-current)	July 2021 - May 2025	1,080,315	**1,152**	**(12,602)**
Cross currency interest rate swaps (non-current)	September 2021 - March 2027	906,373	**6,376**	**(38,795)**
Non-hedging instruments:				
Currency forwards (current)	June 2020 - December 2020	112,761	**128**	**(3,952)**
			7,657	**(56,710)**
Represented by:				
Current position			**129**	**(5,313)**
Non-current position			**7,528**	**(51,397)**
Percentage of derivatives to the Group's net asset value				**(1.04%)**
31 March 2019				
Cash flow hedging instruments:				
Interest rate swaps (current)	December 2019 - March 2020	431,900	1,391	(489)
Interest rate swaps (non-current)	April 2020 – May 2025	908,222	468	(10,212)
Cross currency interest rate swaps (current)	March 2020	108,490	1,034	-
Cross currency interest rate swaps (non-current)	September 2021 - March 2027	695,203	12,868	(6,896)
Non-hedging instruments:				
Currency forwards (current)	June 2019 - December 2019	118,401	982	(737)
			16,743	(18,334)
Represented by:				
Current position			3,407	(1,226)
Non-current position			13,336	(17,108)
Percentage of derivatives to the Group's net asset value				(0.03%)

12. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

At 31 March 2020, the fixed interest rates payable on interest rate swaps and cross currency interest rate swaps vary from 0.13% to 3.58% (2019: 0.32% to 3.58%) per annum and the fixed and floating interest rates receivable vary from 0.07% to 3.96% (2019: 0.07% to 3.96%) per annum.

	MNACT			
	Maturity	Contract notional amount S$'000	Fair value Assets S$'000	Fair value Liabilities S$'000
31 March 2020				
Cash flow hedging instruments:				
Currency forwards (current)	June 2020 - December 2020	112,761	**128**	**(3,952)**
Percentage of derivatives to MNACT's net asset value				**(0.14%)**
31 March 2019				
Cash flow hedging instruments:				
Currency forwards (current)	June 2019 - December 2019	118,401	982	(737)
Percentage of derivatives to MNACT's net asset value				0.01%

Hedging instruments used in Group's hedging strategy in 2020

		Carrying Amount		Changes in fair value used for calculating hedge ineffectiveness			
	Contractual notional amount S$'000	Assets/ (Liabilities) S$'000	Financial statement line item	Hedging instrument S$'000	Hedged Item S$'000	Hedge ineffectiveness recognised in P&L S$'000	Maturity date
Group							
Cash flow hedge							
Interest rate risk							
- Interest rate swaps to hedge floating rate borrowings	1,472,817	(12,810)	Derivative financial instruments	(3,729)	3,729	-	April 2020 - May 2025
Interest rate risk/foreign exchange risk							
- Cross currency interest rate swaps to hedge foreign currency interest and principal payments and floating rate borrowings	906,373	(32,419)	Derivative financial instruments	(29,641)	29,641	-	September 2021 - March 2027
MNACT							
Cash flow hedge							
Foreign exchange risk							
- Forward contracts to hedge highly probable transactions	112,761	(3,824)	Derivative financial instruments	(5,665)	5,665	-	June 2020 - December 2020

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

12. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

Hedging instruments used in Group's hedging strategy in 2019

		Carrying Amount		Changes in fair value used for calculating hedge ineffectiveness			
	Contractual notional amount S$'000	Assets/ (Liabilities) S$'000	Financial statement line item	Hedging instrument S$'000	Hedged Item S$'000	Hedge ineffectiveness recognised in P&L S$'000	Maturity date
Group							
Cash flow hedge							
Interest rate risk							
- Interest rate swaps to hedge floating rate borrowings	1,340,122	(8,842)	Derivative financial instruments	(15,139)	15,139	-	December 2019 – May 2025
Interest rate risk/foreign exchange risk							
- Cross currency interest rate swaps to hedge foreign currency interest and principal payments and floating rate borrowings	803,693	7,006	Derivative financial instruments	(17,812)	17,812	-	March 2020 – March 2027
MNACT							
Cash flow hedge							
Foreign exchange risk							
- Forward contracts to hedge highly probable transactions	118,401	245	Derivative financial instruments	(913)	913	-	June 2019 – December 2019

At 31 March 2020, the Group's weighted average hedge rates for interest rate swaps and cross currency swaps were 1.21% and 2.06% (SGD1: HKD5.75, USD1: HKD7.79, SGD1: JPY81.23 and HKD1: JPY14.28) [2019: 1.34% and 2.30% (SGD1: HKD5.75, USD1: HKD7.79, SGD1: JPY82.30 and HKD1: JPY14.28)] respectively.

At 31 March 2020, MNACT's weighted average hedged rates for outstanding forward contracts were SGD1: HKD5.65, SGD1: RMB5.18 and SGD1: JPY77.29 (2019: SGD1: HKD5.74, SGD1: RMB5.06 and SGD1: JPY80.13).

13. INVESTMENT PROPERTIES

(a) Investment properties

	Group 31 March 2020 S$'000	Group 31 March 2019 S$'000
Beginning of the financial year	**7,609,543**	6,292,007
Additions	**12,803**	3,399
Acquisition	**484,746**	777,543
Net change in fair value of investment properties	**(17,906)**	465,152
Translation difference on consolidation	**258,046**	71,442
End of the financial year	**8,347,232**	7,609,543

Details of the properties are shown in the Portfolio Statement.

13. INVESTMENT PROPERTIES (continued)

(b) Fair value hierarchy

The following level presents the investment properties at fair value and classified by level of fair value measurement hierarchy:

- Level 1: quoted prices (unadjusted) in active markets for identical assets;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset that are not based on observable market data (unobservable inputs).

All properties within the Group's portfolio are classified within Level 3 of the fair value hierarchy.

(c) Reconciliation of movements in Level 3 fair value measurements

	Hong Kong SAR S$'000	China S$'000	Japan S$'000
2020			
Beginning of the financial year	**4,966,850**	**1,859,835**	**782,858**
Additions, including effect of amortisation of leasing related and capitalised cost	**8,202**	**13**	**4,588**
Acquisition*	**-**	**-**	**484,746**
Net change in fair value of investment properties	**(46,526)**	**14,536**	**14,084**
Translation differences on consolidation	**161,511**	**(22,509)**	**119,044**
End of the financial year	**5,090,037**	**1,851,875**	**1,405,320**
2019			
Beginning of the financial year	4,514,220	1,777,787	-
Additions, including effect of amortisation of leasing related and capitalised cost	3,440	(331)	290
Acquisition*	-	-	777,543
Net change in fair value of investment properties	326,796	133,637	4,719
Translation differences on consolidation	122,394	(51,258)	306
End of the financial year	4,966,850	1,859,835	782,858

* Included non-audit fees of S$145,000 (2019: S$182,000) paid to the auditor of MNACT for the service rendered as the independent reporting auditor.

The TMK bonds and certain bank loans are secured on the Japan Properties with carrying amounts on the balance sheet of S$1,405,320,000 (2019: S$782,858,000) (Note 18).

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FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

13. INVESTMENT PROPERTIES (continued)

(d) Valuation techniques and key unobservable inputs

Fair values of the Group's properties have been derived using the following valuation techniques:

- Income capitalisation – Properties are valued by capitalising the net income on a fully leased basis at a blended rate to arrive at the core capital value. The net income of the building is the estimated current rate and potential future income from existing vacancies after deducting all necessary outgoings and expenses. The adopted yield reflects the nature, location and tenancy profile of the property together with the prevailing property market condition.

- Discounted cash flow - Properties are valued by discounting the net cash flows over the assumed cash flow period at an appropriate rate to reflect risk.

- Direct comparison - Properties are valued by using transacted prices for comparable properties for which price information is available, with adjustments made for differences in size, location, time, amenities, building age, building quality, remaining land tenure and other relevant factors.

The following table presents the valuation techniques and key inputs that were used to determine the fair value of the investment properties categorised under Level 3 of the fair value hierarchy:

Valuation techniques	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Income capitalisation	Capitalisation rate	4.15% - 5.50% (2019: 4.15% - 5.75%) per annum	The higher the capitalisation rate, the lower the fair value.
Discounted cash flow	Discount rate	3.90% - 9.25% (2019: 3.90% - 9.25%) per annum	The higher the discount rate, the lower the fair value.
Direct comparison (only for China properties)	Adjusted price per square metre	RMB 37,766 - RMB 65,003 (2019: RMB 37,301 - RMB 64,599)	The higher the adjusted price per square metre, the higher the fair value.

(e) Valuation processes of the Group

The Group engages independent and qualified valuers to determine the fair value of the Group's properties at the end of every financial year based on the properties' highest and best use. As at 31 March 2020, the fair values of the properties were determined by Cushman & Wakefield Limited and Cushman & Wakefield K.K. (31 March 2019: CBRE Limited and Cushman & Wakefield K.K.).

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 at 31 March 2020. The Manager has reviewed the appropriateness of the valuation techniques, and assumptions applied by the independent valuers. Given the heightened uncertainty over the length and severity of the COVID-19 outbreak in the respective countries in which the Group 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.

13. INVESTMENT PROPERTIES (continued)

(f) Acquisition of the Japan Properties

On 28 February 2020, the Group acquired an effective interest of 98.47% in two freehold office properties located in Tokyo and Chiba, Japan from Mapletree Investments Pte Ltd ("MIPL"), the parent company of the Group.

The acquisition is part of the Group's strategy to achieve further diversification of MNACT's portfolio.

14. LEASES – THE GROUP AS A LESSOR

The Group has leased out their owned investment properties to third parties and related parties (Note 26) for monthly lease payments. These leases are classified as operating leases because the risk and rewards incidental to ownership of the assets are not substantially transferred.

Although the Group is exposed to changes in the residual values of its investment properties at the end of the current leases, the Group typically enters into new operating leases and therefore will not immediately realise any reduction in residual value at the end of these leases. Expectations about the future residual values are reflected in the fair value of the investment properties in Note 13.

Rental income from investment properties are disclosed in Note 3.

Undiscounted non-cancellable lease payments from the operating leases to be received after the reporting date are as follows:

	31 March 2020 S$'000	31 March 2019 S$'000
Less than one year	**363,047**	325,799
One to two years	**298,327**	245,049
Two to three years	**218,318**	188,571
Three to four years	**131,010**	129,262
Four to five years	**44,481**	77,398
Later than five years	**22,348**	43,067
Total undiscounted lease payments	**1,077,531**	1,009,146

The future minimum lease receivables under non-cancellable leases exclude the portion of lease receivables which is computed based on a percentage of the sales achieved by some of the lessees. The contingent lease receivables received during the financial year and recognised in the Group's revenue are disclosed in Note 3.

Some of the operating leases are subject to revision of lease rentals at periodic intervals. For the purpose of the above disclosure, the prevailing lease rentals are used.

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15. PLANT AND EQUIPMENT

	Computer equipment S$'000	Other fixed assets S$'000	Total S$'000
Group			
2020			
Cost			
Beginning of the financial year	**1,603**	**4,659**	**6,262**
Adoption of SFRS(I) 16 (Note 2.1)	**-**	**193**	**193**
	1,603	**4,852**	**6,455**
Additions	**94**	**1,600**	**1,694**
Write-offs	**(53)**	**(226)**	**(279)**
Translation difference on consolidation	**49**	**153**	**202**
End of the financial year	**1,693**	**6,379**	**8,072**
Accumulated depreciation			
Beginning of the financial year	**1,400**	**1,704**	**3,104**
Depreciation charge	**123**	**1,115**	**1,238**
Write-offs	**(53)**	**(125)**	**(178)**
Translation difference on consolidation	**45**	**78**	**123**
End of the financial year	**1,515**	**2,772**	**4,287**
Net book value			
End of the financial year	**178**	**3,607**	**3,785**
Group			
2019			
Cost			
Beginning of the financial year	1,481	3,260	4,741
Additions	118	1,311	1,429
Write-offs	(34)	-	(34)
Translation difference on consolidation	38	88	126
End of the financial year	1,603	4,659	6,262
Accumulated depreciation			
Beginning of the financial year	1,262	1,001	2,263
Depreciation charge	139	678	817
Write-offs	(34)	-	(34)
Translation difference on consolidation	33	25	58
End of the financial year	1,400	1,704	3,104
Net book value			
End of the financial year	203	2,955	3,158

ROU assets acquired under leasing arrangements are presented together with the owned assets of the same class.

16. INVESTMENTS IN SUBSIDIARIES

	MNACT	
	2020 S$'000	2019 S$'000
Equity investments at cost	**1,132,875**	1,119,907
Loans to subsidiaries	**1,540,474**	1,462,742
	2,673,349	2,582,649

The loans to subsidiaries are unsecured, interest-free and with no fixed repayment terms and are intended to be a long-term source of additional capital for the subsidiaries. Settlement of these loans is neither planned nor likely to occur in the foreseeable future. Accordingly, the Manager considers these loans to be part of the Trust's net investment in the subsidiaries and has accounted for these loans in accordance with Note 2.7.

The Group has the following significant subsidiaries as at 31 March 2020 and 2019:

Name of subsidiary	Principal activities	Country of incorporation	Effective interest held by the Group 2020 %	2019 %
Festival Walk (2011) Limited [(a)]	Property investment	Hong Kong SAR	**100.0**	100.00
HK Gateway Plaza Company Limited [(b)]	Property investment	Hong Kong SAR	**100.0**	100.00
Shanghai Zhan Xiang Real Estate Company Limited [(b)]	Property investment	China	**100.0**	100.00
Tsubaki Tokutei Mokuteki Kaisha [(c)]	Property investment	Japan	**98.47**	98.47
GK Makuhari Blue [(c)]	Property investment	Japan	**98.47**	-

(a) Audited by PricewaterhouseCoopers, Hong Kong
(b) Audited by PricewaterhouseCoopers Zhong Tian, China
(c) Audited by PricewaterhouseCoopers Aarata LLC, Japan

The Group acquired 98.47% interest in each of Tsubaki Tokutei Kaisha and GK Makuhari Blue on 25 May 2018 and 28 February 2020 respectively. Accordingly, at the reporting date, the Group only had two subsidiaries with non-controlling interests of 1.53%. The non-controlling interests are not material to the Group.

The Group does not have any other subsidiaries that has non-controlling interests that are material to the Group. Accordingly, no summarised financial information of subsidiaries with non-controlling interests are presented.

NOTES TO THE FINANCIAL STATEMENTS
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17. TRADE AND OTHER PAYABLES

	Group		MNACT	
	2020 S$'000	2019 S$'000	**2020 S$'000**	2019 S$'000
Current				
Trade payables	**2,863**	851	**154**	50
Accruals	**34,888**	20,333	**2,679**	1,814
Amounts due to subsidiaries (non-trade)	**-**	-	**56**	55
Amounts due to related parties (trade)	**8,429**	10,749	**4,224**	7,014
Amount due to a related party (non-trade)	**14**	62	**14**	62
Tenancy deposits and advance rental	**56,287**	48,434	**-**	-
Other deposits	**1,083**	988	**-**	-
Interest payable	**8,603**	8,285	**-**	-
Advanced distribution payable	**34,179**	-	**34,179**	-
Other payables	**3,611**	3,479	**-**	-
	149,957	93,181	**41,306**	8,995
Non-current				
Tenancy deposits and advance rental	**109,894**	99,687	**-**	-
	259,851	192,868	**41,306**	8,995

Accruals include accrued capital expenditure and property taxes for investment properties.

An advanced distribution payable of S$34,179,000 or 1.07 cents per unit was declared to eligible Unitholders on 28 February 2020. This represents distribution for the period from 1 January 2020 to 27 February 2020 to Unitholders existing as at 28 February 2020 and prior to the issuance of new units pursuant to the Transaction Units (Note 23(iii)).

Included in trade amounts due to related parties are amounts due to the Property Manager of S$4,205,000 (2019: S$3,735,000) and the Manager of S$4,224,000 (2019: S$7,014,000).

The non-trade amounts due to subsidiaries and a related party are unsecured, interest-free and repayable on demand.

18. BORROWINGS

	Group	
	2020 S$'000	2019 S$'000
Current		
Bank loans	**353,148**	192,887
Medium-term notes	**-**	95,018
	353,148	287,905
Non-current		
Bank loans	**2,213,635**	1,792,193
TMK bonds	**86,305**	77,787
Medium-term notes	**730,406**	719,783
Gross borrowings	**3,383,494**	2,877,668
Less: Unamortised transaction costs	**(11,186)**	(9,764)
Net borrowings	**3,372,308**	2,867,904
Represented by:		
Current position	**352,669**	287,582
Non-current position	**3,019,639**	2,580,322
Percentage of total borrowings to net asset value	**71.4%**	62.5%

The above borrowings are unsecured except for the TMK bonds and certain bank loans amounting to S$774,424,000 (2019: S$450,409,000), which are secured over the Japan Properties (Note 13).

(a) Maturity of borrowings

The bank loans mature between 2020 and 2025 (2019: 2020 and 2025), TMK bonds mature between 2024 and 2025 (2019: 2024 and 2025), and medium-term notes mature between 2021 and 2027 (2019: 2020 and 2027).

(b) Interest rates

The weighted average effective interest rates per annum are as follows:

	2020 %	2019 %
Group		
Bank loans	**2.13**	2.41
TMK bonds	**0.41**	0.41
Medium-term notes	**3.42**	3.35

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18. BORROWINGS (continued)

(c) Interest rate risks

The exposure of the borrowings of the Group at the reporting dates (before taking into account the derivatives to swap the floating rates to fixed rates) to interest rate changes and the contractual repricing dates are as follows:

	Variable rates 1 to 6 months S$'000	Fixed rates 1 to 5 years S$'000	Fixed rates more than 5 years S$'000	Total S$'000
Group				
31 March 2020				
Borrowings	**2,557,115**	**-**	**815,193**	**3,372,308**
31 March 2019				
Borrowings	1,977,541	94,963	795,400	2,867,904

(d) Carrying amounts and fair values

The carrying amount of the current and non-current bank loans and TMK bonds, which are at variable market rates, approximate their fair values at the reporting date.

The fair value of the current and non-current fixed-rate medium-term notes of S$736,697,000 (2019: S$821,785,000) is determined from adjusted quoted prices and is within Level 2 of the fair value hierarchy.

(e) Medium-term notes

In May 2013, the Group established, together with DBS Trustee Limited, in its capacity as Trustee of MNACT ("MNACT Trustee"), a US$1,500,000,000 Euro Medium Term Securities Programme ("MTN Programme") via its subsidiaries, Mapletree North Asia Commercial Trust Treasury Company (S) Pte. Ltd. ("MNACT S-TCo") and Mapletree North Asia Commercial Treasury Company (HKSAR) Limited ("MNACT HK-TCo").

Under the MTN Programme, MNACT Trustee, MNACT S-TCo and MNACT HK-TCo (collectively "the Issuers") may, subject to compliance with all relevant laws, regulations and directives, from time to time issue Medium-term notes or perpetual securities in series or tranches in Singapore Dollars or any other currency.

Each series or tranche of Medium-term notes may be issued in various amounts and tenors, and may bear fixed, floating or variable rates of interest. Hybrid notes or zero coupon notes may also be issued under the MTN Programme.

18. BORROWINGS (continued)

(e) Medium-term notes (continued)

The Medium-term notes shall constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuers and rank pari passu and without any preference among themselves and equally with all other unsecured obligations of the Issuers, from time to time outstanding. All sums payable in respect of the Medium-term notes will be unconditionally and irrevocably guaranteed by DBS Trustee Limited, in its capacity as Trustee of MNACT.

Total Medium-term notes outstanding as at 31 March 2020 under the MTN Programme was S$730,406,000 (2019: S$814,801,000) consisting of:

	Maturity date	Fixed interest rate	Interest payment in arrear	**31 March 2020 '000**	31 March 2019 '000
(i)	11 February 2020	2.80%	Quarterly	**-**	HK$550,000
(ii)	8 September 2021	3.20%	Semi-annually	**S$75,000**	S$75,000
(iii)	9 March 2022	3.43%	Semi-annually	**S$100,000**	S$100,000
(iv)	9 November 2022	3.96%	Semi-annually	**S$100,000**	S$100,000
(v)	22 March 2023	3.50%	Semi-annually	**S$120,000**	S$120,000
(vi)	20 April 2023	3.25%	Semi-annually	**HK$600,000**	HK$600,000
(vii)	20 September 2023	3.00%	Semi-annually	**HK$700,000**	HK$700,000
(viii)	11 March 2027	3.65%	Semi-annually	**HK$580,000**	HK$580,000

(f) TMK Bonds

The TMK bonds of JPY6,390 million as at 31 March 2020 and 2019 were issued on 25 May 2018, bear floating interest rate of 3 Month JPY Tibor plus spread (0.32% and 0.36%) per annum and mature between 2024 and 2025.

(g) Undrawn committed borrowing facilities

As at 31 March 2020, the Group had unutilised facilities of S$283,218,000 (2019: S$235,872,000) available to meet its future obligations.

19. DEFERRED TAX

	Group	
	2020 S$'000	2019 S$'000
Beginning of the financial year	**119,889**	92,329
Tax charge to profit or loss (Note 7(a))	**15,771**	32,452
Tax charge to other comprehensive income (Note 7(c))	**(4,733)**	(4,959)
Translation difference on consolidation	**2,233**	67
End of the financial year	**133,160**	119,889

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19. DEFERRED TAX (continued)

The movement in deferred income tax liabilities prior to offsetting of balances within the same tax jurisdiction is as follows:

	Accelerated tax depreciation S$'000	Change in fair value of investment properties S$'000	Change in fair value of derivative financial instruments S$'000	Unremitted earnings S$'000	Total S$'000
Group					
2020					
Beginning of the financial year	**57,501**	**58,666**	**944**	**2,778**	**119,889**
Tax charge to profit or loss (Note 7(a))	**10,143**	**5,402**	**-**	**226**	**15,771**
Tax charge to other comprehensive income (Note 7(c))	**-**	**-**	**(4,733)**	**-**	**(4,733)**
Translation difference on consolidation	**2,395**	**(457)**	**-**	**295**	**2,233**
End of the financial year	**70,039**	**63,611**	**(3,789)**	**3,299**	**133,160**
2019					
Beginning of the financial year	47,052	38,285	5,903	1,089	92,329
Tax charge to profit or loss (Note 7(a))	9,186	21,534	-	1,732	32,452
Tax charge to other comprehensive income (Note 7(c))	-	-	(4,959)	-	(4,959)
Translation difference on consolidation	1,263	(1,153)	-	(43)	67
End of the financial year	57,501	58,666	944	2,778	119,889

20. GENERAL RESERVE

Shanghai Zhan Xiang Real Estate Company Limited, an entity incorporated in China, is required to transfer 10% of its profits after taxation, as determined under the accounting principles and relevant financial regulations of China, to the general reserve until the reserve balance reaches 50% of registered capital. The transfer to this reserve must be made before distribution of dividends to its shareholders. This general reserve can be used to make good previous years' losses, if any, and may be converted to registered capital in proportion to the existing interests of the shareholders, provided that the balance after such conversion is not less than 25% of the registered capital.

