
MAPLETREE NORTH ASIA COMMERCIAL TRUST UNAUDITED FINANCIAL STATEMENTS FOR THE FIRST QUARTER FY18/19 AND DISTRIBUTION ANNOUNCEMENT

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MAPLETREE NORTH ASIA COMMERCIAL TRUST UNAUDITED FINANCIAL STATEMENTS FOR THE FIRST QUARTER FY18/19 AND DISTRIBUTION ANNOUNCEMENT

Summary Results of Mapletree North Asia Commercial Trust ("MNACT") Group

	1Q FY18/19¹	1Q FY17/18²	Variance%
Gross revenue (S\$'000)	94,418	88,903	6.2
Net property income (S\$'000)	76,793	71,978	6.7
Distributable income (S\$'000)	56,743 ³	51,911	9.3
Distribution per unit (cents)	1.881	1.851	1.6

The distribution per unit ("DPU") for 1Q FY18/19 comprised:

Distribution per unit ("DPU") (cents)	DPU (cents)	No of units for the period
Advanced distribution for the period from 1 April 2018 to 7 May 2018 (paid on 25 May 2018)	0.764	2,826,267,943
Available distribution for the period from 8 May 2018 to 30 June 2018 (payable on 29 August 2018)	1.117	3,146,007,149 ⁴

¹ Period from 1 April 2018 to 30 June 2018 ("1Q FY18/19")

² Period from 1 April 2017 to 30 June 2017 ("1Q FY17/18")

³ Of the distributable income, an advanced distribution of S\$21.6 million (equivalent to 0.764 cents per unit) was paid on 25 May 2018.

⁴ The number of units in issue as at the end of 1Q does not include the payment of Manager's base fee and the property manager's management fees (collectively known as "Fees") in units of 7,547,947 for 1Q FY18/19 and the payment of acquisition fee⁵ in units of approximately 5,366,910. The units for payment of Fees for 1Q and units for acquisition fee will be issued in August 2018, and will be included in the computation of the DPU payable for the second-quarter of the financial year.

The enlarged number of units arises from a private placement carried out on 25 May 2018. Please refer to MNACT's SGX-ST Announcement dated 25 April 2018 titled "Launch of Private Placement to Raise Gross Proceeds of Approximately S\$325.0 million."

⁵ Please refer to MNACT's SGX-ST Announcement dated 25 May 2018 titled "Completion of Acquisition of the Japan Portfolio and Use of Proceeds of the Private Placement."

Introduction

Mapletree North Asia Commercial Trust (“MNACT”) (formerly known as Mapletree Greater China Commercial Trust, “MGCCT”) was constituted in the Republic of Singapore pursuant to a Trust Deed dated 14 February 2013 (as amended on 28 June 2016). 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 a diversified portfolio of income-producing real estate in the Greater China region and Japan, 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 nine commercial properties in Hong Kong SAR, People's Republic of China and Japan with a total lettable area of 4.2 million square feet. The total book value is S\$7,116.4 million as of 30 June 2018:

- (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); and
- (d) Japan Properties, three 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).

All these properties enjoy excellent connectivity via convenient access to major roads, expressways and subway lines, with quality tenants operating across diversified trade sectors.

The 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.

MNACT’s distribution policy is to distribute at least 90.0% of its distributable income. With effect from 1 April 2018, the distribution will be on a quarterly¹ basis instead of on a semi-annual basis.

¹ Refer to the announcement titled “Change from Semi-Annual Distribution to Quarterly Distribution”, released on SGXNET by the Manager on 25 April 2018.

