

For Immediate Release

MNACT Delivers Steady DPU of 1.937 cents for 2Q FY19/20

25 October 2019 – Mapletree North Asia Commercial Trust Management Ltd. (“MNACTM” or the “Manager”), the Manager of Mapletree North Asia Commercial Trust (“MNACT”), announced today a distribution per unit (“DPU”) of 1.937 cents for the period from 1 July 2019 to 30 September 2019 (“2Q FY19/20”), up 0.6% year-on-year. This brings the DPU for the six-month period from 1 April 2019 to 30 September 2019 (“1H FY19/20”) to 3.887 cents, 2.1% higher compared to the same period last year (“1H FY18/19”).

Financial Highlights	1H FY19/20	1H FY18/19	Variance %	2Q FY19/20	2Q FY18/19	Variance %
Gross Revenue ¹ (S\$'000)	210,394	199,022	5.7	105,503	104,604	0.9
Net Property Income (S\$'000)	169,794	160,434	5.8	84,748	83,641	1.3
Distributable Income (S\$'000)	123,788	117,589	5.3	61,743	60,846	1.5
DPU ² (cents)	3.887	3.807	2.1	1.937	1.926	0.6
Annualised Distribution Yield ³	5.9%	6.6%	(10.6)	5.8%	6.7%	(13.2)
Closing Unit Price for period	S\$1.320	S\$1.140	15.8	S\$1.320	S\$1.140	15.8

Gross revenue for 2Q FY19/20 was S\$105.5 million, 0.9% higher than the same quarter last year (“2Q FY18/19”), while net property income (“NPI”) increased 1.3% to S\$84.7 million. The year-on-year increases were mainly due to higher rental income from Festival Walk and the higher average rate of HKD and JPY, partially offset by the lower average rate of RMB.

For 1H FY19/20, gross revenue grew 5.7% to S\$210.4 million while net property income was 5.8% higher at S\$169.8 million. The Japan Properties, following the completion of acquisition on 25 May 2018, also contributed a full six-month period to MNACT’s income stream for 1H FY19/20.

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

² DPU for 2Q is calculated based on the income available for distribution for 2Q over the number of units in issue as at the end of the period of 3,187,863,049 (2Q FY18/19: 3,158,922,006) units. The number of units in issue as at the end of 2Q does not include the payment of Manager’s base fee, and the property manager’s management fees (collectively known as “Fees”) in units of 6,480,105 for 2Q FY19/20 (2Q FY18/19: 7,540,036). The units for payment of Fees for 2Q FY19/20, to be issued in November 2019, will be included in the computation of the DPU payable for 3Q of FY19/20.

³ Defined as annualised distributable income over number of units in issue at the end of the respective period, and divided by the closing unit price for the period.

Ms. Cindy Chow, Chief Executive Officer of the Manager, said, “Amidst the uncertainties in the market and protests in Hong Kong SAR¹, we have maintained our focus on portfolio resilience, and achieved steady distributions for Unitholders. We will continue to manage the uncertainties, execute active asset management, and actively pursue acquisition of quality and DPU-accretive assets in China and Japan to grow the portfolio and to provide diversified and sustainable income streams.”

Portfolio Update

Portfolio Update by Asset	Festival Walk	Gateway Plaza	Sandhill Plaza	Japan Properties ^a
Average rental reversion ² for leases that expired (and were renewed or re-let) by 30 September 2019	12% - Retail 6% - Office	- 4% ^b	10%	6% ^c
Committed occupancy level as of 30 September 2019	Portfolio level: 98.9%			
	100%	96.5%	99.3%	100.0%
Percentage of leases (by lettable area) with expiries in FY19/20 that were renewed or re-let as of 30 September 2019	Portfolio level: 50%			
	85%	53%	31%	19%

^a The operational performance of the Japan Properties is reported on a portfolio basis.

^b The rental reversion for Gateway Plaza relates to nine leases that expired in 1H FY19/20. Assuming a full year-to-date contribution, these leases would have constituted approximately 1% of MNACT portfolio's gross rental income for 1H FY19/20.

^c The rental reversion for the Japan Properties was contributed by five leases that expired in 1H FY19/20.

Update on Festival Walk

Festival Walk continued to deliver a stable performance in 1H FY19/20. Gross revenue and NPI for 1H FY19/20 increased by 4.2% and 4.3% respectively as compared with the previous corresponding period. Leasing demand for Festival Walk remained steady, supporting the mall's full occupancy and positive average rental reversion. During the quarter, ba&sh (*apparel*), BEE CHENG HIANG (*F&B pop-up store*), CHICKEEDUCK (*kidswear*) and OTO (*health & wellness*) were among the new tenants that opened in the mall.

To draw footfall and encourage retail sales, events and promotions including the “*Festival Walk's Autumn Shopping Rewards*” and the “*Snoopy Space Adventure*” were held during the quarter. However, amid the challenging and uncertain retail environment in Hong Kong SAR, tenants' sales and shopper traffic for Festival Walk registered a decrease of 6.6% and 3.6% respectively from 1 April 2019 to 30 September 2019 over the same period last year.

¹ Hong Kong SAR refers to the Hong Kong Special Administrative Region (“SAR”).

² 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).

Office Properties in Beijing, Shanghai and Greater Tokyo

In Beijing, concerns on the escalating trade tensions and the slowing global economy have contributed to weaker office leasing sentiments. Gross revenue and NPI for Gateway Plaza for the first six months of FY19/20 were 4.1% and 3.6% lower respectively as compared to 1H FY18/19 mainly due to a lower average rate of RMB against SGD, and a lower average rental rate.