21. HEDGING RESERVE

	Group					
	2020			2019		
	Interest rate risk S$'000	Interest rate/ foreign exchange risk S$'000	Total S$'000	Interest rate risk S$'000	Interest rate/ foreign exchange risk S$'000	Total S$'000
Beginning of the financial year	**(8,422)**	**3,068**	**(5,354)**	5,718	10,286	16,004
Fair value changes	**(3,729)**	**(29,641)**	**(33,370)**	(15,139)	(17,812)	(32,951)
Tax charge (Note 7(c))	**722**	**4,011**	**4,733**	1,443	3,516	4,959
Reclassification to profit or loss						
- Finance costs (Note 6)	**(237)**	**(9,785)**	**(10,022)**	(550)	(5,880)	(6,430)
- Foreign exchange	**-**	**50,185**	**50,185**	-	12,958	12,958
Less: Non-controlling interests	**(8)**	**-**	**(8)**	106	-	106
End of the financial year	**(11,674)**	**17,838**	**6,164**	(8,422)	3,068	(5,354)

	MNACT	
	2020 Foreign exchange risk S$'000	2019 Foreign exchange risk S$'000
Beginning of the financial year	**246**	850
Fair value changes, net of tax	**(5,665)**	(913)
Reclassification to profit or loss	**1,595**	309
End of the financial year	**(3,824)**	246

22. FOREIGN CURRENCY TRANSLATION RESERVE

	Group	
	2020 S$'000	2019 S$'000
Beginning of the financial year	**62,777**	58,914
Translation differences relating to financial statements of foreign subsidiaries and quasi-equity loans	**75,327**	7,655
Reclassification to profit or loss	**(1,939)**	(3,794)
Less: Non-controlling interests	**(273)**	2
End of the financial year	**135,892**	62,777

The foreign currency translation reserve comprises foreign exchange differences arising from the translation of the financial statements of foreign entities and the translation of foreign currency loans used to hedge or form part of the Group's net investments in foreign entities. The Group's foreign currency translation reserve arises from HKD, RMB and JPY.

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23. UNITS IN ISSUE

	Group and MNACT 31 March	
	2020 '000	2019 '000
Beginning of the financial year	**3,173,892**	2,826,268
Units issued for		
- settlement of Management fees	**25,925**	30,655
- Transaction Units	**123,708**	-
- Distribution Reinvestment Plan	**19,391**	-
- settlement of acquisition fees	**-**	5,367
- private placement	**-**	311,602
End of the financial year	**3,342,916**	3,173,892

The following units were issued during the year:

(i) 25,925,151 (2019: 30,655,112) units, at issue prices ranging from S$1.14 to S$1.42 (2019: S$1.13 to S$1.16) per unit as payment of Management fees to the Manager and the Property Manager. The issue prices were determined based on the volume weighted average traded price for all trades done on SGX-ST in the ordinary course of trading for the last 10 business days of the relevant quarter in which the management fees accrued.

(ii) 123,708,135 units, at an issue price of S$1.17 per unit, in respect of issuance of transaction units (the "Transaction Units") to the Sponsor's Nominee for the acquisition of the Japan Properties.

(iii) 19,391,049 units, at an issue price of S$1.19 per unit, pursuant to the Distribution Reinvestment Plan ("DRP"). The DRP was introduced on 4 December 2019 whereby the Unitholders are given the option to receive their distribution in units instead of cash or a combination of units and cash.

The following units were issued in the prior year:

(iv) 5,366,910 units, at an issue price of S$1.06 per unit, in respect of the payment of Manager's acquisition fee for the acquisition of the Japan Properties on 25 May 2018.

(v) 311,602,000 units, at an issue price of S$1.06 per unit, in respect of a private placement exercise for the acquisition of the Japan Properties.

Each unit in MNACT represents an undivided interest in MNACT. The rights and interests of Unitholders are contained in the Trust Deed and include the right to:

- Receive income and other distributions attributable to the units held;
- Participate in the termination of MNACT by receiving a share of all net cash proceeds derived from the realisation of the assets of MNACT less any liabilities, in accordance with their proportionate interests in MNACT. However, a Unitholder does not have the right to require that any assets (or part thereof) of MNACT be transferred to him; and
- Attend all Unitholders' meetings. The Trustee or the Manager (and the Manager shall at the request in writing of not less than 50 Unitholders or Unitholders representing not less than 10.0% of the issued units of MNACT) may at any time convene a meeting of Unitholders in accordance with the provisions of the Trust Deed.

23. UNITS IN ISSUE (continued)

The restrictions of a Unitholder include the following:

- A Unitholder's right is limited to the right to require due administration of MNACT in accordance with the provisions of the Trust Deed; and
- A Unitholder has no right to request to redeem his units while the units are listed on SGX-ST.

A Unitholder's liability is limited to the amount paid or payable for any units in MNACT. The provisions of the Trust Deed provide that no Unitholder will be personally liable to indemnify the Trustee or any creditor of the Trustee in the event that the liabilities of MNACT exceed its assets.

24. CAPITAL COMMITMENTS

Development expenditures contracted for at the reporting date but not recognised in the financial statements amounted to S$1,062,000 (2019: S$1,228,000).

25. FINANCIAL RISK MANAGEMENT

Financial risk factors

The Group's activities expose it to market risk (including currency risk and interest rate risk), credit risk and liquidity risk in the normal course of its business. The Group's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance. The Group uses financial instruments such as currency forwards, interest rate swaps, cross currency interest rate swaps, and foreign currency borrowings to hedge certain financial risk exposures.

The Board of Directors ("BOD") of the Manager is responsible for setting the objectives and underlying principles of financial risk management for the Group. This is supported by comprehensive internal processes and procedures which are formalised in the Manager's organisational and reporting structure, operating manuals and delegation of authority guidelines.

(a) Market risk

(i) Currency risk

The Manager's investment strategy includes investing in the North Asia region. In order to manage the currency risk involved in investing in assets outside Singapore, the Manager adopts strategies that may include:

- the use of foreign currency denominated borrowings to match the currency of the investment asset as a natural currency hedge;
- the use of cross currency interest rate swaps to swap a portion of borrowings and interest in another currency into the currency of the investment asset to reduce the underlying currency exposure on the borrowings and interest; and
- entering into currency forward contracts to hedge the foreign currency income receivable from the offshore assets, back into Singapore Dollars.

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25. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

The Group's currency exposure is as follows:

	SGD S$'000	HKD S$'000	RMB S$'000	JPY S$'000	USD S$'000	Total S$'000
Group						
31 March 2020						
Financial assets						
Cash and bank balances	**45,250**	**20,876**	**76,570**	**63,544**	**1,558**	**207,798**
Trade and other receivables and other current assets [1]	**591**	**5,603**	**2,778**	**8,745**	**6**	**17,723**
Derivative financial instruments	**128**	**1,153**	**-**	**6,376**	**-**	**7,657**
	45,969	**27,632**	**79,348**	**78,665**	**1,564**	**233,178**
Financial liabilities						
Trade and other payables	**(41,766)**	**(106,174)**	**(39,680)**	**(72,034)**	**(197)**	**(259,851)**
Lease liabilities	**-**	**(141)**	**-**	**-**	**-**	**(141)**
Derivative financial instruments	**(3,952)**	**(30,483)**	**-**	**(22,275)**	**-**	**(56,710)**
Borrowings	**(692,000)**	**(1,765,018)**	**(34,973)**	**(769,426)**	**(110,891)**	**(3,372,308)**
	(737,718)	**(1,901,816)**	**(74,653)**	**(863,735)**	**(111,088)**	**(3,689,010)**
Net financial assets/ (liabilities)	**(691,749)**	**(1,874,184)**	**4,695**	**(785,070)**	**(109,524)**	**(3,455,832)**
Less: Net financial (assets)/ liabilities denominated in the respective entities' functional currencies	**(272)**	**1,771,102**	**1,695**	**785,072**	**-**	
Currency forwards	**-**	**(51,523)**	**(34,172)**	**(27,066)**	**-**	
Cross currency interest rate swaps #	**692,000**	**103,478**	**-**	**-**	**110,895**	
Net currency exposure	**(21)**	**(51,127)***	**(27,782)***	**(27,064)***	**1,371**	

25. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

	SGD S$'000	HKD S$'000	RMB S$'000	JPY S$'000	USD S$'000	Total S$'000
Group						
31 March 2019						
Financial assets						
Cash and bank balances	59,325	12,591	76,781	28,641	1,495	178,833
Trade and other receivables and other current assets [1]	471	4,638	4,181	83	-	9,373
Derivative financial instruments	982	15,500	-	261	-	16,743
	60,778	32,729	80,962	28,985	1,495	204,949
Financial liabilities						
Trade and other payables	(9,374)	(93,785)	(46,662)	(42,743)	(304)	(192,868)
Derivative financial instruments	(737)	(10,038)	-	(7,559)	-	(18,334)
Borrowings	(595,000)	(1,672,214)	(45,107)	(447,091)	(108,492)	(2,867,904)
	(605,111)	(1,776,037)	(91,769)	(497,393)	(108,796)	(3,079,106)
Net financial liabilities	(544,333)	(1,743,308)	(10,807)	(468,408)	(107,301)	(2,874,157)
Less: Net financial (assets)/ liabilities denominated in the respective entities' functional currencies	(50,727)	1,643,695	12,485	468,409	-	
Currency forwards	-	(61,291)	(36,315)	(20,795)	-	
Cross currency interest rate swaps #	595,000	100,201	-	-	108,492	
Net currency exposure	(60)	(60,703)*	(34,637)*	(20,794)*	1,191	

[1] Excludes prepayments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

25. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

MNACT's currency exposure is as follows:

	SGD S$'000	HKD S$'000	RMB S$'000	JPY S$'000	USD S$'000	Total S$'000
MNACT						
31 March 2020						
Financial assets						
Cash and bank balances	**45,174**	**88**	**6,389**	**1**	**1,557**	**53,209**
Trade and other receivables	**5,896**	**522**	**-**	**-**	**641**	**7,059**
Derivative financial instruments	**128**	**-**	**-**	**-**	**-**	**128**
	51,198	**610**	**6,389**	**1**	**2,198**	**60,396**
Financial liabilities						
Trade and other payables	**(41,306)**	**-**	**-**	**-**	**-**	**(41,306)**
Derivative financial instruments	**(3,952)**	**-**	**-**	**-**	**-**	**(3,952)**
	(45,258)	**-**	**-**	**-**	**-**	**(45,258)**
Net financial assets	**5,940**	**610**	**6,389**	**1**	**2,198**	**15,138**
Less: Net financial assets denominated in MNACT's functional currency	**(5,940)**	**-**	**-**	**-**	**-**	
Add: Highly probable forecast transactions	**-**	**51,523**	**34,172**	**27,066**	**-**	
Less: Currency forwards	**-**	**(51,523)**	**(34,172)**	**(27,066)**	**-**	
Net currency exposure	**-**	**610**	**6,389**	**1**	**2,198**	

25. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

	SGD S$'000	HKD S$'000	RMB S$'000	JPY S$'000	USD S$'000	Total S$'000
MNACT						
31 March 2019						
Financial assets						
Cash and bank balances	59,323	172	1,679	1	1,487	62,662
Trade and other receivables	5,192	506	-	-	611	6,309
Derivative financial instruments	982	-	-	-	-	982
	65,497	678	1,679	1	2,098	69,953
Financial liabilities						
Trade and other payables	(8,995)	-	-	-	-	(8,995)
Derivative financial instruments	(737)	-	-	-	-	(737)
	(9,732)	-	-	-	-	(9,732)
Net financial assets	55,765	678	1,679	1	2,098	60,221
Less: Net financial assets denominated in MNACT's functional currency	(55,765)	-	-	-	-	
Add: Highly probable forecast transactions	-	61,291	36,315	20,795	-	
Less: Currency forwards	-	(61,291)	(36,315)	(20,795)	-	
Net currency exposure	-	678	1,679	1	2,098	

At 31 March 2020, the Group had cross currency interest rate swaps to swap S$395.0 million (2019: S$395.0 million) Medium-term notes to HK$2,270.0 million (2019: HK$2,270.0 million), and US$80.0 million (2019: US$80.0 million) bank loan to HK$623.2 million (2019: HK$623.2 million), S$297.0 million (2019: S$200.0 million) bank loan to JPY24,126.0 million (2019: JPY16,460.0 million) and HK$580.0 million (2019: HK$580.0 million) Medium-term note to JPY8,281.8 million (2019: JPY8,281.8 million).

* Net currency exposure of S$51.1 million, S$27.8 million and S$27.1 million (2019: S$60.7 million, S$34.6 million and S$20.8 million) for HKD, RMB and JPY respectively mainly relates to currency forward contracts entered into to hedge future foreign currency income receivable from its foreign subsidiaries in FY2020/2021 (2019: FY2019/2020), back into SGD.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

25. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

The Group's main foreign currency exposure is in HKD, RMB and JPY. If the HKD, RMB and JPY change against the SGD by 5% (2019: 5%) with all other variables including tax being held constant, the effects on profit after tax and Unitholders' funds for the year arising from the net financial asset/liability position will be as follows:

	Group Increase/ (Decrease)	
	2020 S$'000	2019 S$'000
HKD against SGD		
- strengthened	**(2,556)**	(3,035)
- weakened	**2,556**	3,035
RMB against SGD		
- strengthened	**(1,389)**	(1,732)
- weakened	**1,389**	1,732
JPY against SGD		
- strengthened	**(1,353)**	(1,040)
- weakened	**1,353**	1,040

As at 31 March 2020, MNACT's foreign currency exposure mainly relates to its cash and bank balances denominated in RMB. If the RMB change against the SGD by 5% with all other variables including tax being held constant, the effects on profit after tax and Unitholders' funds for the year arising from the net financial asset/liability position will be S$319,000. As at 31 March 2019, MNACT's foreign currency exposure was not significant.

(ii) Cash flow and fair value interest rate risk

The Group's exposure to changes in interest rates relates primarily to interest-earning financial assets and interest-bearing financial liabilities. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Group has no significant interest-bearing assets.

The Group's policy is to maintain at least 50% of its borrowings in fixed-rate instruments. The Group's exposure to cash flow interest rate risks arises mainly from variable-rate borrowings. The Manager manages these cash flow interest rate risks using floating-to-fixed interest rate swaps and cross currency interest rate swaps.

A change of 50 basis point ("bps") in interest rates at the reporting date would have increased/ (decreased) statement of profit and loss and Unitholders' funds by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

25. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(ii) *Cash flow and fair value interest rate risk* (continued)

	Statement of profit and loss		Unitholders' fund (including hedging reserve)	
	50bps increase S$'000	50bps (decrease) S$'000	50bps increase S$'000	50bps (decrease) S$'000
Group				
2020				
Interest rate swap	**-**	**-**	**20,669**	**(20,669)**
Variable rate instruments	**(3,140)**	**3,140**	**(3,140)**	**3,140**
Cash flow sensitivity (net)	**(3,140)**	**3,140**	**17,529**	**(17,529)**
2019				
Interest rate swap	-	-	**19,914**	(19,914)
Variable rate instruments	**(1,712)**	**1,712**	**(1,712)**	1,712
Cash flow sensitivity (net)	**(1,712)**	**1,712**	**18,202**	(18,202)

(b) Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the Group, as and when they fall due.

The Manager has established credit limits for customers and monitors their balances on an ongoing basis. Credit evaluations are performed by the Manager before lease agreements are entered into with customers. The risk is also mitigated due to customers placing security deposits or furnishing bankers guarantees for lease rentals. Cash and short-term bank deposits are placed with financial institutions which are regulated.

At the reporting date, there was no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying value of each financial asset in the Statements of Financial Position.

The Group's and MNACT's major classes of financial assets are cash and bank balances and trade and other receivables.

The credit risk for trade receivables is as follows:

	Group		MNACT	
	2020 S$'000	2019 S$'000	**2020 S$'000**	2019 S$'000
By geographical areas				
Singapore	**390**	395	**390**	395
Hong Kong SAR	**698**	445	**-**	-
China	**804**	156	**-**	-
Japan	**-**	-	**-**	-
	1,892	996	**390**	395

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

25. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

(i) Financial assets that are neither past due nor impaired

Bank deposits that are neither past due nor impaired are mainly deposits with banks which are regulated and with high credit-ratings assigned by international credit-rating agencies. Trade and other receivables that are neither past due nor impaired are substantially from companies with a good collection track record with the Group.

(ii) Financial assets that are past due and/or impaired

There is no other class of financial assets that is past due and/or impaired except for trade receivables.

The age analysis of trade receivables past due but not impaired is as follows:

	Group		MNACT	
	2020 S$'000	2019 S$'000	**2020 S$'000**	2019 S$'000
Past due 0 to 3 months	**1,047**	500	**-**	-
Past due 3 to 6 months	**65**	81	**-**	-
Past due over 6 months	**2**	7	**-**	-
	1,114	588	**-**	-

Management assessed that no allowance for impairment is required in respect of trade receivables in the view of the Group's credit management policy, where the outstanding account receivables balances can be offset by tenancy deposits in the event of default. Hence, the credit losses for the Group is not expected to be significant.

There were no allowances for impairment provided based on the collection trend in the last two financial years. MNACT will monitor the current approach of recognising impairment allowances based on lifetime expected losses i.e. credit loss expected over the life of the receivables and adjusted for current and forward-looking estimates.

As at 31 March 2020 and 2019, the Group and MNACT had no trade receivables which it determined to be impaired and there are no allowances for impairment provided for.

25. FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk

The Manager monitors and maintains a sufficient level of cash, bank balances and adequate committed credit facilities, as part of the Manager's prudent liquidity risk management. As at 31 March 2020, the Group had a net current liabilities of S$313,761,000 (2019: S$218,876,000) which is mainly due to borrowings maturing by March 2021 (2019: March 2020). As at 31 March 2020, the Group has undrawn but committed borrowing facilities of S$283,218,000 (2019: S$235,872,000) and an untapped balance of S$1,250,749,000 (2019: S$1,219,373,000) from the MTN Programme to meet operational expenses, refinance borrowings and for the servicing of financial obligations as and when they fall due.

The Manager also monitors and observes the CCIS issued by the MAS concerning the leverage limit as well as bank covenants imposed by the banks on the various borrowings.

The table below analyses the maturity profile of the Group's and MNACT's financial liabilities (including derivative financial liabilities) based on contractual undiscounted cash flows.

	Less than 1 year S$'000	Between 1 and 2 years S$'000	Between 2 and 5 years S$'000	Over 5 years S$'000
Group				
31 March 2020				
Derivative financial instruments:				
Net-settled interest rate swaps				
- Net payments	**(2,346)**	**(1,598)**	**(3,677)**	**(100)**
Gross-settled cross currency interest rate swaps				
- Receipts	**24,322**	**22,774**	**22,963**	**-**
- Payments	**(18,257)**	**(16,402)**	**(16,241)**	**-**
Gross-settled currency forwards				
- Receipts	**102,488**	**-**	**-**	**-**
- Payments	**(106,440)**	**-**	**-**	**-**
Trade and other payables	**(149,957)**	**(21,783)**	**(77,534)**	**(10,577)**
Lease liabilities	**(77)**	**(64)**	**-**	**-**
Borrowings	**(429,912)**	**(475,511)**	**(2,305,594)**	**(414,474)**
	(580,179)	**(492,584)**	**(2,380,083)**	**(425,151)**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

25. FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk (continued)

	Less than 1 year S$'000	Between 1 and 2 years S$'000	Between 2 and 5 years S$'000	Over 5 years S$'000
Group				
31 March 2019				
Derivative financial instruments:				
Net-settled interest rate swaps				
- Net payments	(4,323)	(2,783)	(4,017)	(782)
Gross-settled cross currency interest rate swaps				
- Receipts	8,380	8,357	13,782	-
- Payments	(4,039)	(4,028)	(3,752)	-
Gross-settled currency forwards				
- Receipts	38,168	-	-	-
- Payments	(38,905)	-	-	-
Trade and other payables	(93,181)	(25,114)	(42,048)	(32,525)
Borrowings	(362,681)	(274,925)	(1,936,424)	(562,647)
	(456,581)	(298,493)	(1,972,459)	(595,954)
MNACT				
31 March 2020				
Derivative financial instruments:				
Gross-settled currency forwards				
- Receipts	**102,488**	**-**	**-**	**-**
- Payments	**(106,440)**	**-**	**-**	**-**
Trade and other payables	**(41,306)**	**-**	**-**	**-**
	(45,258)	**-**	**-**	**-**
31 March 2019				
Derivative financial instruments:				
Gross-settled currency forwards				
- Receipts	38,168	-	-	-
- Payments	(38,905)	-	-	-
Trade and other payables	(8,995)	-	-	-
	(9,732)	-	-	-

25. FINANCIAL RISK MANAGEMENT (continued)

(d) Capital management

The primary objective of the Manager's capital management is to ensure the Group maintains an optimal capital structure within the borrowing limit set out in the CCIS issued by the MAS. The Manager seeks to maintain an optimal capital structure to balance the cost of capital and the returns to Unitholders. There were no changes to the Manager's approach to capital management during the financial year.

The Group is subject to the aggregate leverage limit as defined in Appendix 6 of the CCIS ("Property Funds Appendix"). The Property Funds Appendix stipulates that the total borrowings and deferred payments (collectively, the "Aggregate Leverage") of a property fund should not exceed 45.0% of the fund's deposited property. The Group has complied with the Aggregate Leverage requirement for the financial years ended 31 March 2020 and 2019.

The aggregate leverage ratio is calculated as total borrowings divided by total assets.

	Group	
	2020 S$'000	2019 S$'000
Total borrowings*	**3,360,525**	2,861,057
Total assets*	**8,560,659**	7,808,082
Aggregate leverage ratio	**39.3%**	36.6%

* Excludes share attributable to non-controlling interests.

The Group and MNACT are in compliance with the borrowing limit requirement imposed by the CCIS and all externally imposed capital requirements for the financial years ended 31 March 2020 and 2019.