MAPLETREE NORTH ASIA COMMERCIAL TRUST UNAUDITED FINANCIAL STATEMENTS FOR THE FIRST QUARTER FY18/19 AND DISTRIBUTION ANNOUNCEMENT

1(a) Statement of Total Return and Distribution Statement (MNACT Group)

Statement of Total Return	1Q FY18/19 (S\$'000)	1Q FY17/18 (S\$'000)	Variance Positive/ (Negative) (%)
Gross revenue ¹	94,418	88,903	6.2
Property operating expenses	(17,625)	(16,925)	(4.1)
Net property income	76,793	71,978	6.7
Interest income	442	586	(24.6)
Manager's management fees ²			
- Base fee	(5,675)	(5,191)	(9.3)
- Performance fee	(48)	(91)	47.3
Trustee's fee	(178)	(165)	(7.9)
Other trust expenses	(333)	(226)	(47.3)
Net foreign exchange gain	2,996	1,688	77.5
Finance costs	(17,489)	(18,086)	3.3
Net change in fair value of financial derivatives	(529)	275	NM
Net income/ total return for the period before income tax	55,979	50,768	10.3
Income tax expenses	(9,496)	(8,419)	(12.8)
Total return for the period after income tax before distribution	46,483	42,349	9.8
Attributable to:			
Unitholders	46,435	42,349	9.6
Non-controlling interests ³	48	-	NM
Total return for the period	46,483	42,349	9.8

Distribution Statement	1Q FY18/19 (S\$'000)	1Q FY17/18 (S\$'000)	Variance Positive/ (Negative) (%)
Total return for the period attributable to Unitholders	46,435	42,349	9.6
Distribution adjustments (Note A)	10,308	9,562	7.8
Distributable income to Unitholders	56,743	51,911	9.3

Footnotes:

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 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 and calculated based on 10% of distributable income from the Japan Properties.
The Manager's performance fee is based on 25% of the growth of the FY2018/2019 DPU over the FY2017/2018 DPU.

³ Non-controlling interests refer to 1.53% effective interest of the Japan Properties held by MIJ through its non-managing member interest share of the net asset value of the Japan Properties.

MAPLETREE NORTH ASIA COMMERCIAL TRUST UNAUDITED FINANCIAL STATEMENTS FOR THE FIRST QUARTER FY18/19 AND DISTRIBUTION ANNOUNCEMENT

1(a) Statement of Total Return and Distribution Statement (MNACT Group)

	1Q FY18/19 (S\$'000)	1Q FY17/18 (S\$'000)	Variance Positive/ (Negative) (%)
Note A:			
Distribution adjustments¹ comprise:			
- Trustee's fee	178	165	7.9
- Financing fees	999	771	29.6
- Manager's base fee paid/payable in units	5,363	5,191	3.3
- Manager's performance fee paid/payable in units	48	91	(47.3)
- Property manager's management fees paid/payable in units	3,165	3,141	0.8
- Net change in fair value of financial derivatives	529	(275)	NM
- Net foreign exchange gain on capital item ²	(2,721)	(1,341)	NM
- Other non-tax deductible items and other adjustments	2,747	1,819	51.0
	10,308	9,562	7.8

Footnotes:

NM – Not Meaningful

¹ Excludes share attributable to non-controlling interests.

² Net foreign exchange gain on capital item arise 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.

MAPLETREE NORTH ASIA COMMERCIAL TRUST UNAUDITED FINANCIAL STATEMENTS FOR THE FIRST QUARTER FY18/19 AND DISTRIBUTION ANNOUNCEMENT

1(b)(i) Statement of Financial Position (MNACT Group)