For Sandhill Plaza, while the average rental rate during 1H FY19/20 increased compared to 1H FY18/19, the weaker average rate of RMB against SGD resulted in a slight decrease in gross revenue and NPI by 1.3% and 0.3% respectively in 1H FY19/20 compared to 1H FY18/19.

The Japan Properties continued to diversify the earnings of MNACT's portfolio, adding S\$25.6 million and S\$19.8 million to gross revenue and NPI respectively for 1H FY19/20, compared to S\$17.5 million and S\$13.4 million for 1H FY18/19 gross revenue and NPI respectively. The growth in gross revenue and NPI was underpinned by the full six-month contribution from the Japan Properties, and a higher average rate of JPY against SGD.

Capital Management

The Manager continues its prudent capital management strategy to mitigate the impact of foreign exchange and interest rate exposures, and maintain a well-staggered debt maturity profile. As of 30 September 2019, approximately 89% of MNACT's interest cost has been hedged into fixed rates, while about 81% of MNACT's expected distributable income for FY19/20 has been hedged into SGD.

As of 30 September 2019, aggregate leverage ratio was slightly higher at 37.1% (31 March 2019: 36.6%), while the interest cover ratio for 2Q FY19/20 was slightly lower at 4.2 times, compared to 4.4 times for 1Q FY19/20. MNACT's average term to maturity was 3.21 years as of 30 September 2019 (31 March 2019: 3.70 years).

The annualised effective interest rate for 2Q FY19/20 was slightly higher at 2.49% per annum (1Q FY19/20: 2.43% per annum). However, the finance costs in 2Q FY19/20 was lower compared to 2Q FY18/19 due to interest savings from the refinancing of borrowings and partially offset by the higher interest rate on floating debt.

Distribution to Unitholders

MNACT's distribution policy is to distribute at least 90.0% of its distributable income on a quarterly basis. Unitholders will receive a distribution of 1.937 cents per unit (being 100% of MNACT's distributable income for the period) on Friday, 22 November 2019 for the period from 1 July 2019 to 30 September 2019. The closure of MNACT's Transfer Books and Register of Unitholders is on Tuesday, 5 November 2019 at 5.00pm.

Outlook

Based on International Monetary Fund's "*World Economic Outlook*" Update published in October 2019, global economic growth is expected to ease to 3.0% in 2019 from 3.6% in 2018, amid US-China trade tensions and heightened uncertainties.

For Hong Kong SAR, overall retail sales from April 2019 to August 2019¹ contracted by 9.3%, as the weaker economic conditions and protests, which started in the middle of June 2019, continued to dampen consumer sentiments². Festival Walk has maintained full occupancy and achieved positive average rental reversion for leases renewed for 1H FY19/20. However, with the ongoing uncertainties, Festival Walk's near-term outlook is expected to remain subdued.

In Beijing³, macroeconomic headwinds and availability of new office supply are expected to weigh on overall leasing momentum, putting downward pressure on both rental and occupancy levels at Gateway Plaza. For Shanghai⁴, demand for business park space remains relatively resilient, supported by cost-sensitive occupiers, and new media and information technology firms. Sandhill Plaza is expected to maintain a steady performance.

The Tokyo office market⁵ is expected to remain positive, underpinned by low vacancy rates. The Japan Properties, with long average lease expiry periods and high average occupancy rates, are expected to continue to contribute to the stability of MNACT's portfolio.

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¹ Hong Kong Census and Statistics Department's "*Report on Monthly Survey of Retail Sales for August 2019*". Hong Kong SAR's retail sales figures for September 2019 have not been published as of 25 October 2019.

² CBRE Marketview, Hong Kong Retail (2Q 2019).

³ Savills Research, Beijing Office (July 2019).

⁴ Colliers International, Shanghai Property Market 2019 H1 Review and H2 Outlook (July 2019).

⁵ Colliers International, Tokyo Office Market 2019 H1 Review and H2 Outlook (July 2019).

About Mapletree North Asia Commercial Trust

Listed on the Singapore Exchange Securities Trading Limited ("SGX-ST") on 7 March 2013, Mapletree North Asia Commercial Trust ("MNACT") is the first real estate investment trust ("REIT") that offers investors the opportunity to invest in best-in-class commercial properties situated in prime locations in China, in Hong Kong SAR and in Japan.

MNACT consists of nine properties in China, in Hong Kong SAR and in Japan:

- Beijing, China: Gateway Plaza, a premier Grade-A office building with a podium area;
- Hong Kong SAR: Festival Walk, a landmark territorial retail mall with an office component;
- Shanghai, China: Sandhill Plaza, a premium quality business park development situated in Zhangjiang Hi-tech Park, Pudong; and
- Japan: 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 known as the "Japan Properties").

The nine properties cover a lettable area of approximately 4.2 million square feet, with a total book value of S\$7.7 billion as of 30 September 2019.

MNACT is managed by Mapletree North Asia Commercial Trust Management Ltd., a wholly owned subsidiary of Mapletree Investments Pte Ltd. For more information, please visit www.mapletreenorthasiacommercialtrust.com.

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Investors have no right to request the Manager to redeem their Units while the Units are listed. It is intended that Unitholders of MNACT may only deal in their Units through trading on SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

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