(e) Fair value measurements

The following table presents derivative financial instruments measured and carried at fair value at reporting dates and classified by level of the following fair value measurement hierarchy:

(i) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

(ii) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

(iii) Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Group		MNACT	
Level 2	**2020 S$'000**	2019 S$'000	**2020 S$'000**	2019 S$'000
Assets				
Derivative financial instruments	**7,657**	16,743	**128**	982
Liabilities				
Derivative financial instruments	**(56,710)**	(18,334)	**(3,952)**	(737)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

25. FINANCIAL RISK MANAGEMENT (continued)

(e) Fair value measurements (continued)

The fair values of derivative financial instruments that are not traded in an active market (for example, over-the-counter derivatives) are determined by using valuation techniques. The fair values of currency forwards are determined using banks' quoted forward rates and foreign exchange spot rates at the reporting date. The fair values of interest rate swaps and cross currency interest rate swaps are calculated as the present value of the estimated future cash flows, using assumptions based on market conditions existing at the reporting date.

The carrying value of cash and bank balances, trade and other receivables, other current assets and trade and other payables approximate their fair values. The fair value of borrowings approximates their carrying amounts as the interest rates of such loans are adjusted for changes in relevant market interest rate except for non-current fixed rate borrowings as disclosed in Note 18(d).

(f) Categories of financial assets and financial liabilities

The following table sets out the different categories of financial instruments as at the reporting date:

	Group		MNACT	
	2020 S$'000	2019 S$'000	**2020 S$'000**	2019 S$'000
Financial derivative assets at fair value through profit or loss	**7,657**	16,743	**128**	982
Financial derivative liabilities at fair value through profit or loss	**(56,710)**	(18,334)	**(3,952)**	(737)
Financial assets at amortised cost [1]	**225,521**	188,206	**60,268**	68,971
Financial liabilities at amortised cost	**(3,632,300)**	(3,060,772)	**(41,306)**	(8,995)

[1] Excludes prepayments.

26. PARENT AND ULTIMATE PARENT

For financial reporting purposes under SFRS(I) 10 *Consolidated Financial Statements*, the Group is regarded as a subsidiary of Mapletree Investments Pte Ltd., incorporated in Singapore. The ultimate parent is Temasek Holdings (Private) Limited, incorporated in Singapore.

27. SIGNIFICANT RELATED PARTY TRANSACTIONS

For the purposes of these financial statements, parties are considered to be related to the Group when the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common significant influence. Related parties may be individuals or other entities. The Manager and the Property Manager are indirect wholly-owned subsidiaries of the parent.

27. SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)

During the financial year, other than those disclosed elsewhere in the financial statements, the following significant related party transactions took place at terms agreed between the parties as follows:

	Group		MNACT	
	2020 S$'000	2019 S$'000	**2020 S$'000**	2019 S$'000
Manager's management fees paid/payable	**19,761**	23,092	**19,761**	23,092
Japan asset management fee	**3,456**	2,846	**-**	-
Property Manager's management fees paid/payable	**13,153**	15,360	**-**	-
Acquisition fees paid	**-**	5,689	**-**	5,689
Acquisition fees waived by the Manager	**3,523**	-	**3,523**	-
Lease rental received/receivable	**20,687**	22,452	**-**	-
Project management fee paid/payable	**58**	-	**-**	-
Property management cost reimbursements	**10,311**	9,613	**-**	-
Interest expense and financing fees paid/payable	**10,282**	10,608	**-**	-
Transaction Units issued	**144,776**	-	**144,776**	-
Subscription to MNACT's units by a related party	**-**	2,968	**-**	2,968

28. SEGMENT INFORMATION

The Group has determined the operating segments based on the reports reviewed by Management that are used to make strategic decisions. Management comprises the Chief Executive Officer and the Chief Financial Officer.

Management considers the business from a geographic segment perspective. Geographically, Management manages and monitors the business in North Asia, primarily in China, in Hong Kong SAR and in Japan. The Group is in the business of investing, directly or indirectly, in a diversified portfolio of income-producing real estate in the North Asia region which is used primarily for commercial purposes (including real estate used predominantly for retail and/or office purposes), as well as real estate-related assets.

Management assesses the performance of the geographic segments based on a measure of Net Property Income ("NPI"). Interest income and finance costs are not allocated to segments, as the treasury activities are centrally managed by the Group.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

28. SEGMENT INFORMATION (continued)

The segment information provided to Management for the reportable segments for the financial year ended 31 March 2020 is as follows:

	Hong Kong SAR S$'000	China S$'000	Japan S$'000	Others* S$'000	Total S$'000
Gross revenue	195,091	106,417	52,970	-	354,478
Net property income	148,967	88,583	39,937	-	277,487
Interest income					2,114
Manager's management fees					(23,217)
Trustee's fee					(787)
Other trust expenses					(2,112)
Net foreign exchange gain					5,110
Finance costs					(74,901)
Net change in fair value of financial derivatives					(4,070)
Net change in fair value of investment properties	(46,526)	14,536	14,084	-	(17,906)
Profit before income tax					161,718
Income tax expenses					(37,452)
Profit after income tax					124,266
Other Segment items					
Capital expenditure					
- Investment properties@	8,202	13	4,588	-	12,803
- Plant and equipment	1,694	-	-	-	1,694
	9,896	13	4,588	-	14,497
Segment assets					
- Investment properties#	5,090,037	1,851,875	1,405,320	-	8,347,232
- Other segment assets	31,231	73,765	72,999	53,790	231,785
	5,121,268	1,925,640	1,478,319	53,790	8,579,017
Derivative financial instruments					7,657
Consolidated total assets					8,586,674
Segment liabilities					
- Trade and other payables	106,370	39,681	72,033	41,767	259,851
- Lease liabilities	141	-	-	-	141
- Current income tax liabilities					33,874
- Deferred tax liabilities					133,160
					427,026
Borrowings and Derivative financial instruments					3,429,018
Consolidated total liabilities					3,856,044

28. SEGMENT INFORMATION (continued)

The segment information provided to Management for the reportable segments for the financial year ended 31 March 2019 is as follows:

	Hong Kong SAR S$'000	China S$'000	Japan S$'000	Others* S$'000	Total S$'000
Gross revenue	253,996	112,241	42,450	-	408,687
Net property income	203,985	92,397	32,648	-	329,030
Interest income					1,898
Manager's management fees					(25,938)
Trustee's fee					(737)
Other trust expenses					(1,495)
Net foreign exchange gain					2,792
Finance costs					(74,264)
Net change in fair value of financial derivatives					(604)
Net change in fair value of investment properties	326,796	133,637	4,719	-	465,152
Profit before income tax					695,834
Income tax expenses					(61,422)
Profit after income tax					634,412
Other Segment items					
Capital expenditure					
- Investment properties @	3,440	(331)	290	-	3,399
- Plant and equipment	1,429	-	-	-	1,429
	4,869	(331)	290	-	4,828
Segment assets					
- Investment properties #	4,966,850	1,859,835	782,858	-	7,609,543
- Other segment assets	21,094	80,937	28,917	63,132	194,080
	4,987,944	1,940,772	811,775	63,132	7,803,623
Derivative financial instruments					16,743
Consolidated total assets					7,820,366
Segment liabilities					
- Trade and other payables	94,088	46,663	42,743	9,374	192,868
- Current income tax liabilities					31,216
- Deferred tax liabilities					119,889
					343,973
Borrowings and Derivative financial instruments					2,886,238
Consolidated total liabilities					3,230,211

* Others segment comprises MNACT and a subsidiary, which are not reportable segments individually.
\# Investment properties contribute significantly to total non-current assets.
@ Included in additions are capitalised expenditure and amortisation of capitalised expenditure during the financial year.

The Group provides a single product/service - commercial business.

NOTES TO THE FINANCIAL STATEMENTS
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29. FINANCIAL RATIOS

	Group	
	2020 %	2019 %
Ratio of expenses to weighted average net assets [1]		
- including performance component of Manager's management fees	**0.57**	0.67
- excluding performance component of Manager's management fees	**0.57**	0.64
Ratio of total operating expenses to net asset value [2]	**2.18**	2.35
Portfolio turnover ratio [3]	**-**	-

[1] The ratios are computed in accordance with the guidelines of Investment Management Association of Singapore. The expenses used in the computation relate to expenses of the Group, excluding property expenses, finance costs, foreign exchange gain/(loss) and income tax expenses.

[2] The ratio is computed based on the total property expenses, which include fees and charges paid/payable to interested persons, Manager's management fees, trustee's fee and other trust expenses amounting to S$103,107,000 (2019: S$107,827,000) for the financial year and as a percentage of net asset value at the reporting date.

[3] In accordance with the formulae stated in the CCIS, the ratio reflects the number of times per year that a dollar of assets is reinvested. The ratio is computed based on the lesser of purchases or sales of underlying investment properties of the Group expressed as a percentage of daily average net asset value.

30. EVENTS OCCURRING AFTER REPORTING DATE

(i) Distributions payable

	cents per unit	S$'000
Advanced Distribution paid on 14 April 2020 (Note 17)	1.070	34,179
Distribution for the period 28 February 2020 to 31 March 2020 announced on 29 April 2020 payable on 24 June 2020	0.496	16,582
Total	**1.566**	**50,761**

(ii) Relief measures implementation subsequent to COVID-19 outbreak

The Group continues, subsequent to the balance sheet date, to implement a series of relief measures to support tenants in meeting the challenges posed by the COVID-19 outbreak. In addition, the Manager is working closely with current and potential tenants to maintain healthy occupancy rates in the Group's portfolio.

(iii) Periodic Reporting and Distribution policy

MNACT will adopt the announcement of financial statements on a half-yearly basis with effect from the financial year from 1 April 2020 to 31 March 2021 ("FY20/21"). The next financial results announcement will be for the six-month period ending 30 September 2020. Accordingly, MNACT will also amend its distribution policy to make distributions on a half-yearly basis. The next distribution will be for the six-month period ending 30 September 2020.

(iv) MAS new measures with effect from 16 April 2020

MAS has raised the aggregate leverage limit (Note 25(d)) from 45.0% to 50.0% with immediate effect from 16 April 2020. In addition, MAS deferred the implementation of a new minimum interest coverage ratio ("ICR") requirement to 1 January 2022, in view of the expected near term impact of COVID-19 on financial performance of real estate investment trusts listed on the Singapore Exchange ("S-REITs").

31. NEW OR AMENDED ACCOUNTING STANDARDS AND INTERPRETATIONS EFFECTIVE FOR FUTURE FINANCIAL PERIODS

Several new or amended standards and interpretations to existing standards are effective for annual periods beginning on or after 1 April 2020, and have not been applied in the preparation of the Group financial statements for the financial year ended 31 March 2020.

The new or amended standards and interpretations which are relevant for the Group are listed below, and the Group plans to adopt these standards and interpretations on the required effective date. These standards are not expected to have any significant effect on the financial statements of the Group.

SFRS(I)	Title	Effective date (annual periods beginning on or after)
Amendments to SFRS(I) 3	Business Combinations	1 April 2020
Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7	Interest Rate Benchmark Reform	1 April 2020

Amendments to SFRS(I) 3 *Business Combinations*

The amendments provide new guidance on the assessment of whether an acquisition meets the definition of a business under SFRS(I) 3. To be considered a business, an acquisition would have to include an output and a substantive process that together significantly contribute to the ability to create outputs. A framework is introduced to evaluate when an input and substantive process are present. To be a business without outputs, there will now need to be an organised workforce.

The definition of the term 'outputs' is narrowed to focus on goods and services provided to customers, generating investment income and other income, and it excludes returns in the form of lower costs and other economic benefit.

It is also no longer necessary to assess whether market participants are capable of replacing missing elements or integrating the acquired activities and assets.

Entities can apply a 'concentration test' that, if met, eliminates the need for further assessment. Under this optional test, where substantially all of the fair value of gross assets acquired is concentrated in a single asset (or a group of similar assets), the assets acquired would not represent a business.

These amendments are applied to business combinations and assets acquisitions with acquisition date on or after 1 April 2020. Early application is permitted. The Group does not expect any significant impact from applying these amendments.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

31. NEW OR AMENDED ACCOUNTING STANDARDS AND INTERPRETATIONS EFFECTIVE FOR FUTURE FINANCIAL PERIODS (continued)

Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7 *Interest Rate Benchmark Reform*

The amendments provide exceptions that allow entities to continue hedge accounting for existing hedge relationships under the assumption that Inter Bank Offer Rate (IBOR) based hedged cash flows are not altered as a result of the IBOR Reform.

These amendments are issued due to global reform of interest rate benchmarks such as IBORs. IBORs are key reference rates for financial instruments such as derivatives, loans and bonds. In response to cases of attempted manipulation in relation to key IBORs and to the decline in liquidity in key interbank unsecured funding markets, the Financial Stability Board made several recommendations relating to:

a) strengthening of IBORs by anchoring them to a greater number of transactions, where possible, and improving the processes and controls around submissions; and
b) identifying alternative near-risk-free rates (RFRs) and, where suitable, encouraging market participants to transition new contracts to an appropriate RFR.

Regulators in a number of jurisdictions, including Singapore, are in the midst of phasing out IBORs and replacing them with more suitable alternative reference rates. There is currently uncertainty around the timing and precise nature of these changes.

For the current financial year, the Group has determined that existing hedge relationships that include IBORs as a hedged risk continue to qualify for hedge accounting without early adoption of the amendments. The Group does not expect any significant impact from applying these amendments. The Group continues to monitor the developments of IBOR reform and it will assess the impact for the Group as further information becomes available.

32. AUTHORISATION OF THE FINANCIAL STATEMENTS

The financial statements were authorised for issue by the Manager and the Trustee on 15 May 2020.

Contents

Report of the Trustee

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

DBS Trustee Limited (the "Trustee") is under a duty to take into custody and hold the assets of Mapletree North Asia Commercial Trust ("MNACT") and its subsidiaries (the "Group") in trust for the holders ("Unitholders") of units in MNACT. In accordance with the Securities and Futures Act (Cap. 289), its subsidiary legislation and the Code on Collective Investment Schemes ("CCIS") (collectively referred to as the "laws and regulations"), the Trustee shall monitor the activities of Mapletree North Asia Commercial Trust Management Ltd. (formerly known as Mapletree Greater China Commercial Trust Management Ltd.) (the "Manager") for compliance with the limitations imposed on the investment and borrowing powers as set out in the trust deed dated 14 February 2013 (as amended) (the "Trust Deed") between the Trustee and the Manager in each annual accounting period and report thereon to Unitholders in an annual report.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed MNACT and the Group during the financial year covered by these financial statements, set out on pages 129 to 192, in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

For and on behalf of the Trustee,
DBS Trustee Limited

Jane Lim
Director

Singapore, 6 May 2019

Statement by the Manager

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

In the opinion of the Directors of Mapletree North Asia Commercial Trust Management Ltd., the accompanying financial statements of Mapletree North Asia Commercial Trust ("MNACT") and its subsidiaries (the "Group"), as set out on pages 129 to 192, comprising the Statements of Financial Position of MNACT and the Group, and Portfolio Statement of the Group as at 31 March 2019, the Statements of Profit and Loss, Statements of Comprehensive Income, Distribution Statements and Statements of Movements in Unitholders' Funds of MNACT and the Group, the Consolidated Statement of Cash Flows of the Group and Notes to the Financial Statements for the financial year then ended are drawn up so as to present fairly, in all material respects, the financial position of MNACT and of the Group as at 31 March 2019, the portfolio holdings of the Group as at 31 March 2019, and the financial performance, amount distributable and movements in Unitholders' funds of MNACT and of the Group and the consolidated cash flows of the Group for the financial year then ended in accordance with the Singapore Financial Reporting Standards (International) and the applicable requirements of the Code on Collective Investment Schemes relating to financial reporting. At the date of this statement, there are reasonable grounds to believe that MNACT and the Group will be able to meet its financial obligations as and when they materialise.

For and on behalf of the Manager,
Mapletree North Asia Commercial Trust Management Ltd.

Cindy Chow Pei Pei
Director

Singapore, 6 May 2019

Independent Auditor's Report to the Unitholders of Mapletree North Asia Commercial Trust

(FORMERLY KNOWN AS MAPLETREE GREATER CHINA COMMERCIAL TRUST)
(CONSTITUTED UNDER A TRUST DEED IN THE REPUBLIC OF SINGAPORE)

Report on the Audit of the Financial Statements

Our Opinion

In our opinion, the accompanying consolidated financial statements and Portfolio Statement of Mapletree North Asia Commercial Trust (formerly known as Mapletree Greater China Commercial Trust) ("MNACT") and its subsidiaries (the "Group"), and the Statement of Profit and Loss, Statement of Comprehensive Income, Statement of Financial Position, Distribution Statement and Statement of Movement in Unitholders' Funds of MNACT are properly drawn up in accordance with the Singapore Financial Reporting Standards (International) ("SFRS(I)s") and the applicable requirements of the Code on Collective Investment Schemes relating to financial reporting, so as to present fairly, in all material respects, the consolidated financial position of the Group, the financial position of MNACT and the consolidated portfolio holdings of the Group as at 31 March 2019, the consolidated financial performance of the Group and the financial performance of MNACT, the consolidated amount distributable of the Group and the amount distributable of MNACT, the consolidated movements in Unitholders' funds of the Group and the movements in Unitholders' funds of MNACT, and the consolidated cash flows of the Group for the financial year ended on that date.

What we have audited

The financial statements of MNACT and the Group comprise:

- the statements of profit and loss of MNACT and of the Group for the financial year ended 31 March 2019;
- the statements of comprehensive income of MNACT and of the Group for the financial year then ended;
- the statements of financial position of MNACT and of the Group as at 31 March 2019;
- the distribution statements of MNACT and of the Group for the financial year then ended;
- the statements of movements in Unitholders' funds of MNACT and of the Group for the financial year then ended;
- the consolidated statement of cash flows of the Group for the financial year then ended;
- the portfolio statement of the Group as at 31 March 2019; and
- the notes to the financial statements, including a summary of significant accounting policies.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

Our Audit Approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the accompanying financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year ended 31 March 2019. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of investment properties *Refer to Note 13 (Investment Properties) to the financial statements.* As at 31 March 2019, the carrying value of the Group's investment properties of S$7.6 billion accounted for 97% of the Group's total assets. The valuation of the investment properties is a key audit matter due to the significant judgement in the key inputs used in the valuation techniques. These key inputs include capitalisation rates, discount rates and adjusted price per square metre and are dependent on the nature of each investment property and the prevailing market conditions. The key inputs are disclosed in Note 13 to the accompanying financial statements.	We involved our internal specialists in our audit procedures. Our audit procedures included the following: • assessed the competency, capabilities and objectivity of the external valuers engaged by the Group; • obtained an understanding of the techniques used by the external valuers in determining the valuations of individual investment properties; • discussed the critical assumptions made by the external valuers for the key inputs used in the valuation techniques; • tested the integrity of information, including underlying lease and financial information provided to the external valuers; and • assessed the reasonableness of the capitalisation rates, discount rates and adjusted price per square metre by benchmarking these against those of comparable properties and prior year inputs. We have also assessed the adequacy of the disclosures relating to the assumptions, as we consider them as likely to be significant to users of the financial statements given the estimation uncertainty and sensitivity of the valuations. We found the external valuers to be members of recognised bodies for professional valuers. We also found that the valuation techniques used were appropriate in the context of the Group's investment properties and the critical assumptions used for the key inputs were within the range of market data.

Independent Auditor's Report to the Unitholders of Mapletree North Asia Commercial Trust

(FORMERLY KNOWN AS MAPLETREE GREATER CHINA COMMERCIAL TRUST)
(CONSTITUTED UNDER A TRUST DEED IN THE REPUBLIC OF SINGAPORE)

Other Information

The Manager is responsible for the other information. The other information comprises the "Report of the Trustee", the "Statement by the Manager" (but does not include the financial statements and our auditor's report thereon) which we obtained prior to the date of this auditor's report, and other sections of MNACT's Annual Report ("Other Sections"), which are expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Other Sections, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

Responsibilities of the Manager for the Financial Statements

The Manager is responsible for the preparation and fair presentation of these financial statements in accordance with the SFRS(I)s and the applicable requirements of the Code on Collective Investment Schemes relating to financial reporting and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to terminate the Group or to cease the Group's operations, or has no realistic alternative but to do so.

The Manager's responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

Independent Auditor's Report to the Unitholders of Mapletree North Asia Commercial Trust

(FORMERLY KNOWN AS MAPLETREE GREATER CHINA COMMERCIAL TRUST)
(CONSTITUTED UNDER A TRUST DEED IN THE REPUBLIC OF SINGAPORE)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Manager with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Manager, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Alex Toh Wee Keong.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 6 May 2019

Statements of Profit and Loss

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

	Note	Group 2019 S$'000	Group 2018 S$'000	MNACT 2019 S$'000	MNACT 2018 S$'000
Gross revenue	3	**408,687**	355,030	**–**	–
Property operating expenses	4	**(79,657)**	(67,880)	**–**	–
Net property income		**329,030**	287,150	**–**	–
Other income					
Dividend income		**–**	–	**176,329**	170,262
Interest income		**1,898**	1,996	**353**	348
Other gains/(losses)					
Net foreign exchange gain/(loss)		**2,792**	5,317	**273**	(195)
Net change in fair value of investment properties	13	**465,152**	417,122	**–**	–
Net change in fair value of financial derivatives		**(604)**	522	**–**	–
Expenses					
Manager's management fees					
– Base fee		**(24,378)**	(21,092)	**(21,532)**	(21,092)
– Performance fee		**(1,560)**	(956)	**(1,560)**	(956)
Trustee's fee		**(737)**	(651)	**(737)**	(651)
Other trust expenses	5	**(1,495)**	(1,469)	**(210)**	(375)
Finance costs	6	**(74,264)**	(69,687)	**–**	–
Profit before income tax		**695,834**	618,252	**152,916**	147,341
Income tax expenses	7(a)	**(61,422)**	(43,911)	**(60)**	(59)
Profit for the financial year		**634,412**	574,341	**152,856**	147,282
Profit attributable to:					
Unitholders		**633,933**	574,341	**152,856**	147,282
Non-controlling interests*		**479**	–	**–**	–
		634,412	574,341	**152,856**	147,282
Earnings per unit (cents)					
– Basic and diluted	8	**20.291**	20.432	**4.893**	5.239

* Non-controlling interests refer to 1.53% effective interest of the Japan Properties held by Mapletree Investments Japan Kabushiki Kaisha ("MIJ").

The accompanying notes form an integral part of these financial statements.