	30 Jun 2018 (S\$'000)	31 Mar 2018 (S\$'000)
Current assets		
Cash and bank balances	154,394	177,981
Trade and other receivables ¹	36,982	9,419
Other current assets	3,043	554
Inventories	762	743
Derivative financial instruments ²	1,591	1,489
Total current assets³	196,772	190,186
Non-current assets		
Derivative financial instruments ²	34,975	38,078
Investment properties	7,116,360	6,292,007
Plant and equipment	2,314	2,478
Total non-current assets	7,153,649	6,332,563
Total Assets	7,350,421	6,522,749
Current liabilities		
Trade and other payables	88,328	87,303
Borrowings	115,332	83,801
Current income tax liabilities	30,838	29,930
Derivative financial instruments ²	503	244
Total current liabilities³	235,001	201,278
Non-current liabilities		
Trade and other payables	108,896	60,410
Borrowings	2,741,852	2,277,284
Derivative financial instruments ²	8,591	2,696
Deferred tax liabilities	94,696	92,329
Total non-current liabilities	2,954,035	2,432,719
Total Liabilities	3,189,036	2,633,997
Net assets	4,161,385	3,888,752
Represented by:		
Unitholders' funds	4,064,722	3,812,613
General reserve	1,533	1,221
Hedging reserve	11,280	16,004
Foreign currency translation reserve	78,895	58,914
Non-controlling interests ⁴	4,955	-
	4,161,385	3,888,752
Net Asset Value (NAV) per unit (S\$)	1.321	1.376

Footnotes:

- Includes a refundable consumption tax of S\$25.2 million by the tax authorities arising from the acquisition of the Japan Properties.
- Derivative financial instruments represent the fair value as at period end of the (i) currency forwards to swap HKD, RMB and JPY 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 fixed interest rate to JPY fixed interest rate.
- At 30 June 2018, MNACT Group had net current liabilities of S\$38.2 million (31 March 2018: S\$11.1 million) which is mainly due to borrowings maturing in March 2019. MNACT Group has sufficient committed and uncommitted bank facilities to meet working capital requirements.
- Non-controlling interests refer to 1.53% effective interest of the Japan Properties held by MIJ through its non-managing member interest share of the net asset value of the Japan Properties.

MAPLETREE NORTH ASIA COMMERCIAL TRUST UNAUDITED FINANCIAL STATEMENTS FOR THE FIRST QUARTER FY18/19 AND DISTRIBUTION ANNOUNCEMENT

Statement of Financial Position (MNACT)

	30 Jun 2018 (S\$'000)	31 Mar 2018 (S\$'000)
Current assets		
Cash and bank balances	52,396	90,867
Trade and other receivables	6,919	5,567
Derivative financial instruments ¹	823	1,093
Total current assets	60,138	97,527
Non-current asset		
Investments in subsidiaries	2,612,921	2,321,459
Total non-current asset	2,612,921	2,321,459
Total Assets	2,673,059	2,418,986
Current liabilities		
Trade and other payables	19,974	8,451
Current income tax liabilities	76	82
Derivative financial instruments ¹	503	244
Total current liabilities	20,553	8,777
Total Liabilities	20,553	8,777
Net assets	2,652,506	2,410,209
Represented by:		
Unitholders' funds	2,652,187	2,409,359
Hedging reserve	319	850
	2,652,506	2,410,209
Net Asset Value (NAV) per unit (S\$)	0.843	0.853

Footnote:

¹ Derivative financial instruments represent the fair value as at period end of the currency forwards to swap HKD, RMB and JPY to SGD.

1(b)(ii) Aggregate Amount of Borrowings and Debt Securities (MNACT Group)²

	30 Jun 2018 (S\$'000)	31 Mar 2018 (S\$'000)
Amount repayable within one year		
Bank loans (unsecured)	115,509	83,906
Amount repayable after one year		
Bank loans (secured)	370,458	-
Bank loans (unsecured)	1,594,568	1,578,098
Tokutei Mokuteki Kaisha ("TMK") Bonds (secured)	77,335	-
Medium-term notes ("MTN") (unsecured)	709,503	706,148
Gross borrowings	2,867,373	2,368,152
Less: Unamortised transaction costs ³	(10,189)	(7,067)
Net borrowings	2,857,184	2,361,085
Represented by:		
Current position	115,332	83,801
Non-current position	2,741,852	2,277,284

Footnotes:

² There are no borrowings and debt securities taken up at MNACT entity level.

³ Transaction costs are amortised over the life of the loan facilities and the tenure of the MTN.