Statements of Comprehensive Income

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

		Group		MNACT	
	Note	**2019 S$'000**	2018 S$'000	**2019 S$'000**	2018 S$'000
Profit for the financial year		**634,412**	574,341	**152,856**	147,282
Other comprehensive income/(loss):					
Items that may be reclassified subsequently to profit or loss:					
Currency translation differences					
– Gains/(losses)		**7,655**	(144,054)	**–**	–
– Reclassification		**(3,794)**	(3,168)	**–**	–
Cash flow hedges					
– Fair value changes, net of tax		**(27,456)**	32,200	**(913)**	1,816
– Reclassification		**5,992**	(32,149)	**309**	(1,293)
Other comprehensive (loss)/income, net of tax		**(17,603)**	(147,171)	**(604)**	523
Total comprehensive income		**616,809**	427,170	**152,252**	147,805
Total comprehensive income attributable to:					
Unitholders		**616,438**	427,170	**152,252**	147,805
Non-controlling interests*		**371**	–	**–**	–
		616,809	427,170	**152,252**	147,805

* Non-controlling interests refer to 1.53% effective interest of the Japan Properties held by Mapletree Investments Japan Kabushiki Kaisha ("MIJ").

The accompanying notes form an integral part of these financial statements.

Statements of Financial Position

AS AT 31 MARCH 2019

		Group			MNACT		
		31 March		1 April	31 March		1 April
	Note	**2019 S$'000**	2018 S$'000	2017 S$'000	**2019 S$'000**	2018 S$'000	2017 S$'000
ASSETS							
Current assets							
Cash and bank balances	9	**178,833**	177,981	234,857	**62,662**	90,867	96,844
Trade and other receivables	10	**9,322**	9,419	55,212	**6,309**	5,567	5,036
Other current assets	11	**2,095**	554	1,163	**–**	–	–
Inventories		**672**	743	811	**–**	–	–
Derivative financial instruments	12	**3,407**	1,489	508	**982**	1,093	508
		194,329	190,186	292,551	**69,953**	97,527	102,388
Non-current assets							
Derivative financial instruments	12	**13,336**	38,078	8,319	**–**	–	–
Investment properties	13	**7,609,543**	6,292,007	6,226,345	**–**	–	–
Plant and equipment	14	**3,158**	2,478	1,705	**–**	–	–
Investments in subsidiaries	15	**–**	–	–	**2,582,649**	2,321,459	2,343,447
		7,626,037	6,332,563	6,236,369	**2,582,649**	2,321,459	2,343,447
Total assets		**7,820,366**	6,522,749	6,528,920	**2,652,602**	2,418,986	2,445,835
LIABILITIES							
Current liabilities							
Trade and other payables	16	**93,181**	87,303	148,593	**8,995**	8,451	8,442
Borrowings	17	**287,582**	83,801	163,143	**–**	–	–
Current income tax liabilities	7(b)	**31,216**	29,930	44,142	**119**	82	70
Derivative financial instruments	12	**1,226**	244	181	**737**	244	181
		413,205	201,278	356,059	**9,851**	8,777	8,693
Non-current liabilities							
Trade and other payables	16	**99,687**	60,410	58,558	**–**	–	–
Borrowings	17	**2,580,322**	2,277,284	2,393,013	**–**	–	–
Derivative financial instruments	12	**17,108**	2,696	13,777	**–**	–	–
Deferred tax liabilities	18	**119,889**	92,329	71,193	**–**	–	–
		2,817,006	2,432,719	2,536,541	**–**	–	–
Total liabilities		**3,230,211**	2,633,997	2,892,600	**9,851**	8,777	8,693
NET ASSETS		**4,590,155**	3,888,752	3,636,320	**2,642,751**	2,410,209	2,437,142
Represented by:							
Unitholders' funds		**4,525,596**	3,812,613	3,413,993	**2,642,505**	2,409,359	2,436,815
General reserve	19	**2,461**	1,221	238	**–**	–	–
Hedging reserve	20	**(5,354)**	16,004	15,953	**246**	850	327
Foreign currency translation reserve	21	**62,777**	58,914	206,136	**–**	–	–
		4,585,480	3,888,752	3,636,320	**2,642,751**	2,410,209	2,437,142
Non-controlling interests*		**4,675**	–	–	**–**	–	–
		4,590,155	3,888,752	3,636,320	**2,642,751**	2,410,209	2,437,142
UNITS IN ISSUE ('000)	22	**3,173,892**	2,826,268	2,795,382	**3,173,892**	2,826,268	2,795,382
NET ASSET VALUE PER UNIT (S$)		**1.445**	1.376	1.301	**0.833**	0.853	0.872

* Non-controlling interests refer to 1.53% effective interest of the Japan Properties held by Mapletree Investments Japan Kabushiki Kaisha ("MIJ").

The accompanying notes form an integral part of these financial statements.

Distribution Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

	Group		MNACT	
	2019	2018	**2019**	2018
	S$'000	S$'000	**S$'000**	S$'000
Profit for the financial year attributable to Unitholders	**633,933**	574,341	**152,856**	147,282
Adjustment for net effect of non-tax (chargeable)/ deductible items and other adjustments (Note A)	**(393,268)**	(363,419)	**87,809**	63,640
Amount available for distribution	**240,665**	210,922	**240,665**	210,922
Amount available for distribution to Unitholders at beginning of the financial year	**106,533**	104,351	**106,533**	104,351
	347,198	315,273	**347,198**	315,273
Distribution to Unitholders:				
Distribution of 3.731 cents per unit for the period from 1 October 2016 to 31 March 2017	**–**	(104,296)	**–**	(104,296)
Distribution of 3.714 cents per unit for the period from 1 April 2017 to 30 September 2017	**–**	(104,444)	**–**	(104,444)
Distribution of 4.531 cents per unit for the period from 1 October 2017 to 7 May 2018	**(128,058)**	–	**(128,058)**	–
Distribution of 1.117 cents per unit for the period from 8 May 2018 to 30 June 2018	**(35,141)**	–	**(35,141)**	–
Distribution of 1.926 cents per unit for the period from 1 July 2018 to 30 September 2018	**(60,841)**	–	**(60,841)**	–
Distribution of 1.927 cents per unit for the period from 1 October 2018 to 31 December 2018	**(61,017)**	–	**(61,017)**	–
Total Unitholders' distribution (including capital return) (Note B)	**(285,057)**	(208,740)	**(285,057)**	(208,740)
Amount available for distribution to Unitholders at end of the financial year	**62,141**	106,533	**62,141**	106,533

Note A:
Adjustment for net effect of non-tax (chargeable)/ deductible items and other adjustments comprises:

	Group 2019	Group 2018	MNACT 2019	MNACT 2018
Major non–tax deductible/(chargeable) items:				
– Trustee's fee	**737**	651	**737**	651
– Financing fees	**3,957**	3,341	**–**	–
– Net change in fair value of investment properties net of deferred tax impact	**(443,547)**	(407,338)	**–**	–
– Manager's base fee paid/payable in units	**21,532**	21,092	**21,532**	21,092
– Manager's performance fee paid/payable in units	**1,560**	956	**1,560**	956
– Property Manager's management fees paid/payable in units	**12,659**	12,421	**–**	–
– Net change in fair value of financial derivatives	**604**	(522)	**–**	–
– Net foreign exchange gain on capital item	**(3,794)**	(3,168)	**–**	–
Net overseas income distributed back to MNACT in the form of capital returns	**–**	–	**26,570**	24,656
Net overseas income not distributed to MNACT	**–**	–	**37,146**	16,083
Other non-tax deductible items and other adjustments	**13,024**	9,148	**264**	202
	(393,268)	(363,419)	**87,809**	63,640

Note B:
Total Unitholders' distribution:

	Group 2019	Group 2018	MNACT 2019	MNACT 2018
– From operations	**214,768**	167,727	**214,768**	167,727
– From Unitholders' contribution	**70,289**	41,013	**70,289**	41,013
	285,057	208,740	**285,057**	208,740

The accompanying notes form an integral part of these financial statements.

Statements of Movements in Unitholders' Funds

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

	Note	Group 2019 S$'000	Group 2018 S$'000	MNACT 2019 S$'000	MNACT 2018 S$'000
Operations					
Beginning of the financial year		**1,373,670**	968,039	**(29,584)**	(9,139)
Profit for the financial year attributable to Unitholders		**633,933**	574,341	**152,856**	147,282
Distributions to Unitholders		**(214,768)**	(167,727)	**(214,768)**	(167,727)
Transfer to general reserve		**(1,240)**	(983)	**–**	–
End of the financial year		**1,791,595**	1,373,670	**(91,496)**	(29,584)
Unitholders' contribution					
Beginning of the financial year		**2,438,943**	2,445,954	**2,438,943**	2,445,954
Management fees paid in units		**35,060**	34,002	**35,060**	34,002
Issuance of units arising from private placement		**330,298**	–	**330,298**	–
Acquisition fees paid in units		**5,689**	–	**5,689**	–
Issue expenses		**(5,700)**	–	**(5,700)**	–
Distributions to Unitholders		**(70,289)**	(41,013)	**(70,289)**	(41,013)
End of the financial year		**2,734,001**	2,438,943	**2,734,001**	2,438,943
Unitholders' funds at end of the financial year		**4,525,596**	3,812,613	**2,642,505**	2,409,359
General reserve					
Beginning of the financial year		**1,221**	238	**–**	–
Transfer from Operations		**1,240**	983	**–**	–
End of the financial year	19	**2,461**	1,221	**–**	–
Hedging reserve					
Beginning of the financial year		**16,004**	15,953	**850**	327
Fair value changes, net of tax		**(27,335)**	32,200	**(913)**	1,816
Reclassification to profit or loss, net of tax		**5,977**	(32,149)	**309**	(1,293)
End of the financial year	20	**(5,354)**	16,004	**246**	850
Foreign currency translation reserve					
Beginning of the financial year		**58,914**	206,136	**–**	–
Reclassification to profit or loss		**(3,794)**	(3,168)	**–**	–
Translation differences relating to financial statements of foreign subsidiaries and quasi-equity loans		**7,657**	(144,054)	**–**	–
End of the financial year	21	**62,777**	58,914	**–**	–
Net assets attributable to Unitholders at end of the financial year		**4,585,480**	3,888,752	**2,642,751**	2,410,209
Non-controlling interests					
Beginning of the financial year		**–**	–	**–**	–
Profit after tax for the financial year		**479**	–	**–**	–
Cash flow hedges					
– Fair value changes, net of tax		**(121)**	–	**–**	–
– Reclassification, net of tax		**15**	–	**–**	–
Contribution from non-controlling interests		**4,960**	–	**–**	–
Distributions to non-controlling interests		**(656)**	–	**–**	–
Translation differences relating to financial statements of foreign subsidiaries and quasi-equity loans		**(2)**	–	**–**	–
End of the financial year		**4,675**	–	**–**	–

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Cash Flows

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

	Note	Group 2019 S$'000	Group 2018 S$'000
Cash flows from operating activities			
Profit for the financial year		**634,412**	574,341
Adjustments for:			
– Income tax expenses	7(a)	**61,422**	43,911
– Amortisation of rent free incentive		**1,088**	880
– Depreciation	14	**817**	716
– Plant and equipment written off		**–**	30
– Net change in fair value of investment properties	13	**(465,152)**	(417,122)
– Net change in fair value of financial derivatives		**604**	(522)
– Manager's management fees paid/payable in units		**23,092**	22,048
– Property Manager's management fees paid/payable in units		**12,659**	12,421
– Finance costs	6	**74,264**	69,687
– Interest income		**(1,898)**	(1,996)
– Net foreign exchange gain on capital item		**(3,794)**	(3,168)
Operating cash flows before working capital changes		**337,514**	301,226
Changes in working capital:			
– Trade and other receivables and other current assets		**(1,964)**	45,704
– Inventories		**71**	68
– Trade and other payables		**1,730**	(2,730)
Cash generated from operations		**337,351**	344,268
Income tax paid	7(b)	**(28,379)**	(37,871)
Net cash provided by operating activities		**308,972**	306,397
Cash flows from investing activities			
Additions to investment properties	13	**(3,399)**	(4,951)
Additions to plant and equipment	14	**(1,429)**	(1,629)
Net cash outflow on acquisition of investment properties*		**(733,068)**	–
Interest income received		**1,366**	1,899
Net cash used in investing activities		**(736,530)**	(4,681)
Cash flows from financing activities			
Repayment of borrowings		**(662,155)**	(542,235)
Proceeds from borrowings		**946,654**	512,047
Financing fees paid		**(6,128)**	(1,693)
Proceeds from issuance of Tokutei Mokuteki Kaisha ("TMK") bonds and medium term note		**178,278**	–
Net proceeds/(repayment)		**456,649**	(31,881)
Proceeds from issuance of new units pursuant to private placement		**330,298**	–
Payment of issue expenses		**(5,599)**	–
Payment of distributions to Unitholders		**(285,057)**	(208,740)
Payment of distributions to non-controlling interests (capital returns)		**(656)**	
Contribution from non-controlling interests		**4,960**	–
Interest paid		**(70,565)**	(63,527)
Change in restricted cash		**(3,665)**	–
Net cash provided by/(used in) financing activities		**426,365**	(304,148)
Net decrease in cash and cash equivalents		**(1,193)**	(2,432)
Cash and cash equivalents at beginning of the financial year		**177,981**	180,420
Effect of currency translation on cash and cash equivalents		**(1,620)**	(7)
Cash and cash equivalents at end of the financial year	9	**175,168**	177,981

* The amount is adjusted for the net identifiable assets acquired, liabilities assumed (S$38,786,000) and payment of acquisition fee to the Manager by way of issuance of units (S$5,689,000).

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Cash Flows

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

Reconciliation of liabilities arising from financing activities

	Beginning of financial year $'000	Net cash flows $'000	Non-cash changes: Finance costs $'000	Non-cash changes: Foreign exchange movement $'000	End of financial year $'000
2019					
Borrowings	**2,361,085**	**456,649**	**3,965**	**46,205**	**2,867,904**
Interest payable within "Trade and other payables" (Note 16)	**8,402**	**(70,565)**	**70,299**	**149**	**8,285**
2018					
Borrowings	2,556,156	(31,881)	3,647	(166,837)	2,361,085
Interest payable within "Trade and other payables" (Note 16)	8,598	(63,527)	66,040	(2,709)	8,402

The accompanying notes form an integral part of these financial statements.

Portfolio Statement

AS AT 31 MARCH 2019

Description of properties	Acquisition date	Term of lease	Remaining term of lease	Location	Existing use	Gross revenue for financial year ended 31/03/2019 S$'000
Investment property in The Hong Kong Special Administrative Region of China ("Hong Kong SAR"):						
Festival Walk	07/03/2013	54 years	28 years ending in 2047	No. 80 Tat Chee Avenue, Kowloon Tong, Hong Kong SAR	Commercial	**253,996**
Investment properties in China ("China"):						
Gateway Plaza	07/03/2013	50 years	34 years ending in 2053	No. 18 Xiaguangli, East 3rd Ring Road North, Chaoyang District, Beijing, China	Commercial	**87,221**
Sandhill Plaza	17/06/2015	50 years	41 years ending in 2060	Blocks 1 to 5 and 7 to 9, No. 2290 Zuchongzhi Road, Pudong New District, Shanghai, China	Commercial	**25,020**
Investment properties in Japan ("JP")						
IXINAL Monzen-nakacho Building ("MON")	25/05/2018	Freehold	–	5-4, Fukuzumi 2-Chome, Koto-ku, Tokyo, Japan	Commercial	**5,438**
Higashi-nihonbashi 1-chome Building ("HNB")	25/05/2018	Freehold	–	4-6, Higashi-Nihonbashi 1-Chome, Chuo-Ku, Tokyo, Japan	Commercial	**1,365**

The accompanying notes form an integral part of these financial statements.

Gross revenue for financial year ended 31/03/2018 S$'000	**Occupancy rates at 31/03/2019 %**	Occupancy rates at 31/03/2018 %	Latest valuation date	**Valuation at 31/03/2019 S$'000**	Valuation at 31/03/2018 S$'000	**Percentage of net assets attributable to Unitholders at 31/03/2019**	Percentage of net assets attributable to Unitholders at 31/03/2018
246,076	**100.0**	100.0	31/03/2019	**4,966,850**	4,514,220	**108.3**	116.1
84,729	**99.0**	96.5	31/03/2019	**1,384,519**	1,340,258	**30.2**	34.5
24,225	**99.3**	100.0	31/03/2019	**475,316**	437,529	**10.4**	11.3
–	**100.0**	–	31/03/2019	**106,272**	–	**2.3**	–
–	**100.0**	–	31/03/2019	**26,416**	–	**0.6**	–

Portfolio Statement

AS AT 31 MARCH 2019

Description of properties	Acquisition date	Term of lease	Remaining term of lease	Location	Existing use	Gross revenue for financial year ended 31/03/2019 S$'000
Investment properties in Japan ("JP") (continued)						
TS Ikebukuro Building ("TSI")	25/05/2018	Freehold	–	63-4, Higashi-Ikebukuro 2-Chome, Toshima-ku, Tokyo, Japan	Commercial	**2,966**
ABAS Shin-Yokohama Building ("ASY")	25/05/2018	Freehold	–	6-1, Shin-Yokohama 2-chome, Kohoku-ku, Yokohama City, Kanagawa.	Commercial	**1,803**
SII Makuhari Building ("SMB")	25/05/2018	Freehold	–	8, Nakase 1-chome, Mihama-ku, Chiba-Shi, Chiba, Japan	Commercial	**18,861**
Fujitsu Makuhari Building ("FJM")	25/05/2018	Freehold	–	9-3, Nakase 1-chome, Mihama-Ki,Chiba-shi, Chiba, Japan	Commercial	**12,017**
Investment properties - Group						**408,687**
Other assets and liabilities - Group						
Net assets						
Less: Non-controlling interests						
Net assets attributable to Unitholders						

Notes:
The carrying amounts of the investment properties were based on independent full valuations as at 31 March 2019 (2018: 31 March 2018) undertaken by CBRE (HK SAR and China properties) and Cushman & Wakefield K.K. ("Cushman") (JP) (2018: CBRE Limited ("CBRE")), independent valuers. CBRE and Cushman (2018: CBRE) has the appropriate professional qualifications and experience in the locations and category of the properties being valued.
The full valuations of the investment properties were based on discounted cash flow method, income capitalisation method and direct comparison method. The direct comparison method is only used for China properties.

Investment properties comprise a portfolio of commercial properties that are leased to external customers. Generally, the leases contain an initial non-cancellable period of 1 to 10 years. Subsequent renewals are negotiated with the lessees.

The accompanying notes form an integral part of these financial statements.

Gross revenue for financial year ended 31/03/2018 S$'000	**Occupancy rates at 31/03/2019 %**	Occupancy rates at 31/03/2018 %	Latest valuation date	**Valuation at 31/03/2019 S$'000**	Valuation at 31/03/2018 S$'000	**Percentage of net assets attributable to Unitholders at 31/03/2019**	Percentage of net assets attributable to Unitholders at 31/03/2018
–	**100.0**	–	31/03/2019	**64,274**	–	**1.4**	–
–	**100.0**	–	31/03/2019	**33,233**	–	**0.7**	–
–	**100.0**	–	31/03/2019	**325,024**	–	**7.1**	–
–	**100.0**	–	31/03/2019	**227,639**	–	**5.0**	–
355,030				**7,609,543**	6,292,007	**166.0**	161.9
				(3,019,388)	(2,403,255)	**(66.0)**	(61.9)
				4,590,155	3,888,752	**100.0**	100.0
				(4,675)	–	**–**	–
				4,585,480	3,888,752	**100.0**	100.0

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General

Mapletree North Asia Commercial Trust (formerly known as Mapletree Greater China Commercial Trust) ("MNACT") is a Singapore-domiciled Real Estate Investment Trust constituted pursuant to the Trust Deed dated 14 February 2013 (as amended) between Mapletree North Asia Commercial Trust Management Ltd. (as Manager) and DBS Trustee Limited (as Trustee). The Trust Deed is governed by the laws of the Republic of Singapore.

MNACT was formally admitted to the Official List of the Singapore Exchange Securities Trading Limited ("SGX-ST") on 7 March 2013 and was approved for inclusion under the Central Provident Fund ("CPF") Investment Scheme on 23 January 2013.

The principal activity of MNACT and its subsidiaries (the "Group") is to invest, directly or indirectly, in a diversified portfolio of income-producing real estate in Hong Kong SAR, in China and in Japan. It focuses primarily on commercial assets (predominantly for retail and/or office use), as well as real estate-related assets. It has the primary objective of achieving an attractive level of return from rental income and long-term capital growth.

On 25 May 2018, the Trust changed its name from Mapletree Greater China Commercial Trust to Mapletree North Asia Commercial Trust.

MNACT has entered into several service agreements in relation to the management of MNACT and its property operations. The fee structures for these services are as follows:

(A) Trustee's fees

The Trustee's fees shall not exceed 0.1% per annum of the value of all the assets of MNACT ("Deposited Property") (subject to a minimum of S$15,000 per month) or such higher percentage as may be fixed by an Extraordinary Resolution of a meeting of Unitholders. The Trustee's fees are payable out of the Deposited Property of MNACT monthly, in arrears. The Trustee is also entitled to reimbursement of expenses incurred in the performance of its duties under the Trust Deed.

Based on the current arrangement between the Manager and the Trustee, the Trustee's fees are charged on a scaled basis of up to 0.02% per annum of the value of the Deposited Property (subject to a minimum of S$15,000 per month). At inception, the Trustee was paid a one-time inception fee of S$50,000.

(B) Management fees

The Manager or its nominees are entitled to receive the following remuneration:

(i) a base fee of 10.0% per annum of the Distributable Income or such higher percentage as may be approved by an Extraordinary Resolution of a meeting of Unitholders; and

(ii) a performance fee of 25.0% of the difference in Distribution per Unit ("DPU") in a financial year with the DPU in the preceding financial year (calculated before accounting for the performance fee in each financial year) multiplied by the weighted average number of units in issue for such financial year, or such higher percentage as may be approved by an Extraordinary Resolution of a meeting of Unitholders.

1. General (continued)

(B) Management fees (continued)

The management fees payable to the Manager or its nominees will be paid in the form of cash or/and Units. In relation to the Japan Properties*, the asset management services are provided by Mapletree Investments Japan Kabushiki Kaisha ("MIJ"). In view of the fees payable in cash to the MIJ 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 MIJ are wholly-owned by Mapletree Investments Pte Ltd and the MIJ continues to receive the Japan asset management fee in respect of the Japan Properties.

Where the management base fees are paid in cash, the amounts are paid monthly, in arrears. Where the management base fees are paid in the form of Units, the amounts are paid quarterly, in arrears.

The management performance fees are paid annually in arrears, whether in the form of cash or/and Units.

(C) Acquisition and Divestment fee

The Manager or its nominees are entitled to receive the following fees:

(i) an acquisition fee not exceeding 0.75% and 1.0% of the acquisition price of any Authorised Investments (as defined in the Trust Deed) from Related Parties and all other acquisitions respectively, acquired directly or indirectly, through one or more Special Vehicles ("SPV"), pro-rated if applicable to the proportion of MNACT's interest; and

(ii) a divestment fee not exceeding 0.5% of the sale price of any Authorised Investments, sold or divested directly or indirectly through one or more SPVs, pro-rated if applicable to the proportion of MNACT's interest.

The acquisition and disposal fee will be paid in the form of cash or/and Units and is payable as soon as practicable after completion of the acquisition and disposal respectively.

(D) Fees under the Property Management Agreement

(i) Property management services

The Trustee will pay Mapletree North Asia Commercial Property Management Limited (the "Property Manager"), for each Fiscal Year (as defined in the Property Management Agreement), the following fees:

- 2.0% per annum of the gross revenue for the relevant property;
- 2.0% per annum of the net property income ("NPI") for the relevant property (calculated before accounting for the property management fee in that financial period); and
- where any service is provided by a third party service provider, the Property Manager will be entitled to receive a fee equal to 20% of all fees payable to such third party service provider for supervising and overseeing the services rendered by the third party service provider. Such services shall include, but not limited to, master planning work, retail planning work and environmental impact studies.

The property management fees will be paid in the form of cash or/and Units (as the Manager may in its sole discretion determine).

* Japan Properties, three office buildings in Tokyo (IXINAL Monzen-nakacho Building, Higashi-nihonbashi 1-chome Building and TS Ikebukuro Building); an office building in Yokohama (ABAS Shin-Yokohama Building); and two office buildings in Chiba (SII Makuhari Building and Fujitsu Makuhari Building) (collectively the "Japan Properties") (acquired on 25 May 2018)

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

1. General (continued)

(D) Fees under the Property Management Agreement (continued)

(ii) Marketing services

Under the Property Management Agreement, the Trustee will pay the Property Manager, the following commissions:

- up to 1 month's gross rent inclusive of service charge for securing a tenancy of 3 years or less;
- up to 2 months' gross rent inclusive of service charge for securing a tenancy of more than 3 years;
- up to 0.5 month's gross rent inclusive of service charge for securing a renewal of tenancy of 3 years or less; and
- up to 1 month's gross rent inclusive of service charge for securing a renewal tenancy of more than 3 years.

The Property Manager is not entitled to the marketing services commissions if such service is (i) performed by staff of the asset holding company or (ii) performed by third party service providers.

The marketing services commissions will be paid in the form of cash or/and Units (as the Manager may in its sole discretion determine).

(iii) Project management services

The Trustee will pay the Property Manager a project management fee subject to:

- a limit of up to 3.0% of the total construction costs incurred for the development or redevelopment, the refurbishment, retrofitting and renovation works on a property; and
- an opinion issued by an independent quantity surveyor, to be appointed by the Trustee upon recommendation by the Manager, that the project management fee is within market norms and reasonable range.

The project management fees will be paid in the form of cash or/and Units (as the Manager may in its sole discretion determine).

(iv) Staff costs reimbursement

The Property Manager employs the centre management team and the persons to run the ice rink business of Festival Walk. The Property Manager is entitled to the following:

- reimbursement for the cost of employing the centre management team of Festival Walk and the persons to run the ice rink business of Festival Walk; and
- 3.0% of such employment cost.

The staff costs reimbursement will be paid in the form of cash.

2. Significant Accounting Policies

2.1 Basis of preparation

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 Monetary Authority of Singapore ("MAS") relating to financial reporting and the provisions of the Trust Deed.

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.

The preparation of financial statements in conformity with SFRS(I) requires the Manager to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. Information about an area involving a higher degree of judgement, where assumptions and estimates are significant to the financial statements, is disclosed in Note 13 - Investment Properties. The assumptions and estimates were used by the independent valuers in arriving at their valuations.

2.2 Adoption of SFRS(I)

The Accounting Standards Council (Singapore) has introduced a new financial reporting framework, SFRS(I), that is identical to the International Financial Reporting Standards issued by the International Accounting Standards Board. The MAS has granted the Group a waiver from compliance with the requirement under Paragraph 4.3 of Appendix 6 to the Code on Collective Investment Schemes to prepare its financial statements in accordance with the Singapore Financial Reporting Standards ("SFRS").

The Group has adopted SFRS(I) on 1 April 2018 and as a result, these financial statements for the year ended 31 March 2019 are the first set of financial statements the Group prepared in accordance with SFRS(I). The Group's previously issued financial statements for periods up to and including the financial year ended 31 March 2018 were prepared in accordance with SFRS.

In adopting SFRS(I) on 1 April 2018, the Group is required to apply all of the specific transition requirements in *SFRS(I) 1 First-time Adoption of SFRS(I).*

Under SFRS(I) 1, these financial statements are required to be prepared using accounting policies that comply with SFRS(I) effective as at 31 March 2019. The same accounting policies are applied throughout all periods presented in these financial statements, subject to the mandatory exceptions and optional exemptions under SFRS(I) 1.

The Group's opening balance sheet has been prepared as at 1 April 2017, which is the Group's date of transition to SFRS(I) ("date of transition").

(a) Optional exemptions applied

SFRS(I) 1 allows the exemption from application of certain requirements under SFRS(I) on a retrospective basis. The Group has applied the following exemption in preparing this first set of financial statements in accordance with SFRS(I):

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

2. **Significant Accounting Policies** (continued)

2.2 **Adoption of SFRS(I)** (continued)

(a) Optional exemptions applied (continued)

Short-term exemption on adoption of SFRS(I) 9 Financial Instruments

The Group has elected to apply the short-term exemption to adopt SFRS(I) 9 on 1 April 2018. Accordingly, the requirements of SFRS 39 *Financial Instruments: Recognition and Measurement* are applied to financial instruments up to the financial year ended 31 March 2018. The Group is also exempted from complying with SFRS(I) 7 *Financial Instruments: Disclosure* to the extent that the disclosures required by SFRS(I) 7 relate to the items within scope of SFRS(I) 9.

As a result, the requirements under SFRS are applied in place of the requirements under SFRS(I) 7 and SFRS(I) 9 to comparative information about items within scope of SFRS(I) 9.

There is no impact on the classification and measurement of the Group's and the Trust's financial instruments as at 1 April 2018.

For an explanation of how the Group classifies and measures financial assets and related gain and losses using the principles under SFRS(I) 9, see Note 2.13.

(b) The adoption of SFRS(I) has had no material effect on the amounts previously reported for prior financial years under SFRS. Certain comparative figures have been reclassified to conform to the current year's presentation.

The following table and the accompanying notes below explain the original measurement categories using the principles under SFRS 39 *Financial Instruments: Recognition and Measurement* and the new measurement categories using the principles under SFRS(I) 9 for each class of the Group's and the Trust's financial assets as at 1 April 2018.

			1 April 2018	
	Original classification using the principles under SFRS 39	**New classification using the principles under SFRS(I) 9**	**Original carrying amount using the principles under SFRS 39**	**New carrying amount using the principles under SFRS(I) 9**
			S$'000	**S$'000**
Group				
Financial assets				
Trade and other receivables	Loan and receivables	Amortised cost	9,419	9,419
Cash and bank balances	Loan and receivables	Amortised cost	177,981	177,981
Other current assets (excluding prepayments)	Loan and receivables	Amortised cost	61	61
Total financial assets			**187,461**	**187,461**
Trust				
Financial assets				
Trade and other receivables	Loan and receivables	Amortised cost	5,567	5,567
Cash and bank balances	Loan and receivables	Amortised cost	90,867	90,867
Total financial assets			**96,434**	**96,434**

2. Significant Accounting Policies (continued)

2.3 Revenue recognition

(a) *Rental income and service charge from operating leases*

Rental income and service charge from operating leases (net of any incentives given to the lessees) on investment properties are recognised on a straight-line basis over the lease term. Contingent rents, which include turnover rental income, are recognised as income in the profit or loss when earned.

(b) *Interest income*

Interest income is recognised on a time proportion basis using the effective interest method.

(c) *Dividend income*

Dividend income is recognised when the right to receive payment is established.

2.4 Expenses

(a) *Property operating expenses*

Property operating expenses are recognised on an accrual basis. Included in property operating expenses are Property Manager's fees which are based on the applicable formula set out in Note 1(D).

(b) *Management fees*

Management fees are recognised on an accrual basis using the applicable formula set out in Note 1(B).

(c) *Trustee's fees*

Trustee's fees are recognised on an accrual basis using the applicable formula set out in Note 1(A).

2.5 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method, except for those costs that are directly attributable to the construction or development of properties. This includes those costs on borrowings acquired specifically for the construction or development of properties, as well as those in relation to general borrowings used to finance the construction or development of properties.

The actual borrowing costs incurred during the financial period up to the issuance of the temporary occupation permit less any investment income on temporary investment of these borrowings, are capitalised in the cost of the property under development. Borrowing costs on general borrowings are capitalised by applying a capitalisation rate to construction or development expenditure that are financed by general borrowings.

2.6 Income tax

Taxation on the return for the financial year comprises current and deferred income tax.

Current income tax for the current and prior periods is recognised at the amount expected to be paid or to be recovered from the tax authorities, using tax rates enacted or substantively enacted by the reporting date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

2. Significant Accounting Policies (continued)

2.6 Income tax (continued)

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised. The carrying amount of deferred income tax asset is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

A deferred income tax liability is recognised on temporary differences arising on investment in subsidiaries except where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax asset and liability are offset when there is a legally enforceable right to set off current income tax asset against current income tax liability and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current income tax asset and liability on a net basis.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amounts of its assets and liabilities, except for investment properties. Investment properties measured at fair value are presumed to be recovered entirely through sale.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a transaction which is recognised directly in Unitholders' funds and/or hedging reserve, in which case the tax is also recognised directly in Unitholders' funds and/or hedging reserve, or where the tax arises from the initial accounting for a business combination.

Except for the tax exemption as described below, taxable income earned by the Trust will be subject to Singapore income tax at the prevailing corporate tax rate.

The Trustee is exempted from Singapore income tax under Section 13(12) of the Singapore Income Tax Act ("SITA") on the dividend income from its subsidiaries in Cayman out of underlying rental income derived from the investment properties in Hong Kong SAR and in China. This exemption is granted subject to certain conditions.

The Trustee is also exempted from Singapore income tax under Section 13(8) of the SITA on the dividends received from the Hong Kong Treasury Company provided that the underlying income is subject to profits tax in Hong Kong SAR and the highest rate of profits tax rate in Hong Kong SAR at the time the income is received in Singapore is not less than 15.0%.

The tax exemption also applies to dividend income from the Trust's subsidiaries out of gains, if any, derived from disposal of shares in the subsidiaries unless the gains are considered income of trade or business. Gains arising from the sales of subsidiaries, if considered to be trading gains, will be assessed to tax, currently at 17%, on the Trust under Section 10(1)(a) of the SITA.

Any return of capital received by the Trust from these subsidiaries is capital in nature and hence, is not taxable on the Trustee.

2. Significant Accounting Policies (continued)

2.7 Group accounting

(a) Subsidiaries

(i) Consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests comprise the portion of a subsidiary's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the Unitholders of the Trust. They are shown separately in the consolidated statement of profit and loss, statement of comprehensive income, statement of changes in equity, and balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

(ii) Acquisitions

The acquisition method of accounting is used to account for business combinations by the Group.

The consideration transferred for the acquisition of a subsidiary comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

2. Significant Accounting Policies (continued)

2.7 Group accounting (continued)

(a) Subsidiaries (continued)

(iii) Disposals

When a change in the Group's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised.

Any retained interest in the entity is re-measured at fair value. The difference between the carrying amount of the retained investment at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to the paragraph "Investments in subsidiaries", for the accounting policy on investments in subsidiaries (Note 2.8) in the separate financial statements of MNACT.

(b) Transactions with non-controlling interests

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with Unitholders of the Trust. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised within equity attributable to the Unitholders of the Trust.

2.8 Investments in subsidiaries

Investments in subsidiaries are stated at cost less accumulated impairment losses (Note 2.11) in MNACT's Statement of Financial Position. On disposal of investments in subsidiaries, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

2.9 Investment properties

Investment properties are properties held either to earn rental income and/or capital appreciation.

Investment properties are accounted for as non-current assets and initially recognised at cost on acquisition, and subsequently carried at fair value. Fair values are determined in accordance with the Trust Deed, which requires the investment properties to be valued by independent registered valuers at least once a year, in accordance with CCIS. Changes in fair values are recognised in profit or loss.

Investment properties are subject to renovations or improvement from time to time. The cost of major renovations and improvement are capitalised and the carrying amounts of the replaced components are written off to profit or loss. The costs of maintenance, repairs and minor improvements are recognised in profit or loss when incurred.

On disposal of an investment property, the difference between the net disposal proceeds and the carrying amount is taken to profit or loss.

If an investment property becomes substantially owner-occupied, it is reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its cost for accounting purposes.

2. Significant Accounting Policies (continued)

2.10 Plant and equipment

(a) Measurement

All plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

The cost of an item of plant and equipment includes its purchase price and any costs that are directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Manager.

(b) Depreciation

Depreciation on plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives. The estimated useful lives are as follows:

	Useful lives
Computer equipment	5 years
Other fixed assets	3 to 5 years

The residual values and estimated useful lives of plant and equipment are reviewed, and adjusted as appropriate, at each reporting date. The effects of any revision are included in profit or loss for the financial period in which the changes arise.

(c) Subsequent expenditure

Subsequent expenditure relating to plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Group and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial period in which it is incurred.

(d) Disposal

On disposal of an item of plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to profit or loss.

2.11 Impairment of non-financial assets

Plant and equipment
Investments in subsidiaries

Plant and equipment and investments in subsidiaries are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the Cash Generating Unit ("CGU") to which the asset belongs.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

2. Significant Accounting Policies (continued)

2.11 Impairment of non-financial assets (continued)

Plant and equipment
Investments in subsidiaries

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset is reversed only if, there has been a change in the estimates used to determine the asset's recoverable amount or if there is a change in the events that had given rise to the impairment since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior financial period. A reversal of impairment loss for an asset is recognised in profit or loss.

2.12 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost represents average unit cost of purchase and net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.13 Financial assets

The accounting for financial assets before 1 April 2018 are as follows:

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the reporting date, which are presented as non-current assets. Loans and receivables are presented as "cash and bank balances", "trade and other receivables", and "other current assets" (except for prepayments) on the Statements of Financial Position.

These financial assets are initially recognised at fair value plus transaction costs and subsequently carried at amortised cost using the effective interest method, less accumulated impairment losses.

The Group assesses at each reporting date whether there is objective evidence that these financial assets are impaired and recognises an allowance for impairment when such evidence exists.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

2. Significant Accounting Policies (continued)

2.13 Financial assets (continued)

The impairment allowance is reduced through profit or loss in a subsequent financial period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior financial periods.

The accounting for financial assets from 1 April 2018 are as follows:

Classification and measurement

The Group classifies its financial assets as held at amortised cost.

The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

(i) At initial recognition

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

(ii) At subsequent measurement

Debt instruments

Debt instruments mainly comprise of cash and bank balances, trade and other receivables and other current assets (except for prepayments).

There are three prescribed subsequent measurement categories, depending on the Group's business model in managing the assets and the cash flow characteristic of the assets. The Group managed these group of financial assets by collecting the contractual cash flow and these cash flows represents solely payment of principal and interest. Accordingly, these group of financial assets are measured at amortised cost subsequent to initial recognition.

A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets are recognised using the effective interest rate method.

The Group assesses on forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost.

For trade receivable, the Group applied the simplified approach permitted by the SFRS(I) 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

2. Significant Accounting Policies (continued)

2.13 Financial assets (continued)

Classification and measurement (continued)

(ii) At subsequent measurement (continued)

Debt instruments (continued)

For other receivables, other current assets (except for prepayments) and cash and bank balances, the general 3 stage approach is applied. Credit loss allowance is based on 12-month expected credit loss if there is no significant increase in credit risk since initial recognition of the assets. If there is a significant increase in credit risk since initial recognition, lifetime expected credit loss will be calculated and recognised.

2.14 Cash and cash equivalents

Cash and cash equivalents include cash balances and deposits with financial institutions.

2.15 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the reporting date, in which case they are presented as non-current liabilities.

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

2.16 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially measured at fair value, and subsequently at amortised cost, using the effective interest method.

2.17 Derivative financial instruments and hedging activities

The Group uses derivative financial instruments such as interest rate swaps, cross currency interest rate swaps and forward currency contracts to hedge its exposure to interest rate risks and currency risks arising from operational, financing and investment activities. In accordance with its treasury policy, which is in line with the CCIS, the Group does not hold or issue derivative financial instruments for trading purposes.

Derivative financial instruments are recognised initially at fair value on the date the contracts are entered into and are subsequently carried at their fair value.

The Group documents at the inception of the transaction the relationship between the hedging instruments and hedged items, as well as its risk management objective and strategies for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives designated as hedging instruments are highly effective in offsetting changes in cash flows of the hedged items.

2. **Significant Accounting Policies** (continued)

2.17 **Derivative financial instruments and hedging activities** (continued)

The carrying amount of a derivative designated as a hedge is presented as a non-current asset or liability if the remaining expected life of the hedged item is more than 12 months and as a current asset or liability if the remaining expected life of the hedged item is less than 12 months.

(a) Cash flow hedge

(i) Interest rate swaps

The Group has entered into interest rate swaps that are cash flow hedges for the Group's exposure to interest rate risk on its borrowings. These contracts entitle the Group to receive interest at floating rates on notional principal amounts and oblige the Group to pay interest at fixed rates on the same notional principal amounts, thus allowing the Group to raise borrowings at floating rates and swap them into fixed rates.

The fair value changes on the effective portion of interest rate swaps designated as cash flow hedges are recognised in other comprehensive income and transferred to profit or loss when the hedged interest expense on the borrowings is recognised in profit or loss. The fair value changes on the ineffective portion of interest rate swaps are recognised immediately in profit or loss.

(ii) Cross currency interest rate swaps

The Group has entered into cross currency interest rate swaps that are cash flow hedges and are used to reduce the Group's exposure to interest rate risk and currency risk on its borrowings and interest.

The fair value changes on the effective portion of cross currency interest rate swaps designated as cash flow hedges are recognised in other comprehensive income and transferred to profit or loss when the hedged interest expense on the borrowings and/or the exchange differences arising from the translation of the borrowings is recognised in profit or loss. The fair value changes on the ineffective portion of cross currency interest rate swaps are recognised immediately in profit or loss.

(iii) Forward currency contracts

MNACT has entered into forward currency contracts that qualify as cash flow hedges at MNACT level and are used to hedge the highly probable forecasted foreign currency income received from the offshore assets, back into Singapore Dollars.

The fair value changes on the effective portion of forward currency contracts designated as cash flow hedges are recognised in other comprehensive income and transferred to profit or loss as part of dividend income upon the receipt of the dividend income. The fair value changes on the ineffective portion of currency forwards are recognised immediately in the profit or loss.

(b) Derivatives that are not designated or do not qualify for hedge accounting

Fair value changes on forward currency contracts which do not qualify for hedge accounting at Group level, are recognised in the profit or loss when the changes arise. Such derivatives are presented as current assets or liabilities if they are either held for trading or are expected to be realised within 12 months after the balance sheet date.

Notes to the Financial Statements

2. Significant Accounting Policies (continued)

2.18 Fair value estimation of financial assets and liabilities

The carrying amounts of current financial assets and liabilities carried at amortised cost approximate their fair values.

The fair values of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) are determined by using valuation techniques. The fair values of currency forwards are determined using banks' quoted forward rates and foreign exchange spot rates at the reporting date. The fair values of interest rate swaps and cross currency interest rate swaps are calculated as the present value of the estimated future cash flows, using assumptions based on market conditions existing at the reporting date.

The fair values of non-current financial liabilities carried at amortised cost are determined from adjusted quoted prices or cash flow analysis discounted at the current market interest rates that are available to the Group for similar financial liabilities.

2.19 Operating leases

When the Group is a lessor:

Leases of investment properties where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the period of the lease.

When the Group is a lessee:

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

2.20 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event where it is probable that such obligation will result in an outflow of economic benefits that can be reasonably estimated.

2.21 Currency translation

(a) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements are presented in Singapore Dollars, which is MNACT's functional currency.

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Currency translation gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the reporting date are recognised in profit or loss, except for currency translation differences on the net investment in foreign operations, borrowings in foreign currencies and other currency instruments qualifying as net investment hedges for foreign operations, which are recognised in other comprehensive income and included in the foreign currency translation reserve within the Statements of Movements in Unitholders' Funds of the Group.

2. Significant Accounting Policies (continued)

2.21 Currency translation (continued)

(c) Translation of Group entities' financial statements

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities are translated at the closing rates at the reporting date;
(ii) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and
(iii) All resulting exchange differences are recognised in other comprehensive income and taken to the foreign currency translation reserve within the Statements of Movements in Unitholders' Funds of the Group.

(d) Consolidation adjustments

On consolidation, currency translation differences arising from the net investment in foreign operations, borrowings in foreign currencies, and other currency instruments designated as hedges of such investments, are recognised in other comprehensive income and taken to the foreign currency translation reserve. When a foreign operation is sold or any loan forming part of the net investment in foreign operation is repaid, such currency translation differences recorded in the foreign currency translation reserve are recognised in profit and loss as part of the gain or loss on sale.

2.22 Units and unit issuance expenses

Proceeds from the issuance of Units in MNACT are recognised as Unitholders' funds. Incremental costs directly attributable to the issuance of new Units are deducted directly from the net assets attributable to the Unitholders.

2.23 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Manager who is responsible for allocating resources and assessing performance of the operating segments.

2.24 Distribution policy

MNACT's distribution policy is to distribute, on a quarterly basis, at least 90.0% of its distributable income, comprising substantially its income from the letting of its properties and related property services income and after deduction of allowable expenses and allowances, and of its tax-exempt income (if any). With effect from 1 April 2018, the distribution is on a quarterly basis instead of on a semi-annual basis.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

3. Gross Revenue

	Group	
	2019 S$'000	2018 S$'000
Rental income	**350,311**	301,739
Service charges	**11,307**	7,976
Other operating income	**47,069**	45,315
	408,687	355,030

The turnover rental income recognised in rental income during the financial year was S$8,525,000 (2018: S$9,020,000).