MAPLETREE NORTH ASIA COMMERCIAL TRUST UNAUDITED FINANCIAL STATEMENTS FOR THE FIRST QUARTER FY18/19 AND DISTRIBUTION ANNOUNCEMENT

1(c) Statement of Cash Flows (MNACT Group)

	1Q FY18/19 (S\$'000)	1Q FY17/18 (S\$'000)
Cash flows from operating activities		
Total return for the period	46,483	42,349
Adjustments for:		
- Income tax expenses	9,496	8,419
- Amortisation of rent free incentive	389	423
- Depreciation	191	98
- Net change in fair value of financial derivatives	529	(275)
- Manager's management fees paid/payable in units	5,411	5,282
- Property manager's management fees paid/payable in units	3,165	3,141
- Finance costs	17,489	18,086
- Interest income	(442)	(586)
- Net foreign exchange gain on capital item	(2,721)	(1,341)
Operating cash flows before working capital changes	79,990	75,596
Changes in working capital:		
- Trade and other receivables and other current assets	(30,583)	27,191
- Inventories	(19)	48
- Trade and other payables	(7,686)	(3,873)
Cash generated from operations	41,702	98,962
- Income tax paid	(6,432)	(4,060)
Net cash provided by operating activities	35,270	94,902
Cash flows from investing activities		
Additions to investment properties	(594)	(252)
Net cash outflow on acquisition of investment properties	(732,371)	-
Interest income received	651	478
Net cash (used in)/provided by investing activities	(732,314)	226
Cash flows from financing activities		
Repayment of bank loans	(228,428)	(104,548)
Proceeds from bank loans	635,116	98,798
Proceeds from issuance of TMK bonds	78,077	-
Proceeds from issuance of new units pursuant to private placement	330,298	-
Payments of distributions to Unitholders	(128,058)	(104,296)
Contribution from non-controlling interests	4,960	-
Financing fees paid	(3,826)	(479)
Interest paid	(14,921)	(15,139)
Restricted cash ¹	(5,560)	-
Net cash from/(used in) financing activities	667,658	(125,664)
Net decrease in cash and cash equivalents held	(29,386)	(30,536)
Cash and cash equivalents at beginning of the period	177,981	180,420
Effect of currency translation on cash and cash equivalents	239	(1,126)
Cash and cash equivalents at end of the period	148,834	148,758
Amount received and set aside to be repaid to a related party ²	-	53,851
Cash and cash equivalents at end of the period	148,834	202,609

MAPLETREE NORTH ASIA COMMERCIAL TRUST UNAUDITED FINANCIAL STATEMENTS FOR THE FIRST QUARTER FY18/19 AND DISTRIBUTION ANNOUNCEMENT

Footnotes:

- ¹ For the purpose of presenting the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	1Q FY18/19 (S\$'000)	1Q FY17/18 (S\$'000)
Cash and bank balances	154,394	202,609
Less: Restricted cash	(5,560)	-
Cash and cash equivalents per consolidated statement of cash flows	148,834	202,609

Restricted cash are held by the trust banks (being the trustees of the Japan Properties) as reserves for certain property related expenses to ensure these liabilities can be met when incurred.

- ² This related to the resolution of a previous litigation action where the cash awarded in favour of HK Gateway Plaza Company Limited ("HKGW") has since been repaid to a related party Mapletree India China Fund Ltd ("MICF"), the previous owner of the property.

1(c)(i) Status of the use of proceeds raised from any offerings pursuant to Chapter 8 and whether the use of proceeds is in accordance with the stated use

The gross proceeds¹ of \$330.3 million received from the private placement on 8 May 2018 has been fully utilized to partially fund the acquisition of the Japan Properties in accordance with the stated use.

¹ Please refer to MNACT's SGX-ST Announcement dated 25 May 2018 titled "Completion of Acquisition of the Japan Portfolio and Use of Proceeds of the Private Placement."