Other operating income comprises car park revenue and other income attributable to the operations of the properties, such as additional air-conditioning and chilled water charges, ice rink income, rental from event space and refuse compactor charge.

4. Property Operating Expenses

	Group	
	2019 S$'000	2018 S$'000
Staff costs*	**3,595**	4,106
Utilities and property maintenance	**16,319**	13,019
Marketing and promotion expenses	**5,754**	4,926
Professional fees	**1,681**	1,548
Property and other taxes	**22,875**	17,391
Property and lease management fees	**16,079**	14,087
Property management reimbursements**	**9,613**	9,279
Other operating expenses	**3,741**	3,524
	79,657	67,880

* Includes contribution to defined contribution plans of S$233,000 (2018: S$234,000).

** Includes reimbursements paid/payable to the Property Manager in respect of agreed employee expenditure incurred by the Property Manager for providing its services under the Property Management Agreement.

The Group's daily operations and administrative functions are provided by the Manager and Property Manager.

All of the Group's investment properties generate rental income and the above expenses are direct operating expenses arising therefrom.

5. Other Trust Expenses

	Group		MNACT	
	2019	2018	**2019**	2018
	S$'000	S$'000	**S$'000**	S$'000
Consultancy and professional fees	**425**	364	**69**	68
Valuation fees	**57**	24	**–**	–
Other trust expenses	**1,013**	1,081	**141**	307
	1,495	1,469	**210**	375

Total fees to auditors included in other trust expenses are as follows:

	Group		MNACT	
	2019	2018	**2019**	2018
	S$'000	S$'000	**S$'000**	S$'000
Auditors' remuneration	**312**	267	**48**	45
Non-audit fees	**–**	–	**–**	–
	312	267	**48**	45

Auditors of the Group comprise member firms of PricewaterhouseCoopers International Limited.

6. Finance Costs

	Group	
	2019	2018
	S$'000	S$'000
Interest expense	**76,729**	63,380
Cash flow hedges, reclassified from hedging reserve (Note 20)	**(6,430)**	2,660
Financing fees*	**3,965**	3,647
	74,264	69,687

* Includes legal fees of S$317,000 (2018: S$306,000).

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

7. Income Tax

(a) Income tax expenses

	Group		MNACT	
	2019 S$'000	2018 S$'000	**2019 S$'000**	2018 S$'000
Tax expense attributable to current financial year's results is made up of:				
Current income tax				
– Singapore	**60**	59	**60**	59
– Foreign	**19,352**	17,426	**–**	–
	19,412	17,485	**60**	59
Withholding tax - Foreign	**9,561**	8,603	**–**	–
	28,973	26,088	**60**	59
Deferred tax (Note 18)	**32,452**	17,658	**–**	–
	61,425	43,746	**60**	59
(Over)/Under provision in preceding financial years:				
Current income tax - Foreign	**(3)**	165	**–**	–
	61,422	43,911	**60**	59

The income tax expenses on the results for the financial year differ from the amount that would arise using the Singapore standard rate of income tax due to the following:

	Group		MNACT	
	2019 S$'000	2018 S$'000	**2019 S$'000**	2018 S$'000
Profit before tax	**695,834**	618,252	**152,916**	147,341
Tax calculated at a tax rate of 17% (2018: 17%)	**118,292**	105,103	**25,996**	25,048
Effects of:				
– Expenses not deductible for tax purposes	**6,500**	5,765	**4,040**	3,956
– Income not subject to tax	**(2,004)**	(2,821)	**–**	–
– Gain on revaluation of investment properties not subject to tax	**(55,408)**	(55,844)	**–**	–
– Income not subject to tax due to tax transparency ruling (Note 2.6)	**–**	–	**(29,976)**	(28,945)
– Different tax rates in other countries	**(6,136)**	(8,312)	**–**	–
– (Over)/Under provision in preceding financial years	**(3)**	165	**–**	–
– Others	**181**	(145)	**–**	–
Tax charge	**61,422**	43,911	**60**	59

7. Income Tax (continued)

(b) Movements in current income tax liabilities

	Group 2019 S$'000	Group 2018 S$'000	MNACT 2019 S$'000	MNACT 2018 S$'000
Beginning of the financial year	**29,930**	44,142	**82**	70
Income tax paid	**(28,379)**	(37,871)	**(23)**	(47)
Tax expense	**28,973**	26,088	**60**	59
(Over)/Under provision in preceding financial years	**(3)**	165	**–**	–
Translation differences on consolidation	**695**	(2,594)	**–**	–
End of the financial year	**31,216**	29,930	**119**	82

(c) The tax charge relating to each component of other comprehensive income is as follows:

	2019 Before tax S$'000	2019 Tax charge S$'000	2019 After tax S$'000	2018 Before Tax S$'000	2018 Tax Charge S$'000	2018 After tax S$'000
Cash flow hedges						
– Fair value changes	**(32,951)**	**5,495**	**(27,456)**	38,576	(6,376)	32,200
– Reclassification	**6,528**	**(536)**	**5,992**	(31,774)	(375)	(32,149)
Currency translation differences						
– Gains/(losses)	**7,655**	**–**	**7,655**	(144,054)	–	(144,054)
– Reclassification	**(3,794)**	**–**	**(3,794)**	(3,168)	–	(3,168)
Other comprehensive income	**(22,562)**	**4,959**	**(17,603)**	(140,420)	(6,751)	(147,171)

8. Earnings Per Unit

The calculation of basic and diluted earnings per unit is based on:

	Group 2019	Group 2018	MNACT 2019	MNACT 2018
Net profit attributable to Unitholders of MNACT (S$'000)	**633,933**	574,341	**152,856**	147,282
Weighted average number of units outstanding during the financial year ('000)	**3,124,200**	2,810,988	**3,124,200**	2,810,988
Basic and diluted earnings per unit (cents)	**20.291**	20.432	**4.893**	5.239

Diluted earnings per unit is the same as the basic earnings per unit as there are no dilutive instruments in issue during the financial year.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

9. Cash and Bank Balances

	Group			MNACT		
	31 March		1 April	31 March		1 April
	2019 **S$'000**	2018 S$'000	2017 S$'000	**2019** **S$'000**	2018 S$'000	2017 S$'000
Cash at bank and on hand	**111,937**	89,863	112,522	**51,177**	49,457	66,844
Short-term bank deposits	**66,896**	88,118	122,335	**11,485**	41,410	30,000
	178,833	177,981	234,857	**62,662**	90,867	96,844

Short-term bank deposits at the reporting date have a weighted average maturity of 95 (31 March 2018: 111, 1 April 2017: 45) days from the end of the financial year. The effective interest rates at the reporting date ranged from 1.64% to 3.85% (31 March 2018: 1.31% to 3.05%, 1 April 2017: 0.90% to 2.18%) per annum.

Included in cash and bank balances as at 1 April 2017 was an amount of RMB264,860,000, equivalent to S$54,437,000 which relates to cash receipts set aside to settle the amount due to a related party (Note 16). As at 31 March 2018, this cash amount had been fully paid.

For purpose of presenting the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	Group		
	31 March		1 April
	2019 **S$'000**	2018 S$'000	2017 S$'000
Cash and bank balances	**178,833**	177,981	234,857
Less: Amount received and set aside to be repaid to a related party	**–**	–	(54,437)
Less: Restricted cash *	**(3,665)**	–	–
Cash and cash equivalents per consolidated statement of cash flows	**175,168**	177,981	180,420

* Restricted cash relates to the amount of cash reserves for the Japan Properties which is required to be maintained based on the agreements with the banks. Restricted cash are reserves for use in capital expenditure, interest expense and certain property related expenses to ensure these liabilities can be met when incurred.

10. Trade and Other Receivables

	Group			MNACT		
	31 March		1 April	31 March		1 April
	2019 **S$'000**	2018 S$'000	2017 S$'000	**2019** **S$'000**	2018 S$'000	2017 S$'000
Trade receivables:						
– Non-related parties	**996**	807	44,582	**395**	395	366
– Related parties	**–**	–	346	**–**	–	–
Amounts due from subsidiaries (non-trade)	**–**	–	–	**5,839**	5,025	4,615
Accrued revenue	**5,773**	6,767	8,027	**–**	–	–
Interest receivables	**1,168**	636	538	**–**	–	–
Other receivables	**1,385**	1,209	1,719	**75**	147	55
	9,322	9,419	55,212	**6,309**	5,567	5,036

The amounts due from subsidiaries are unsecured, interest-free and repayable on demand.

11. Other Current Assets

	Group		
	31 March		1 April
	2019	2018	2017
	S$'000	S$'000	S$'000
Deposits	**51**	61	63
Prepayments	**2,044**	493	1,100
	2,095	554	1,163

12. Derivative Financial Instruments

	Group			
		Contract notional amount	Fair value	
	Maturity	S$'000	Assets S$'000	Liabilities S$'000
31 March 2019				
Cash flow hedging instruments:				
Interest rate swaps (current)	December 2019 – March 2020	431,900	**1,391**	**(489)**
Interest rate swaps (non-current)	April 2020 – May 2025	908,222	**468**	**(10,212)**
Cross currency interest rate swaps (current)	March 2020	108,490	**1,034**	**–**
Cross currency interest rate swaps (non-current)	September 2021 – March 2027	695,203	**12,868**	**(6,896)**
Non-hedging instruments:				
Currency forwards (current)	June 2019 – December 2019	118,401	**982**	**(737)**
			16,743	**(18,334)**
Represented by:				
Current position			**3,407**	**(1,226)**
Non-current position			**13,336**	**(17,108)**
Percentage of derivatives to the Group's net asset value				**(0.03%)**
31 March 2018				
Cash flow hedging instruments:				
Interest rate swaps (current)	July 2018 – March 2019	503,897	396	–
Interest rate swaps (non-current)	March 2020 – November 2020	529,799	6,472	(20)
Cross currency interest rate swaps (non-current)	March 2020 – March 2023	500,471	31,606	(2,676)
Non-hedging instruments:				
Currency forwards (current)	June 2018 – December 2018	78,127	1,093	(244)
			39,567	(2,940)
Represented by:				
Current position			1,489	(244)
Non-current position			38,078	(2,696)
Percentage of derivatives to the Group's net asset value				0.9%

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FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

12. Derivative Financial Instruments (continued)

	Group			
		Contract notional amount	Fair value	
	Maturity	S$'000	Assets S$'000	Liabilities S$'000
1 April 2017				
Cash flow hedging instruments:				
Interest rate swaps (non-current)	July 2018 – March 2020	956,968	4,551	(529)
Cross currency interest rate swaps (non-current)	March 2020 – March 2023	508,653	3,768	(13,248)
Non-hedging instruments:				
Currency forwards (current)	June 2017 – September 2017	66,344	508	(181)
			8,827	(13,958)
Represented by:				
Current position			508	(181)
Non-current position			8,319	(13,777)
Percentage of derivatives to the Group's net asset value				(0.1%)

At 31 March 2019, the fixed interest rates payable on interest rate swaps and cross currency interest rate swaps vary from 0.32% to 3.58% (31 March 2018: 1.09% to 3.58%, 1 April 2017: 1.09% to 3.70%) per annum and the fixed and floating interest rates receivable vary from 0.07% to 3.96% (31 March 2018: 1.02% to 3.96%, 1 April 2017: 0.81% to 4.38%) per annum.

	MNACT			
		Contract notional amount	Fair value	
	Maturity	S$'000	Assets S$'000	Liabilities S$'000
31 March 2019				
Cash flow hedging instruments:				
Currency forwards (current)	June 2019 – December 2019	118,401	**982**	**(737)**
Percentage of derivatives to MNACT's net asset value				**0.01%**
31 March 2018				
Cash flow hedging instruments:				
Currency forwards (current)	June 2018 – December 2018	78,127	1,093	(244)
Percentage of derivatives to MNACT's net asset value				0.04%
1 April 2017				
Cash flow hedging instruments:				
Currency forwards (current)	June 2017 – September 2017	66,344	508	(181)
Percentage of derivatives to MNACT's net asset value				0.01%

12. Derivative Financial Instruments (continued)

Hedging instruments used in Group's hedging strategy in 2019

	Contractual notional amount S$'000	Carrying Amount: Assets/ (Liabilities) S$'000	Carrying Amount: Financial statement line item	Changes in fair value used for calculating hedge ineffectiveness: Hedging instrument S$'000	Changes in fair value used for calculating hedge ineffectiveness: Hedged Item S$'000	Hedge ineffectiveness recognised in P&L S$'000	Maturity date
Group							
Cash flow hedge							
Interest rate risk							
– Interest rate swaps to hedge floating rate borrowings	1,340,122	(8,842)	Derivative financial instruments	(15,139)	15,139	–	December 2019 – May 2025
Interest rate risk/foreign exchange risk							
– Cross currency interest rate swaps to hedge foreign currency interest and principal payments and floating rate borrowings	803,690	7,006	Derivative financial instruments	(17,812)	17,812	–	March 2020 – March 2027
MNACT							
Cash flow hedge							
Foreign exchange risk							
– Forward contracts to hedge highly probable transactions	118,400	245	Derivative financial instruments	(913)	913	–	June 2019 – December 2019

At 31 March 2019, the Group's weighted average hedge rates for interest rate swaps and cross currency swaps were 2.79% and 2.73% (SGD1: HKD5.75, USD1: HKD7.79, SGD1: JPY82.30 and HKD1: JPY14.28) respectively.

At 31 March 2019, MNACT's weighted average hedged rates for outstanding forward contracts were SGD1: HKD5.74, SGD1: RMB5.06 and SGD1: JPY80.13.

13. Investment Properties

(a) Investment properties

	Group 31 March **2019** **S$'000**	Group 31 March 2018 S$'000
Beginning of the financial year	**6,292,007**	6,226,345
Additions	**3,399**	4,951
Acquisition	**777,543**	–
Net change in fair value of investment properties	**465,152**	417,122
Translation difference on consolidation	**71,442**	(356,411)
End of the financial year	**7,609,543**	6,292,007

Details of the properties are shown in the Portfolio Statement.

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13. Investment Properties (continued)

(b) Fair value hierarchy

The following level presents the investment properties at fair value and classified by level of fair value measurement hierarchy:

- Level 1: quoted prices (unadjusted) in active markets for identical assets;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset that are not based on observable market data (unobservable inputs).

All properties within the Group's portfolio are classified within Level 3 of the fair value hierarchy.

(c) Reconciliation of movements in Level 3 fair value measurements

	Hong Kong SAR S$'000	China S$'000	Japan S$'000
2019			
Beginning of the financial year	**4,514,220**	**1,777,787**	**–**
Additions, including effect of amortisation of leasing related and capitalised cost	**3,440**	**(331)**	**290**
Acquisition*	**–**	**–**	**777,543**
Net change in fair value of investment properties	**326,796**	**133,637**	**4,719**
Translation differences on consolidation	**122,394**	**(51,258)**	**306**
End of the financial year	**4,966,850**	**1,859,835**	**782,858**
2018			
Beginning of the financial year	4,549,220	1,677,125	–
Additions	4,637	314	–
Net change in fair value of investment properties	338,449	78,673	–
Translation differences on consolidation	(378,086)	21,675	–
End of the financial year	4,514,220	1,777,787	–

* Included non-audit fees of S$182,000 (2018: nil) paid to the auditor of MNACT for the service rendered as the independent reporting auditor.

The TMK bonds and certain bank loans are secured on the Japan Properties with carrying amounts on the balance sheet of S$782,858,000 (31 March 2018 and 1 April 2017: nil) (Note 17).

13. Investment Properties (continued)

(d) Valuation techniques and key unobservable inputs

Fair values of the Group's properties have been derived using the following valuation techniques:

- Income capitalisation – Properties are valued by capitalising the net income on a fully leased basis at a blended rate to arrive at the core capital value. The net income of the building is the estimated current rate and potential future income from existing vacancies after deducting all necessary outgoings and expenses. The adopted yield reflects the nature, location and tenancy profile of the property together with the prevailing property market condition.

- Discounted cash flow - Properties are valued by discounting the net cash flows over the assumed cash flow period at an appropriate rate to reflect risk.

- Direct comparison - Properties are valued by using transacted prices for comparable properties for which price information is available, with adjustments made for differences in size, location, time, amenities, building age, building quality, remaining land tenure and other relevant factors.

The following table presents the valuation techniques and key inputs that were used to determine the fair value of the investment properties categorised under Level 3 of the fair value hierarchy:

Valuation techniques	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Income capitalisation	Capitalisation rate	4.15% – 5.75% (31 March 2018: 4.25% – 6.25%) per annum	The higher the capitalisation rate, the lower the fair value.
Discounted cash flow	Discount rate	3.90% – 9.25% (31 March 2018: 8.00% – 9.80%, 1 April 2017: 8.00% – 10.50%) per annum	The higher the discount rate, the lower the fair value.
Direct comparison (only for China properties)	Adjusted price per square metre	RMB 37,301 – RMB 64,599 (31 March 2018: RMB33,105 – RMB60,429, 1 April 2017: RMB32,394 – RMB57,864)	The higher the adjusted price per square metre, the higher the fair value.
Term and reversion (1 April 2017)	Term and reversion rate	4.50% – 6.50% per annum	The higher the capitalisation rate, the lower the fair value.

The Manager is of the view that the valuation techniques and estimates are reflective of the current market conditions.

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13. Investment Properties (continued)

(e) Valuation processes of the Group

The Group engages two external, independent and qualified valuers to determine the fair value of the Group's properties at the end of every financial year based on the properties' highest and best use. As at 31 March 2019, the fair values of the properties were determined by CBRE Limited and Cushman & Wakefield K.K. (31 March 2018: CBRE Limited, 1 April 2017: Colliers International (Hong Kong) Limited).

(f) Acquisition of the Japan Properties

On 25 May 2018, the Group acquired an effective interest of 98.47% in a portfolio of six freehold commercial real estate located in Tokyo, Chiba and Yokohama, Japan from MJOF Pte. Ltd, a related party of the Group.

The acquisition is part of the Group's ongoing business development and is in line with the Group's strategy to better diversify its portfolio through entry into a market that provides attractive commercial real estate acquisition opportunities with largely freehold land tenure and at relatively higher yield spread against the local cost of funds.

14. Plant and Equipment

	Computer equipment S$'000	Other fixed assets S$'000	Total S$'000
Group			
2019			
Cost			
Beginning of the financial year	**1,481**	**3,260**	**4,741**
Additions	**118**	**1,311**	**1,429**
Disposals/Write-offs	**(34)**	**–**	**(34)**
Translation difference on consolidation	**38**	**88**	**126**
End of the financial year	**1,603**	**4,659**	**6,262**
Accumulated depreciation			
Beginning of the financial year	**1,262**	**1,001**	**2,263**
Depreciation charge	**139**	**678**	**817**
Disposals/Write-offs	**(34)**	**–**	**(34)**
Translation difference on consolidation	**33**	**25**	**58**
End of the financial year	**1,400**	**1,704**	**3,104**
Net book value			
End of the financial year	**203**	**2,955**	**3,158**

14. Plant and Equipment (continued)

	Computer equipment S$'000	Other fixed assets S$'000	Total S$'000
Group			
2018			
Cost			
Beginning of the financial year	1,664	1,877	3,541
Additions	65	1,564	1,629
Disposals/Write-offs	(118)	(33)	(151)
Translation difference on consolidation	(130)	(148)	(278)
End of the financial year	1,481	3,260	4,741
Accumulated depreciation			
Beginning of the financial year	1,290	546	1,836
Depreciation charge	167	549	716
Disposals/Write-offs	(88)	(33)	(121)
Translation difference on consolidation	(107)	(61)	(168)
End of the financial year	1,262	1,001	2,263
Net book value			
End of the financial year	219	2,259	2,478
Beginning of the financial year	374	1,331	1,705

15. Investments in Subsidiaries

	MNACT		
	31 March		1 April
	2019 S$'000	2018 S$'000	2017 S$'000
Equity investments at cost	**1,119,907**	1,100,262	1,087,935
Loans to subsidiaries	**1,462,742**	1,221,197	1,255,512
	2,582,649	2,321,459	2,343,447

The loans to subsidiaries are unsecured, interest-free and with no fixed repayment terms and are intended to be a long-term source of additional capital for the subsidiaries. Settlement of these loans is neither planned nor likely to occur in the foreseeable future. Accordingly, the Manager considers these loans to be part of the Trust's net investment in the subsidiaries and has accounted for these loans in accordance with Note 2.8.

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15. Investments in Subsidiaries (continued)

The Group has the following significant subsidiaries as at 31 March 2019 and 2018 and 1 April 2017:

Name of subsidiary	Principal activities	Country of incorporation	Effective interest held by the Group		
			31 March		1 April
			2019	2018	2017
			%	%	%
Festival Walk (2011) Limited[a]	Property investment	Hong Kong SAR	**100.00**	100.00	100.00
HK Gateway Plaza Company Limited[b]	Property investment	Hong Kong SAR	**100.00**	100.00	100.00
Shanghai Zhan Xiang Real Estate Company Limited[b]	Property investment	China	**100.00**	100.00	100.00
Tsubaki Tokutei Mokuteki Kaisha[c]	Property investment	Japan	**98.47**	–	–

[a] Audited by PricewaterhouseCoopers, Hong Kong
[b] Audited by PricewaterhouseCoopers Zhong Tian, China
[c] Audited by PricewaterhouseCoopers Aarata LLC, Japan

On 25 May 2018, the Group acquired 98.47% interest in Tsubaki Tokutei Mokuteki Kaisha. Accordingly, at the reporting date, the Group only had one subsidiary with non-controlling interest of 1.53%. The non-controlling interest is not material to the Group.

The Group does not have any other subsidiary that has non-controlling interests that are material to the Group. Thus no summarised financial information of subsidiaries with non-controlling interests are being presented.

16. Trade and Other Payables

	Group			MNACT		
	31 March		1 April	**31 March**		1 April
	2019	2018	2017	**2019**	2018	2017
	S$'000	S$'000	S$'000	**S$'000**	S$'000	S$'000
Current						
Trade payables	**851**	445	1,134	**50**	96	76
Accruals	**20,333**	20,094	24,180	**1,814**	1,936	2,328
Amounts due to subsidiaries (non-trade)	**–**	–	–	**55**	54	55
Amounts due to related parties (trade)	**10,749**	9,554	9,271	**7,014**	6,338	5,983
Amount due to a related party (non-trade) (Note 9)	**62**	27	54,437	**62**	27	–
Tenancy deposits and advance rental	**48,434**	45,359	47,428	**–**	–	–
Other deposits	**988**	1,197	1,150	**–**	–	–
Interest payable	**8,285**	8,402	8,598	**–**	–	–
Other payables	**3,479**	2,225	2,395	**–**	–	–
	93,181	87,303	148,593	**8,995**	8,451	8,442
Non-current						
Tenancy deposits and advance rental	**99,687**	60,410	58,558	**–**	–	–
	192,868	147,713	207,151	**8,995**	8,451	8,442

16. **Trade and Other Payables** (continued)

Accruals include accrued operating and capital expenditures.