**MAPLETREE NORTH ASIA COMMERCIAL TRUST UNAUDITED FINANCIAL STATEMENTS FOR
THE FIRST QUARTER FY18/19 AND DISTRIBUTION ANNOUNCEMENT**

1(d)(i) Statement of Movements in Unitholders' Funds (MNACT Group)

	Unitholders' funds		General reserve (S\$'000)	Hedging reserve (S\$'000)	Foreign currency translation reserve (S\$'000)	Non- controlling interests (S\$'000)	Total (S\$'000)
	Operations (S\$'000)	Unitholders' Contribution (S\$'000)					
Balance as at 1 Apr 2018	1,373,670	2,438,943	1,221	16,004	58,914	-	3,888,752
Total return for the period	46,435	-	-	-	-	48	46,483
Distributions to Unitholders ¹	(89,225)	(38,833)	-	-	-	-	(128,058)
Transfer to general reserve	(312)	-	312	-	-	-	-
Issue of new units arising from:							
– settlement of management fees	-	9,446	-	-	-	-	9,446
– private placement	-	330,298	-	-	-	-	330,298
Issue expenses	-	(5,700)	-	-	-	-	(5,700)
Fair value changes on cash flow hedges	-	-	-	(7,995)	-	(52)	(8,047)
Contribution from non-controlling interests	-	-	-	-	-	4,960	4,960
Transfer to Statement of Total Return	-	-	-	3,271	(2,721)	-	550
Translation differences relating to financial statements of foreign subsidiaries and quasi-equity loans	-	-	-	-	22,702	(1)	22,701
Balance as at 30 Jun 2018	1,330,568	2,734,154	1,533	11,280	78,895	4,955	4,161,385

	Unitholders' funds		General reserve (S\$'000)	Hedging reserve (S\$'000)	Foreign currency translation reserve (S\$'000)	Total (S\$'000)
	Operations (S\$'000)	Unitholders' Contribution (S\$'000)				
Balance as at 1 Apr 2017	968,039	2,445,954	238	15,953	206,136	3,636,320
Total return for the period	42,349	-	-	-	-	42,349
Distributions to Unitholders	(82,771)	(21,525)	-	-	-	(104,296)
Transfer to general reserve	(200)	-	200	-	-	-
Issue of new units arising from settlement of management fees	-	9,091	-	-	-	9,091
Fair value changes on cash flow hedges	-	-	-	(2,268)	-	(2,268)
Transfer to Statement of Total Return	-	-	-	(12,711)	(1,341)	(14,052)
Translation differences relating to financial statements of foreign subsidiaries and quasi-equity loans	-	-	-	-	(76,982)	(76,982)
Balance as at 30 Jun 2017	927,417	2,433,520	438	974	127,813	3,490,162

¹ The distribution paid in 1Q FY18/19 includes an advanced distribution of 0.764 cents per unit paid to eligible unitholders on 25 May 2018.

MAPLETREE NORTH ASIA COMMERCIAL TRUST UNAUDITED FINANCIAL STATEMENTS FOR THE FIRST QUARTER FY18/19 AND DISTRIBUTION ANNOUNCEMENT

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 2018	(29,584)	2,438,943	850	2,410,209
Total return for the period	36,842	-	-	36,842
Distributions to Unitholders	(89,225)	(38,833)	-	(128,058)
Issue of units arising from:				
– settlement of management fees	-	9,446	-	9,446
– private placement	-	330,298	-	330,298
Issue expenses	-	(5,700)	-	(5,700)
Fair value changes on cash flow hedges	-	-	145	145
Transfer to Statement of Total Return	-	-	(676)	(676)
Balance as at 30 Jun 2018	(81,967)	2,734,154	319	2,652,506

	Unitholders' funds			
	Operations (S\$'000)	Unitholders' Contribution (S\$'000)	Hedging reserve (S\$'000)	Total (S\$'000)
Balance as at 1 Apr 2017	(9,139)	2,445,954	327	2,437,142
Total return for the period	30,677	-	-	30,677
Distributions to Unitholders	(82,771)	(21,525)	-	(104,296)
Issue of units arising from settlement of management fees	-	9,091	-	9,091
Fair value changes on cash flow hedges	-	-	338	338
Transfer to Statement of Total Return	-	-	(63)	(63)
Balance as at 30 Jun 2017	(61,233)	2,433,520	602	2,372,889

1(d)(ii) Details of Any Change in Units

	1Q FY18/19 (‘000)	1Q FY17/18 (‘000)
Balance as at beginning of period	2,826,268	2,795,382
Movements during the period		
Issue of units arising from:		
– settlement of management fees	8,137	9,132
– private placement	311,602	-
Total issued units as at end of period	3,146,007	2,804,514

There were no convertibles, treasury units and subsidiary holdings as at 30 June 2018 and 30 June 2017.

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 30 June 2018 and 31 March 2018 were 3,146,007,149 and 2,826,267,943 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

MNACT Group has adopted Singapore Financial Reporting Standards (International) ("SFRS(I)") on 1 April 2018 and as a result, MNACT Group's financial statements for the financial year ending 31 March 2019 will be prepared in accordance with SFRS(I).

The Monetary Authority of Singapore has granted MNACT 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.

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

The adoption of SFRS(I) has no material effect on the amounts reported for the current financial period and the comparative period.

MAPLETREE NORTH ASIA COMMERCIAL TRUST UNAUDITED FINANCIAL STATEMENTS FOR THE FIRST QUARTER FY18/19 AND DISTRIBUTION ANNOUNCEMENT

6. Earnings Per Unit ("EPU") and Distribution Per Unit ("DPU")

	1Q FY18/19	1Q FY17/18
Weighted average number of units ¹	3,014,483,159	2,798,693,448
Earnings per unit ("EPU") - Basic and Diluted²		
Based on the weighted average number of units in issue (cents)	1.540	1.513
Number of units in issue at end of period	3,146,007,149	2,804,514,148
Distribution per unit ("DPU")		
Based on the number of units in issue at the end of the period (cents)	1.881	1.851

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 and the units issued pursuant to private placement on 8 May 2018.
The number of units in issue as at the end of period does not include the acquisition fee in units to be issued in August 2018.

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.

7. Net Asset Value ("NAV") and Net Tangible Asset ("NTA") Per Unit (MNACT Group)

	MNACT Group	
	30 Jun 2018	31 Mar 2018
Number of units in issue at end of period	3,146,007,149	2,826,267,943
NAV and NTA per unit (S\$)¹	1.321	1.376

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.

8. Review of Performance

a. Financial results 1Q FY18/19 vs 1Q FY17/18

Gross revenue increased by S\$5.5 million or 6.2% to S\$94.4 million for 1Q FY18/19 compared to corresponding period last year. The increase in revenue was mainly due to:

- (i) revenue growth from Festival Walk, Gateway Plaza and Sandhill Plaza as a result of higher rent; and
- (ii) contribution from the Japan Properties following the completion of acquisition on 25 May 2018; offset by
- (iii) lower average rate of HKD.

For 1Q FY18/19, Festival Walk, Gateway Plaza, Sandhill Plaza and the Japan Properties made up 64.0%, 24.0%, 7.0% and 5.0% (1Q FY17/18: 69.0%, 24.0%, 7.0% and nil) of the portfolio gross revenue respectively.

Property operating expenses increased by S\$0.7 million or 4.1% to S\$17.6 million for 1Q FY18/19 compared to the corresponding period last year. The increase in property operating expenses was mainly attributable to:

- (i) the acquisition of the Japan Properties; offset by
- (ii) lower average rate of HKD.

Net property income for 1Q FY18/19 increased by S\$4.8 million or 6.7% to S\$76.8 million, compared to the corresponding period last year.

Net foreign exchange gain of S\$3.0 million for the period (1Q FY17/18: S\$1.7 million) was mainly due to the exchange gain of S\$2.7 million (1Q FY17/18: S\$1.3 million) from the partial settlement of inter-company loans, which is capital in nature and not distributable.