Included in trade amounts due to related parties are amounts due to the Property Manager of S$3,735,000 (31 March 2018: S$3,215,000, 1 April 2017: S$3,280,000) and the Manager of S$7,014,000 (31 March 2018: S$6,338,000, 1 April 2017: S$5,983,000).

As at 1 April 2017, amount due to a related party (non-trade), Mapletree India China Fund Ltd. ("MICF"), related to a cash receipt of RMB264,860,000, equivalent to S$54,437,000, which was released from the China courts to a subsidiary company HK Gateway Plaza Company Limited ("HKGW"), following the resolution in favour of HKGW of the Litigation Action in the China courts between Beijing Bestride Real Estate Development Co. Ltd. and HKGW. As at 31 March 2018, this amount had been fully paid to MICF.

The non-trade amounts due to subsidiaries and a related party are unsecured, interest-free and repayable on demand.

17. **Borrowings**

	Group		
	31 March		1 April
	2019	2018	2017
	S$'000	S$'000	S$'000
Current			
Bank loans	**192,887**	83,906	163,473
Medium-term notes	**95,018**	–	–
	287,905	83,906	163,473
Non-current			
Bank loans	**1,792,193**	1,578,098	1,667,792
TMK bonds	**77,787**	–	–
Medium-term notes	**719,783**	706,148	733,411
Gross borrowings	**2,877,668**	2,368,152	2,564,676
Less: Unamortised transaction costs	**(9,764)**	(7,067)	(8,520)
Net borrowings	**2,867,904**	2,361,085	2,556,156
Represented by:			
Current position	**287,582**	83,801	163,143
Non-current position	**2,580,322**	2,277,284	2,393,013
Percentage of total borrowings to net asset value	**62.5%**	60.7%	70.3%

The above borrowings are unsecured except for the TMK bonds and certain bank loans amounting to S$450,409,000 (31 March 2018 and 1 April 2017: nil), which are secured over the Japan Properties (Note 13).

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17. Borrowings (continued)

(a) Maturity of borrowings

The bank loans mature between 2020 and 2025 (31 March 2018: 2018 and 2023, 1 April 2017: 2017 and 2021), TMK bonds mature between 2024 and 2025, and medium-term notes mature between 2020 and 2027 (31 March 2018 and 1 April 2017: 2020 and 2023).

(b) Interest rates

The weighted average effective interest rates per annum are as follows:

	31 March		1 April
	2019	2018	2017
	%	%	%
Group			
Bank loans	**2.41**	2.43	2.35
TMK bonds	**0.41**	–	–
Medium-term notes	**3.35**	3.30	3.30

(c) Interest rate risks

The exposure of the borrowings of the Group at the reporting dates (before taking into account the derivatives to swap the floating rates to fixed rates) to interest rate changes and the contractual repricing dates are as follows:

	Variable rates 1 to 6 months S$'000	Fixed rates 1 to 5 years S$'000	Fixed rates more than 5 years S$'000	Total S$'000
Group				
31 March 2019				
Borrowings	**1,977,541**	**94,963**	**795,400**	**2,867,904**
31 March 2018				
Borrowings	1,656,510	92,390	612,185	2,361,085
1 April 2017				
Borrowings	1,824,864	100,414	630,878	2,556,156

(d) Carrying amounts and fair values

The carrying amount of the current and non-current bank loans and TMK bonds, which are at variable market rates, approximate their fair values at the reporting date.

The fair value of the current and non-current fixed-rate medium-term notes of S$821,785,000 (31 March 2018: S$710,772,000, 1 April 2017: S$735,116,000) is determined from adjusted quoted prices and is within Level 2 of the fair value hierarchy.

17. **Borrowings** (continued)

(e) Medium-term notes

In May 2013, the Group established, together with DBS Trustee Limited, in its capacity as Trustee of MNACT ("MNACT Trustee"), a US$1,500,000,000 Euro Medium Term Securities Programme ("MTN Programme") via its subsidiaries, Mapletree North Asia Commercial Trust Treasury Company (S) Pte. Ltd. ("MNACT S-TCo") and Mapletree North Asia Commercial Treasury Company (HKSAR) Limited ("MNACT HK-TCo").

Under the MTN Programme, MNACT Trustee, MNACT S-TCo and MNACT HK-TCo (collectively "the Issuers") may, subject to compliance with all relevant laws, regulations and directives, from time to time issue Medium-term notes or perpetual securities in series or tranches in Singapore Dollars or any other currency.

Each series or tranche of Medium-term notes may be issued in various amounts and tenors, and may bear fixed, floating or variable rates of interest. Hybrid notes or zero coupon notes may also be issued under the MTN Programme.

The Medium-term notes shall constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuers and rank pari passu and without any preference among themselves and equally with all other unsecured obligations of the Issuers, from time to time outstanding. All sums payable in respect of the Medium-term notes will be unconditionally and irrevocably guaranteed by DBS Trustee Limited, in its capacity as Trustee of MNACT.

Total Medium-term notes outstanding as at 31 March 2019 under the MTN Programme was S$814,801,000 (31 March 2018: S$706,148,000, 1 April 2017: S$733,411,000) consisting of:

	Maturity date	Fixed interest rate	Interest payment in arrear	**31 March 2019 '000**	31 March 2018 '000	1 April 2017 '000
(i)	8 September 2021	3.20%	Semi-annually	**S$75,000**	S$75,000	S$75,000
(ii)	11 February 2020	2.80%	Quarterly	**HK$550,000**	HK$550,000	HK$550,000
(iii)	9 March 2022	3.43%	Semi-annually	**S$100,000**	S$100,000	S$100,000
(iv)	9 November 2022	3.96%	Semi-annually	**S$100,000**	S$100,000	S$100,000
(v)	22 March 2023	3.50%	Semi-annually	**S$120,000**	S$120,000	S$120,000
(vi)	20 April 2023	3.25%	Semi-annually	**HK$600,000**	HK$600,000	HK$600,000
(vii)	20 September 2023	3.00%	Semi-annually	**HK$700,000**	HK$700,000	HK$700,000
(viii)	11 March 2027	3.65%	Semi-annually	**HK$580,000**	–	–

(f) TMK Bonds

The TMK bonds of JPY6,390 million as at 31 March 2019 were issued on 22 May 2018, bear floating interest rate of 3 Month JPY Tibor plus spread (0.32% and 0.36%) per annum and mature between 2024 and 2025.

(g) Undrawn committed borrowing facilities

As at 31 March 2019, the Group had unutilised facilities of S$235,872,000 (2018: S$143,942,000) available to meet its future obligations.

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18. Deferred Tax

	Group	
	2019 **S$'000**	2018 S$'000
Beginning of the financial year	**92,329**	71,193
Tax charge to profit or loss (Note 7(a))	**32,452**	17,658
Tax charge to other comprehensive income (Note 7(c))	**(4,959)**	6,751
Translation difference on consolidation	**67**	(3,273)
End of the financial year	**119,889**	92,329

The movement in deferred income tax liabilities prior to offsetting of balances within the same tax jurisdiction is as follows:

	Accelerated tax depreciation S$'000	Change in fair value of investment properties S$'000	Change in fair value of derivative financial instruments S$'000	Unremitted earnings S$'000	Total S$'000
Group					
2019					
Beginning of the financial year	**47,052**	**38,285**	**5,903**	**1,089**	**92,329**
Tax charge to profit or loss (Note 7(a))	**9,186**	**21,534**	**–**	**1,732**	**32,452**
Tax charge to other comprehensive income (Note 7(c))	**–**	**–**	**(4,959)**	**–**	**(4,959)**
Translation difference on consolidation	**1,263**	**(1,153)**	**–**	**(43)**	**67**
End of the financial year	**57,501**	**58,666**	**944**	**2,778**	**119,889**
2018					
Beginning of the financial year	43,810	28,017	(848)	214	71,193
Tax charge to profit or loss (Note 7(a))	7,013	9,784	–	861	17,658
Tax charge to other comprehensive income (Note 7(c))	–	–	6,751	–	6,751
Translation difference on consolidation	(3,771)	484	–	14	(3,273)
End of the financial year	47,052	38,285	5,903	1,089	92,329

19. General Reserve

Shanghai Zhan Xiang Real Estate Company Limited, an entity incorporated in China, is required to transfer 10% of its profits after taxation, as determined under the accounting principles and relevant financial regulations of China, to the general reserve until the reserve balance reaches 50% of registered capital. The transfer to this reserve must be made before distribution of dividends to its shareholders. This general reserve can be used to make good previous years' losses, if any, and may be converted to registered capital in proportion to the existing interests of the shareholders, provided that the balance after such conversion is not less than 25% of the registered capital.

20. Hedging Reserve

	Group			
	2019			2018
	Interest rate risk S$'000	**Interest rate/foreign exchange risk S$'000**	**Total S$'000**	Total S$'000
Beginning of the financial year	**5,718**	**10,286**	**16,004**	15,953
Fair value changes	**(15,139)**	**(17,812)**	**(32,951)**	38,576
Tax charge (Note 7(c))	**1,443**	**3,516**	**4,959**	(6,751)
Reclassification to profit or loss				
– Finance costs (Note 6)	**(550)**	**(5,880)**	**(6,430)**	2,660
– Foreign exchange	**–**	**12,958**	**12,958**	(34,434)
Less: Non-controlling interests	**106**	**–**	**106**	–
End of the financial year	**(8,422)**	**3,068**	**(5,354)**	16,004

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20. Hedging Reserve (continued)

	MNACT	
	2019	2018
	Foreign exchange risk	Total
	S$'000	S$'000
Beginning of the financial year	**850**	327
Fair value changes, net of tax	**(913)**	1,816
Reclassification to profit or loss	**309**	(1,293)
End of the financial year	**246**	850

21. Foreign Currency Translation Reserve

	Group	
	2019	2018
	S$'000	S$'000
Beginning of the financial year	**58,914**	206,136
Translation differences relating to financial statements of foreign subsidiaries and quasi-equity loans	**7,655**	(144,054)
Reclassification to profit or loss	**(3,794)**	(3,168)
Less: Non-controlling interests	**2**	–
End of the financial year	**62,777**	58,914

The foreign currency translation reserve comprises foreign exchange differences arising from the translation of the financial statements of foreign entities and the translation of foreign currency loans used to hedge or form part of the Group's net investments in foreign entities. The Group's foreign currency translation reserve arises from HKD, RMB and JPY.

22. Units in Issue

	Group and MNACT 31 March	
	2019	2018
	'000	'000
Beginning of the financial year	**2,826,268**	2,795,382
Units issued for		
– settlement of Management fees	**30,655**	30,886
– settlement of acquisition fees	**5,367**	–
– private placement	**311,602**	–
End of the financial year	**3,173,892**	2,826,268

22. **Units in Issue** (continued)

(i) During the financial year, MNACT issued, in respect of the payment of Management fees to the Manager and the Property Manager, 30,655,112 (2018: 30,886,272) new units at issue prices ranging from S$1.13 to S$1.16 (2018: S$1.00 to S$1.21) per unit. The issue prices were determined based on the volume weighted average traded price for all trades done on SGX-ST in the ordinary course of trading for the last 10 business days of the relevant quarter in which the management fees accrued.

(ii) 5,366,910 new units (2018: nil) at an issue price of S$1.06 (2018: nil) per unit were issued during the financial year, in respect of the payment of Manager's acquisition fee for the acquisition of the Japan Properties.

(iii) 311,602,000 new units (2018: nil) at an issue price of S$1.06 (2018: nil) per unit were issued during the financial year, in respect of a private placement exercise for the acquisition of the Japan Properties.

Each unit in MNACT represents an undivided interest in MNACT. The rights and interests of Unitholders are contained in the Trust Deed and include the right to:

- Receive income and other distributions attributable to the units held;
- Participate in the termination of MNACT by receiving a share of all net cash proceeds derived from the realisation of the assets of MNACT less any liabilities, in accordance with their proportionate interests in MNACT. However, a Unitholder does not have the right to require that any assets (or part thereof) of MNACT be transferred to him; and
- Attend all Unitholders' meetings. The Trustee or the Manager (and the Manager shall at the request in writing of not less than 50 Unitholders or Unitholders representing not less than 10.0% of the issued units of MNACT) may at any time convene a meeting of Unitholders in accordance with the provisions of the Trust Deed.

The restrictions of a Unitholder include the following:

- A Unitholder's right is limited to the right to require due administration of MNACT in accordance with the provisions of the Trust Deed; and
- A Unitholder has no right to request to redeem his units while the units are listed on SGX-ST.

A Unitholder's liability is limited to the amount paid or payable for any units in MNACT. The provisions of the Trust Deed provide that no Unitholder will be personally liable to indemnify the Trustee or any creditor of the Trustee in the event that the liabilities of MNACT exceed its assets.

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23. Commitments

(a) Capital commitments

Development expenditures contracted for at the reporting date but not recognised in the financial statements amounted to S$1,228,000 (31 March 2018: S$687,000, 1 April 2017: S$1,415,000).

(b) Operating lease commitments – where the Group is a lessor

The Group leases out its investment properties. The future minimum lease receivable under non-cancellable operating leases contracted for at the reporting date but not recognised as receivables, are as follows:

	Group		
	31 March		1 April
	2019	2018	2017
	S$'000	S$'000	S$'000
Not later than 1 year	**325,799**	261,539	255,011
Later than 1 year but not later than 5 years	**640,280**	439,821	440,781
Later than 5 years	**43,067**	21,446	56,869
	1,009,146	722,806	752,661

Some of the operating leases are subject to revision of lease rentals at periodic intervals. For the purpose of the above disclosure, the prevailing lease rentals are used.

The future minimum lease receivables under non-cancellable leases exclude the portion of lease receivables which is computed based on a percentage of the sales achieved by some of the lessees. The contingent lease receivables received during the financial year and recognised in the Group's revenue are disclosed in Note 3.

24. Financial Risk Management

Financial risk factors

The Group's activities expose it to market risk (including currency risk and interest rate risk), credit risk and liquidity risk in the normal course of its business. The Group's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance. The Group uses financial instruments such as currency forwards, interest rate swaps, cross currency interest rate swaps, and foreign currency borrowings to hedge certain financial risk exposures.

The Board of Directors ("BOD") of the Manager is responsible for setting the objectives and underlying principles of financial risk management for the Group. This is supported by comprehensive internal processes and procedures which are formalised in the Manager's organisational and reporting structure, operating manuals and delegation of authority guidelines.

24. Financial Risk Management (continued)

(a) Market risk

(i) Currency risk

The Manager's investment strategy includes investing in the North Asia region. In order to manage the currency risk involved in investing in assets outside Singapore, the Manager adopts strategies that may include:

- the use of foreign currency denominated borrowings to match the currency of the investment asset as a natural currency hedge;
- the use of cross currency interest rate swaps to swap a portion of borrowings and interest in another currency into the currency of the investment asset to reduce the underlying currency exposure on the borrowings and interest; and
- entering into currency forward contracts to hedge the foreign currency income receivable from the offshore assets, back into Singapore Dollars.

The Group's currency exposure is as follows:

	SGD S$'000	HKD S$'000	RMB S$'000	JPY S$'000	USD S$'000	Total S$'000
Group						
31 March 2019						
Financial assets						
Cash and bank balances	**59,325**	**12,591**	**76,781**	**28,641**	**1,495**	**178,833**
Trade and other receivables and other current assets[1]	**471**	**4,638**	**4,181**	**83**	**–**	**9,373**
Derivative financial instruments	**982**	**15,500**	**–**	**261**	**–**	**16,743**
	60,778	**32,729**	**80,962**	**28,985**	**1,495**	**204,949**
Financial liabilities						
Trade and other payables	**(9,374)**	**(93,785)**	**(46,662)**	**(42,743)**	**(304)**	**(192,868)**
Derivative financial instruments	**(737)**	**(10,038)**	**–**	**(7,559)**	**–**	**(18,334)**
Borrowings	**(595,000)**	**(1,672,214)**	**(45,107)**	**(447,091)**	**(108,492)**	**(2,867,904)**
	(605,111)	**(1,776,037)**	**(91,769)**	**(497,393)**	**(108,796)**	**(3,079,106)**
Net financial liabilities	**(544,333)**	**(1,743,308)**	**(10,807)**	**(468,408)**	**(107,301)**	**(2,874,157)**
Less: Net financial (assets)/ liabilities denominated in the respective entities' functional currencies	**(50,727)**	**1,643,695**	**12,485**	**468,409**	**–**	
Currency forwards	**–**	**(61,291)**	**(36,315)**	**(20,795)**	**–**	
Cross currency interest rate swaps#	**595,000**	**100,201**	**–**	**–**	**108,492**	
Net currency exposure	**(60)**	**(60,703)***	**(34,637)***	**(20,794)***	**1,191**	

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24. Financial Risk Management (continued)

(a) Market risk (continued)

(i) *Currency risk* (continued)

	SGD S$'000	HKD S$'000	RMB S$'000	USD S$'000	Total S$'000
Group					
31 March 2018					
Financial assets					
Cash and bank balances	86,857	18,140	71,564	1,420	177,981
Trade and other receivables and other current assets[1]	538	4,808	4,130	4	9,480
Derivative financial instruments	1,093	38,474	–	–	39,567
	88,488	61,422	75,694	1,424	227,028
Financial liabilities					
Trade and other payables	(8,404)	(91,163)	(48,126)	(20)	(147,713)
Derivative financial instruments	(244)	(2,696)	–	–	(2,940)
Borrowings	(395,000)	(1,811,677)	(48,933)	(105,475)	(2,361,085)
	(403,648)	(1,905,536)	(97,059)	(105,495)	(2,511,738)
Net financial liabilities	(315,160)	(1,844,114)	(21,365)	(104,071)	(2,284,710)
Less: Net financial (assets)/ liabilities denominated in the respective entities' functional currencies	(79,877)	1,846,649	21,430	–	
Currency forwards	–	(63,525)	(14,602)	–	
Cross currency interest rate swaps[#]	395,000	–	–	105,471	
Net currency exposure	(37)	(60,990)*	(14,537)*	1,400	
1 April 2017					
Financial assets					
Cash and bank balances	96,476	11,351	125,513	1,517	234,857
Trade and other receivables and other current assets[1]	421	4,648	50,206	–	55,275
Derivative financial instruments	508	7,696	623	–	8,827
	97,405	23,695	176,342	1,517	298,959
Financial liabilities					
Trade and other payables	(8,399)	(100,547)	(98,205)	–	(207,151)
Derivative financial instruments	(181)	(13,777)	–	–	(13,958)
Borrowings	(395,000)	(1,977,018)	(70,485)	(113,653)	(2,556,156)
	(403,580)	(2,091,342)	(168,690)	(113,653)	(2,777,265)
Net financial (liabilities)/assets	(306,175)	(2,067,647)	7,652	(112,136)	(2,478,306)
Less: Net financial (assets)/ liabilities denominated in the respective entities' functional currencies	(88,824)	2,067,880	(7,639)	–	
Currency forwards	–	(52,151)	(14,193)	–	
Cross currency interest rate swaps[#]	395,000	–	–	113,653	
Net currency exposure	1	(51,918)*	(14,180)*	1,517	

[1] Excludes prepayments.

24. Financial Risk Management (continued)

(a) Market risk (continued)

(i) *Currency risk* (continued)

MNACT's currency exposure is as follows:

	SGD S$'000	HKD S$'000	RMB S$'000	JPY S$'000	USD S$'000	Total S$'000
MNACT						
31 March 2019						
Financial assets						
Cash and bank balances	**59,323**	**172**	**1,679**	**1**	**1,487**	**62,662**
Trade and other receivables	**5,192**	**506**	**–**	**–**	**611**	**6,309**
Derivative financial instruments	**982**	**–**	**–**	**–**	**–**	**982**
	65,497	**678**	**1,679**	**1**	**2,098**	**69,953**
Financial liabilities						
Trade and other payables	**(8,995)**	**–**	**–**	**–**	**–**	**(8,995)**
Derivative financial instruments	**(737)**	**–**	**–**	**–**	**–**	**(737)**
	(9,732)	**–**	**–**	**–**	**–**	**(9,732)**
Net financial assets	**55,765**	**678**	**1,679**	**1**	**2,098**	**60,221**
Less: Net financial assets denominated in MNACT's functional currency	**(55,765)**	**–**	**–**	**–**	**–**	
Add: Highly probable forecast transactions	**–**	**61,291**	**36,315**	**20,795**	**–**	
Less: Currency forwards	**–**	**(61,291)**	**(36,315)**	**(20,795)**	**–**	
Net currency exposure	**–**	**678**	**1,679**	**1**	**2,098**	

	SGD S$'000	HKD S$'000	RMB S$'000	USD S$'000	Total S$'000
MNACT					
31 March 2018					
Financial assets					
Cash and bank balances	86,855	2,535	64	1,413	90,867
Trade and other receivables	4,476	492	–	599	5,567
Derivative financial instruments	1,093	–	–	–	1,093
	92,424	3,027	64	2,012	97,527
Financial liabilities					
Trade and other payables	(8,451)	–	–	–	(8,451)
Derivative financial instruments	(244)	–	–	–	(244)
	(8,695)	–	–	–	(8,695)
Net financial assets	83,729	3,027	64	2,012	88,832
Less: Net financial assets denominated in MNACT's functional currency	(83,729)	–	–	–	
Add: Highly probable forecast transactions	–	63,525	14,602	–	
Less: Currency forwards	–	(63,525)	(14,602)	–	
Net currency exposure	–	3,027	64	2,012	

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

24. Financial Risk Management (continued)

(a) Market risk (continued)

(i) ***Currency risk*** (continued)

	SGD S$'000	HKD S$'000	RMB S$'000	USD S$'000	Total S$'000
MNACT					
1 April 2017					
Financial assets					
Cash and bank balances	96,475	233	13	123	96,844
Trade and other receivables	4,169	228	–	639	5,036
Derivative financial instruments	508	–	–	–	508
	101,152	461	13	762	102,388
Financial liabilities					
Trade and other payables	(8,442)	–	–	–	(8,442)
Derivative financial instruments	(181)	–	–	–	(181)
	(8,623)	–	–	–	(8,623)
Net financial assets	92,529	461	13	762	93,765
Less: Net financial assets denominated in MNACT's functional currency	(92,529)	–	–	–	
Add: Highly probable forecast transactions	–	52,151	14,193	–	
Less: Currency forwards	–	(52,151)	(14,193)	–	
Net currency exposure	–	461	13	762	

At 31 March 2019, the Group had cross currency interest rate swaps to swap S$395.0 million (31 March 2018 and 1 April 2017: S$395.0 million) Medium-term notes to HK$2,270.0 million (31 March 2018 and 1 April 2017: HK$2,270.0 million), and US$80.0 million (31 March 2018 and 1 April 2017: US$80.0 million) bank loan to HK$623.2 million (31 March 2018 and 1 April 2017: HK$623.2 million), S$200.0 million bank loan to JPY16,460.0 million and HK$580.0 million Medium-term note to JPY8,281.8 million.