Finance costs decreased by S\$0.6 million compared to the corresponding period last year mainly due to:

- (i) lower average rate of HKD (S\$0.8 million); and
- (ii) refinancing of bank debts at a lower cost of debt (S\$0.6 million); partially offset by
- (iii) finance costs on the borrowings to fund the acquisition of the Japan Properties (S\$0.5 million); and
- (iv) rising interest rate on floating rate debt (S\$0.5 million).

Net change in fair value of financial derivatives of S\$0.5 million relates to the mark-to-market movement of currency forward contracts to hedge currency exposures of future HKD, RMB and JPY distributable income.

After taking into account the distribution adjustments, the distributable income to Unitholders for 1Q FY18/19 increased by 9.3% to S\$56.7 million, and the distribution per unit grew by 1.6% compared to the corresponding period last year, from 1.851 cents per unit to 1.881 cents per unit.

b. Financial position as of 30 June 2018 vs 31 March 2018

Total assets at S\$7,350.4 million as of 30 June 2018, was S\$827.7 million higher compared to 31 March 2018, mainly due to the increase in investment properties of S\$824.4 million mainly arising from:

- (i) acquisition of the Japan Properties of S\$777.5 million; and
- (ii) net translation gain on the investment properties of S\$46.2 million from the higher HKD and RMB, offset by the lower JPY.

Trade and other receivables increased by S\$27.6 million mainly contributed by a refundable consumption tax of S\$25.2 million from the tax authorities, arising from the acquisition of the Japan Properties.

Group total liabilities amounted to S\$3,189.0 million as of 30 June 2018, S\$555.0 million higher compared to 31 March 2018, primarily due to the following:

- (iii) Increase in borrowings of S\$496.1 million to partially fund the acquisition of the Japan Properties and translation loss of S\$14.5 million arising from the higher HKD, offset by the lower JPY; and
- (iv) Increase in trade and other payables of S\$49.5 million mainly due to tenancy deposits and advanced rent relating to the Japan Properties.

Net assets attributable to Unitholders increased by S\$267.7 million to S\$4,156.4 million as of 30 June 2018, mainly due to units issued pursuant to the private placement to partially fund the acquisition of the Japan Properties, returns for the period and net translation gain and offset by distribution payments to Unitholders.

Non-controlling interests refer to 1.53% effective interest held by MIJ through its non-managing member interest share of the net asset value of the Japan Properties.

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

Based on the International Monetary Fund's latest update, while the global economy has remained robust and is expected to grow by 3.9%¹ in 2018, growing trade tensions, foreign exchange volatilities and potential interest rate rises remain key concerns.

For Hong Kong², retail leasing activity is expected to pick up, as a result of an upturn in the retail market that is underpinned by firm market fundamentals and rising tourist arrivals. Festival Walk's gross revenue in HKD is expected to grow moderately in FY18/19, due to positive growth expected in average rental reversion.

In Beijing³, the city-wide office vacancy rate is expected to increase from 7.6% in the fourth quarter of 2017 to reach 12% by end 2018 due to upcoming new office supply. However, in the Lufthansa Area, where Gateway Plaza is located, the average occupancy levels are expected to remain healthy due to limited new supply. Most of the leases for Gateway Plaza are already at or close to market rates. As a result, the average rental reversion is expected to grow modestly for leases expiring in FY18/19.

In Shanghai⁴, the business park vacancy rate is expected to drop from 15.6% to 15.0% by end 2018, mainly due to leasing demand from the high-tech industry and finance sectors. Sandhill Plaza is expected to continue to benefit from a healthy average rental reversion for its leases expiring in FY18/19.

Office⁵ vacancy rate for Tokyo's 23 wards is expected to remain steady at around 2% in 2018, while office vacancy rates in Chiba and Yokohama are expected to be stable at 9% and 5.5% respectively in 2018. Office demand⁶ is expected to remain firm in 2018 on the back of steady corporate profits. The Japan Properties (comprising three assets located within Tokyo's 23 wards, two assets in Chiba and one asset in Yokohama) is expected to provide stable income streams for FY18/19, underpinned by high average occupancy rate and long average lease expiry period.

Accretive acquisitions and proactive asset and capital management will remain the focus of the Manager so as to deliver sustainable returns to our Unitholders.

¹ International Monetary Fund, "World Economic Outlook Update" (July 2018).

² Colliers International, Hong Kong Retail (1Q 2018), 27 April 2018.

³ Savills World Research, Asian Cities Report, Beijing Office (1H 2018).

⁴ Colliers International, Shanghai Business Parks (1Q 2018), 2 May 2018.

⁵ Independent Market Research Report, Greater Tokyo Office Overview & Individual Asset Analysis, Cushman & Wakefield, Japan, 22nd March 2018.

⁶ Savills World Research, Japan Office (2Q 2018).

11. Distributions

(a) Current financial period

Any distributions declared for the current financial period? Yes

Name of distribution: 11th distribution for the period from 8 May 2018 to 30 June 2018. On 25 May 2018, an advanced distribution of 0.764 cents per unit was paid to eligible unitholders. This advanced distribution represents the distribution from 1 April 2018 to 7 May 2018 prior to the issuance of the units pursuant to a private placement on 8 May 2018.

Distribution types: Income / Capital

Distribution rate: Period from 8 May 2018 to 30 June 2018
Tax-exempt income: 0.758 cents per unit
Capital: 0.359 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? No

(c) Date payable: 29 August 2018

(d) Book closure date: 7 August 2018

12. If no distribution has been declared/(recommended), a statement to that effect.

Not applicable.

MAPLETREE NORTH ASIA COMMERCIAL TRUST UNAUDITED FINANCIAL STATEMENTS FOR THE FIRST QUARTER FY18/19 AND DISTRIBUTION ANNOUNCEMENT

13. a. Segment Revenue and Results (MNACT Group)

	1Q FY18/19		1Q FY17/18	
	S\$'000	%	S\$'000	%
<u>Gross Revenue</u>				
Retail	52,731	55.8	53,635	60.3
Office	38,395	40.7	32,113	36.1
Others ¹	3,292	3.5	3,155	3.6
	94,418	100.0	88,903	100.0

	1Q FY18/19		1Q FY17/18	
	S\$'000	%	S\$'000	%
<u>Net Property Income</u>				
Retail	43,934	57.2	44,623	62.0
Office	31,545	41.1	26,287	36.5
Others ¹	1,314	1.7	1,068	1.5
	76,793	100.0	71,978	100.0

Footnote:

¹ Others comprised car park revenue and ice rink income.

b. Geographical breakdown (MNACT Group)

	1Q FY18/19		1Q FY17/18	
	S\$'000	%	S\$'000	%
<u>Gross Revenue</u>				
Hong Kong SAR	60,843	64.4	61,777	69.5
People's Republic of China	28,521	30.2	27,126	30.5
Japan	5,054	5.4	-	-
	94,418	100.0	88,903	100.0

	1Q FY18/19		1Q FY17/18	
	S\$'000	%	S\$'000	%
<u>Net Property Income</u>				
Hong Kong SAR	49,412	64.3	49,941	69.4
People's Republic of China	23,488	30.6	22,037	30.6
Japan	3,893	5.1	-	-
	76,793	100.0	71,978	100.0

14. 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.

15. 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.

16. Confirmation by the Board

The Board of Directors of the Manager has confirmed that, to the best of their knowledge, nothing has come to their attention which may render these interim financial results to be false or misleading in any material aspect.

This release may contain forward-looking statements that involve risks and uncertainties. Future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from other companies and venues for the sale/ distribution of goods and services, shifts in customer demands, customers and partners, changes in operating expenses, including employees' wages, benefits and training, governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. You are cautioned not to place undue reliance on these forward looking statements, which are based on current view of management of future events.

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

30 July 2018