* Net currency exposure of S$60.7 million, S$34.6 million and S$20.8 million (31 March 2018: S$61.0 million, S$14.5 million and nil, 1 April 2017: S$51.9 million, S$14.2 million and nil) for HKD, RMB and JPY respectively mainly relates to currency forward contracts entered into to hedge future foreign currency income receivable from its foreign subsidiaries in FY2019/2020 (31 March 2018: FY2018/2019, 1 April 2017: FY2017/2018), back into SGD.

24. **Financial Risk Management** (continued)

(a) **Market risk** (continued)

(i) ***Currency risk*** (continued)

The Group's main foreign currency exposure is in HKD, RMB and JPY. If the HKD, RMB and JPY change against the SGD by 5% (2018: 5.0%) with all other variables including tax being held constant, the effects on profit after tax and Unitholders' funds for the year arising from the net financial asset/liability position will be as follows:

	Group Increase/(Decrease)		
	31 March		1 April
	2019 S$'000	2018 S$'000	2017 S$'000
HKD against SGD			
– strengthened	**(3,035)**	(3,049)	(2,596)
– weakened	**3,035**	3,049	2,596
RMB against SGD			
– strengthened	**(1,732)**	(727)	(709)
– weakened	**1,732**	727	709
JPY against SGD			
– strengthened	**(1,040)**	–	–
– weakened	**1,040**	–	–

MNACT's foreign currency exposure is not significant.

(ii) ***Cash flow and fair value interest rate risk***

The Group's exposure to changes in interest rates relates primarily to interest-earning financial assets and interest-bearing financial liabilities. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Group has no significant interest-bearing assets.

The Group's policy is to maintain at least 50% of its borrowings in fixed-rate instruments. The Group's exposure to cash flow interest rate risks arises mainly from variable-rate borrowings. The Manager manages these cash flow interest rate risks using floating-to-fixed interest rate swaps and cross currency interest rate swaps.

For variable rate financial liabilities and interest rate derivative instruments used for hedging, it is estimated that an increase of 50 basis point (2018: 50 basis point) per annum would lead to a reduction in the Unitholders' funds (including hedging reserve) of S$18,202,000 (2018: S$7,081,000). A decrease in 50 basis point in interest rate would have an equal but opposite effect. This analysis assumes that all other variables, in particular foreign currency rates, remain constant, and has not taken into account the effects of qualifying borrowing costs allowed for capitalisation, the associated tax effects and share of non-controlling interests.

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24. Financial Risk Management (continued)

(b) Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the Group, as and when they fall due.

The Manager has established credit limits for customers and monitors their balances on an ongoing basis. Credit evaluations are performed by the Manager before lease agreements are entered into with customers. The risk is also mitigated due to customers placing security deposits or furnishing bankers guarantees for lease rentals. Cash and short-term bank deposits are placed with financial institutions which are regulated.

At the reporting date, there was no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying value of each financial asset in the Statements of Financial Position.

The Group's and MNACT's major classes of financial assets are cash and bank balances and trade and other receivables.

The credit risk for trade receivables is as follows:

	Group			MNACT		
	31 March		1 April	31 March		1 April
	2019	2018	2017	**2019**	2018	2017
	S$'000	S$'000	S$'000	**S$'000**	S$'000	S$'000
By geographical areas						
Singapore	**395**	395	366	**395**	395	366
Hong Kong SAR	**445**	256	585	**–**	–	–
China	**156**	156	43,977	**–**	–	–
	996	807	44,928	**395**	395	366

(i) *Financial assets that are neither past due nor impaired*

Bank deposits that are neither past due nor impaired are mainly deposits with banks which are regulated and with high credit-ratings assigned by international credit-rating agencies. Trade and other receivables that are neither past due nor impaired are substantially from companies with a good collection track record with the Group.

24. Financial Risk Management (continued)

(b) Credit risk (continued)

(ii) Financial assets that are past due and/or impaired

There is no other class of financial assets that is past due and/or impaired except for trade receivables.

The age analysis of trade receivables past due but not impaired is as follows:

	Group			MNACT		
	31 March		1 April	31 March		1 April
	2019	2018	2017	**2019**	2018	2017
	S$'000	S$'000	S$'000	**S$'000**	S$'000	S$'000
Past due 0 to 3 months	**500**	345	12,776	**–**	–	–
Past due 3 to 6 months	**81**	7	27,379	**–**	–	–
Past due over 6 months	**7**	9	1,099	**–**	–	–
	588	361	41,254	**–**	–	–

Trade receivables as at 1 April 2017 mainly related to rentals outstanding due to clarifications pending on the value added tax implementation at Gateway Plaza. Clarification from the local tax authorities had since been obtained and outstanding rentals collected during the financial year ended 31 March 2018.

Management assessed that no allowance for impairment is required in respect of trade receivables in the view of the Group's credit management policy, where the outstanding account receivables balances can be offset by tenancy deposits in the event of default. Hence, the expected credit losses for the Group is not material.

There were no allowances for impairment provided based on the collection trend in the last 3 financial years. MNACT will monitor the current approach of recognising impairment allowances based on lifetime expected losses i.e. credit loss expected over the life of the receivables and adjusted for current and forward-looking estimates. In general, the Group's provisioning policy under SFRS(I) does not differ from existing practice under SFRS due to the ageing profile of its receivables.

As at 31 March 2019, 31 March 2018 and 1 April 2017, the Group and MNACT had no trade receivables which it determined to be impaired and there are no allowances for impairment provided for.

(c) Liquidity risk

The Manager monitors and maintains a sufficient level of cash, bank balances and adequate committed credit facilities, as part of the Manager's prudent liquidity risk management. As at 31 March 2019, the Group has undrawn committed borrowing facilities of S$235,872,000 (2018: S$143,942,000) and untapped balance of S$1,219,373,000 (2018: S$1,271,434,000) from the MTN Programme to meet operational expenses and the servicing of financial obligations.

The Manager also monitors and observes the CCIS issued by the MAS concerning the leverage limit as well as bank covenants imposed by the banks on the various borrowings.

The table below analyses the maturity profile of the Group's and MNACT's financial liabilities (including derivative financial liabilities) based on contractual undiscounted cash flows.

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24. Financial Risk Management (continued)

(c) Liquidity risk (continued)

	Less than 1 year S$'000	Between 1 and 2 years S$'000	Between 2 and 5 years S$'000	Over 5 years S$'000
Group				
31 March 2019				
Derivative financial instruments:				
Net-settled interest rate swaps				
– Net payments	**(4,323)**	**(2,783)**	**(4,017)**	**(782)**
Gross-settled cross currency interest rate swaps				
– Receipts	**8,380**	**8,357**	**13,782**	**–**
– Payments	**(4,039)**	**(4,028)**	**(3,752)**	**–**
Gross-settled currency forwards				
– Receipts	**38,168**	**–**	**–**	**–**
– Payments	**(38,905)**	**–**	**–**	**–**
Trade and other payables	**(93,181)**	**(25,114)**	**(42,048)**	**(32,525)**
Borrowings	**(362,681)**	**(274,925)**	**(1,936,424)**	**(562,647)**
	(456,581)	**(298,493)**	**(1,972,459)**	**(595,954)**
31 March 2018				
Derivative financial instruments:				
Net-settled interest rate swaps				
– Net payments	(392)	(393)	(9)	–
Gross-settled cross currency interest rate swaps				
– Receipts	2,393	2,400	3,452	–
– Payments	(2,784)	(2,791)	(4,015)	–
Gross-settled currency forwards				
– Receipts	26,895	–	–	–
– Payments	(29,418)	–	–	–
Trade and other payables	(87,303)	(22,463)	(32,685)	(5,262)
Borrowings	(147,582)	(441,169)	(1,683,379)	(321,820)
	(238,191)	(464,416)	(1,716,636)	(327,082)
1 April 2017				
Derivative financial instruments:				
Net-settled interest rate swaps				
– Net payments	(1,648)	(1,613)	(1,008)	–
Gross-settled cross currency interest rate swaps				
– Receipts	12,611	12,611	30,979	4,085
– Payments	(13,702)	(13,702)	(32,916)	(4,084)
Gross-settled currency forwards				
– Receipts	23,903	–	–	–
– Payments	(24,084)	–	–	–
Trade and other payables	(148,593)	(23,749)	(31,659)	(3,150)
Borrowings	(229,895)	(447,894)	(1,669,193)	(473,746)
	(381,408)	(474,347)	(1,703,797)	(476,895)

24. Financial Risk Management (continued)

(c) Liquidity risk (continued)

	Less than 1 year S$'000	Between 1 and 2 years S$'000	Between 2 and 5 years S$'000	Over 5 years S$'000
MNACT				
31 March 2019				
Derivative financial instruments:				
Gross-settled currency forwards				
– Receipts	**38,168**	**–**	**–**	**–**
– Payments	**(38,905)**	**–**	**–**	**–**
Trade and other payables	**(8,995)**	**–**	**–**	**–**
	(9,732)	**–**	**–**	**–**
31 March 2018				
Derivative financial instruments:				
Gross-settled currency forwards				
– Receipts	26,895	–	–	–
– Payments	(29,418)	–	–	–
Trade and other payables	(8,451)	–	–	–
	(10,974)	–	–	–
1 April 2017				
Derivative financial instruments:				
Gross-settled currency forwards				
– Receipts	23,903	–	–	–
– Payments	(24,084)	–	–	–
Trade and other payables	(8,442)	–	–	–
	(8,623)	–	–	–

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

24. Financial Risk Management (continued)

(d) Capital management

The primary objective of the Manager's capital management is to ensure it maintains an optimal capital structure within the borrowing limit set out in the CCIS issued by the MAS. The Manager seeks to maintain an optimal capital structure to balance the cost of capital and the returns to Unitholders. There were no changes to the Manager's approach to capital management during the financial year.

The Group is subject to the aggregate leverage limit as defined in Appendix 6 of the CCIS ("Property Funds Appendix"). The Property Funds Appendix stipulates that the total borrowings and deferred payments (collectively, the "Aggregate Leverage") of a property fund should not exceed 45.0% of the fund's deposited property. The Group has complied with the Aggregate Leverage requirement for the financial years ended 31 March 2019 and 31 March 2018.

The aggregate leverage ratio is calculated as total borrowings divided by total assets.

	Group		
	31 March		1 April
	2019 **S$'000**	2018 S$'000	2017 S$'000
Total borrowings	**2,861,057***	2,361,085	2,556,156
Total assets	**7,808,082***	6,522,749	6,528,920
Aggregate leverage ratio	**36.6%**	36.2%	39.2%

* Excludes share attributable to non-controlling interests.

The Group and MNACT are in compliance with the borrowing limit requirement imposed by the CCIS and all externally imposed capital requirements for the financial years ended 31 March 2019 and 31 March 2018.

(e) Fair value measurements

The following table presents derivative financial instruments measured and carried at fair value at reporting dates and classified by level of the following fair value measurement hierarchy:

(i) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

(ii) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

24. Financial Risk Management (continued)

(e) Fair value measurements (continued)

(iii) Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Group			MNACT		
	31 March		1 April	31 March		1 April
	2019	2018	2017	**2019**	2018	2017
	S$'000	S$'000	S$'000	**S$'000**	S$'000	S$'000
Level 2						
Assets						
Derivative financial instruments	**16,743**	39,567	8,827	**982**	1,093	508
Liabilities						
Derivative financial instruments	**(18,334)**	(2,940)	(13,958)	**(737)**	(244)	(181)

The fair values of derivative financial instruments that are not traded in an active market (for example, over-the-counter derivatives) are determined by using valuation techniques. The fair values of currency forwards are determined using banks' quoted forward rates and foreign exchange spot rates at the reporting date. The fair values of interest rate swaps and cross currency interest rate swaps are calculated as the present value of the estimated future cash flows, using assumptions based on market conditions existing at the reporting date.

The carrying value of cash and bank balances, trade and other receivables, other current assets and trade and other payables approximate their fair values. The fair value of borrowings approximates their carrying amounts as the interest rates of such loans are adjusted for changes in relevant market interest rate except for non-current fixed rate borrowings as disclosed in Note 17(d).

(f) Categories of financial assets and financial liabilities

The following table sets out the different categories of financial instruments as at the reporting date:

	Group			MNACT		
	31 March		1 April	31 March		1 April
	2019	2018	2017	**2019**	2018	2017
	S$'000	S$'000	S$'000	**S$'000**	S$'000	S$'000
Financial derivative assets at fair value through profit or loss	**16,743**	39,567	8,827	**982**	1,093	508
Financial derivative liabilities at fair value through profit or loss	**(18,334)**	(2,940)	(13,958)	**(737)**	(244)	(181)
Loans and receivables[1]	**–**	187,461	290,132	**–**	96,434	101,880
Financial assets at amortised cost[1]	**188,206**	–	–	**68,971**	–	–
Financial liabilities at amortised cost	**(3,060,772)**	(2,508,798)	(2,763,307)	**(8,995)**	(8,451)	(8,442)

[1] Excludes prepayments.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

25. Parent and Ultimate Parent

For financial reporting purposes under SFRS(I) 10 *Consolidated Financial Statements*, the Group is regarded as a subsidiary of Mapletree Investments Pte Ltd., incorporated in Singapore. The ultimate parent is Temasek Holdings (Private) Limited, incorporated in Singapore.

26. Significant Related Party Transactions

For the purposes of these financial statements, parties are considered to be related to the Group when the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common significant influence. Related parties may be individuals or other entities. The Manager and the Property Manager are indirect wholly-owned subsidiaries of the parent.

During the financial year, other than those disclosed elsewhere in the financial statements, the following significant related party transactions took place at terms agreed between the parties as follows:

	Group		MNACT	
	2019	2018	**2019**	2018
	S$'000	S$'000	**S$'000**	S$'000
Manager's management fees paid/payable	**23,092**	22,048	**23,092**	22,048
Japan asset management fee	**2,846**	–	**–**	–
Property Manager's management fees paid/payable	**15,360**	13,458	**–**	–
Acquisition fees paid	**5,689**	–	**5,689**	–
Lease rental received/receivable	**22,452**	18,807	**–**	–
Project management fee paid/payable	**–**	202	**–**	–
Property management reimbursements	**9,613**	9,279	**–**	–
Interest expense and financing fees paid/payable	**10,608**	9,946	**–**	–
Subscription of MNACT's units by a related party	**2,968**	–	**2,968**	–

27. Segment Information

The Group has determined the operating segments based on the reports reviewed by Management that are used to make strategic decisions. Management comprises the Chief Executive Officer and the Chief Financial Officer.

Management considers the business from a geographic segment perspective. Geographically, Management manages and monitors the business in North Asia, primarily in Hong Kong SAR, in China and in Japan. The Group is in the business of investing, directly or indirectly, in a diversified portfolio of income-producing real estate in the North Asia region which is used primarily for commercial purposes (including real estate used predominantly for retail and/or office purposes), as well as real estate-related assets.

Management assesses the performance of the geographic segments based on a measure of Net Property Income ("NPI"). Interest income and finance costs are not allocated to segments, as the treasury activities are centrally managed by the Group.

27. Segment Information (continued)

The segment information provided to Management for the reportable segments for the financial year ended 31 March 2019 is as follows:

	Hong Kong SAR S$'000	China S$'000	Japan S$'000	Others* S$'000	Total S$'000
Gross revenue	**253,996**	**112,241**	**42,450**	**–**	**408,687**
Net property income	**203,985**	**92,397**	**32,648**	**–**	**329,030**
Interest income					**1,898**
Manager's management fees					**(25,938)**
Trustee's fee					**(737)**
Other trust expenses					**(1,495)**
Net foreign exchange gain					**2,792**
Finance costs					**(74,264)**
Net change in fair value of financial derivatives					**(604)**
Net change in fair value of investment properties	**326,796**	**133,637**	**4,719**	**–**	**465,152**
Profit before income tax					**695,834**
Income tax expenses					**(61,422)**
Profit after income tax					**634,412**
Other segment items					
Capital expenditure					
– Investment properties@	**3,440**	**(331)**	**290**	**–**	**3,399**
– Plant and equipment	**1,429**	**–**	**–**	**–**	**1,429**
	4,869	**(331)**	**290**	**–**	**4,828**
Segment assets					
– Investment properties#	**4,966,850**	**1,859,835**	**782,858**	**–**	**7,609,543**
– Other segment assets	**21,094**	**80,937**	**28,917**	**63,132**	**194,080**
	4,987,944	**1,940,772**	**811,775**	**63,132**	**7,803,623**
Derivative financial instruments					**16,743**
Consolidated total assets					**7,820,366**
Segment liabilities					
– Trade and other payables	**94,088**	**46,663**	**42,743**	**9,374**	**192,868**
– Current income tax liabilities					**31,216**
– Deferred tax liabilities					**119,889**
					343,973
Borrowings and Derivative financial instruments					**2,886,238**
Consolidated total liabilities					**3,230,211**

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

27. Segment Information (continued)

The segment information provided to Management for the reportable segments for the financial year ended 31 March 2018 is as follows:

	Hong Kong SAR S$'000	China S$'000	Others* S$'000	Total S$'000
Gross revenue	246,076	108,954	–	355,030
Net property income	197,396	89,754	–	287,150
Interest income				1,996
Manager's management fees				(22,048)
Trustee's fee				(651)
Other trust expenses				(1,469)
Net foreign exchange gain				5,317
Finance costs				(69,687)
Net change in fair value of financial derivatives				522
Net change in fair value of investment properties	338,449	78,673	–	417,122
Profit before income tax				618,252
Income tax expenses				(43,911)
Profit after income tax				574,341
Other segment items				
Capital expenditure				
– Investment properties@	4,637	314	–	4,951
– Plant and equipment	1,629	–	–	1,629
	6,266	314	–	6,580
Segment assets				
– Investment properties#	4,514,220	1,777,787	–	6,292,007
– Other segment assets	23,935	75,831	91,409	191,175
	4,538,155	1,853,618	91,409	6,483,182
Derivative financial instruments				39,567
Consolidated total assets				6,522,749
Segment liabilities				
– Trade and other payables	91,182	48,125	8,406	147,713
– Current income tax liabilities				29,930
– Deferred tax liabilities				92,329
				269,972
Borrowings and Derivative financial instruments				2,364,025
Consolidated total liabilities				2,633,997

* Others segment comprises MNACT and a subsidiary, which are not reportable segments individually.
\# Investment properties contribute significantly to total non-current assets.
@ Included in additions are capitalised expenditure and amortisation of capitalised expenditure during the financial year.

The Group provides a single product/service - commercial business.

28. Financial Ratios

	Group	
	2019	2018
	%	%
Ratio of expenses to weighted average net assets[1]		
– including performance component of Manager's management fees	**0.67**	0.68
– excluding performance component of Manager's management fees	**0.64**	0.66
Ratio of total operating expenses to net asset value[2]	**2.35**	2.37
Portfolio turnover ratio[3]	**–**	–

[1] The ratios are computed in accordance with the guidelines of Investment Management Association of Singapore. The expenses used in the computation relate to expenses of the Group, excluding property expenses, finance costs, foreign exchange gain/(loss) and income tax expenses.

[2] The ratio is computed based on the total property expenses, which include fees and charges paid/payable to interested persons, Manager's management fees, trustee's fee and other trust expenses amounting to S$107,827,000 (2018: S$92,048,000) for the financial year and as a percentage of net asset value at the reporting date.

[3] In accordance with the formulae stated in the CCIS, the ratio reflects the number of times per year that a dollar of assets is reinvested. The ratio is computed based on the lesser of purchases or sales of underlying investment properties of the Group expressed as a percentage of daily average net asset value.

29. Events Occurring After Reporting Date

The Manager announced a distribution of 1.956 cents per unit, which amounts to S$62,081,000, for the period from 1 January 2019 to 31 March 2019.

30. New or Amended Accounting Standards and Interpretations Effective for Future Financial Periods

Several new or amended standards and interpretations to existing standards are effective for annual periods beginning on or after 1 April 2019, and have not been applied in the preparation of the Group financial statements for the financial year ended 31 March 2019.

The new or amended standards and interpretations which are relevant for the Group are listed below, and the Group plans to adopt these standards and interpretations on the required effective date. These standards are not expected to have any significant effect on the financial statements of the Group.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

30. New or Amended Accounting Standards and Interpretations Effective for Future Financial Periods (continued)

SFRS(I)	Title	Effective date (annual periods beginning on or after)
SFRS(I) 16	Leases	1 April 2019
Amendments to SFRS(I) 3	Business Combinations	1 April 2020

SFRS(I) 16 *Leases*

SFRS(I) 16 will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not change significantly.

The Group plans to adopt the new standard using the full retrospective approach which means that the cumulative impact of the adoption will be recognised in the opening Unitholders' funds at 1 April 2019 and comparative information for 2019 will be restated. The Group does not expect any significant impact on the financial statements arising from the adoption of this standard.

Amendments to SFRS(I) 3 *Business Combinations*

The amendments provide new guidance on the assessment of whether an acquisition meets the definition of a business under SFRS(I) 3. To be considered a business, an acquisition would have to include an output and a substantive process that together significantly contribute to the ability to create outputs. A framework is introduced to evaluate when an input and substantive process are present. To be a business without outputs, there will now need to be an organised workforce.

The definition of the term 'outputs' is narrowed to focus on goods and services provided to customers, generating investment income and other income, and it excludes returns in the form of lower costs and other economic benefits. It is also no longer necessary to assess whether market participants are capable of replacing missing elements or integrating the acquired activities and assets.

Entities can apply a 'concentration test' that, if met, eliminates the need for further assessment. Under this optional test, where substantially all of the fair value of gross assets acquired is concentrated in a single asset (or a group of similar assets), the assets acquired would not represent a business.

These amendments are applied to business combinations and assets acquisitions with acquisition date on or after 1 April 2020. Early application is permitted. The Group does not expect any significant impact from applying these amendments.

31. Authorisation of the Financial Statements

The financial statements were authorised for issue by the Manager and the Trustee on 6 May 2019.

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