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north asia commercial

For Immediate Release

MNACT's DPU for 3Q FY18/19 was 3.2% higher than 3Q FY17/18

Highlights

- Driven by acquisition of Japan Properties and higher contribution from existing properties
- 89% of expiring/expired leases[1] in FY18/19 at portfolio level have been renewed or re-let

Financial Highlights	YTD FY18/19[2]	YTD FY17/18[3]	Variance %	3Q FY18/19	3Q FY17/18	Variance %
Gross Revenue[4] (S$'000)	304,648	265,480	14.8	105,626	88,464	19.4
Net Property Income (S$'000)	245,026	214,288	14.3	84,592	71,406	18.5
Distributable Income (S$'000)	178,595	157,103	13.7	61,006	52,658	15.9
DPU[5] (cents)	5.734	5.582	2.7	1.927	1.868	3.2
Annualised Distribution Yield[6]	6.6%	6.0%	10.0	6.7%	6.0%	11.7
Closing Unit Price for period	S$1.140	S$1.230	(7.3)	S$1.140	S$1.230	(7.3)

25 January 2019 – Mapletree North Asia Commercial Trust Management Ltd. ("MNACTM" or the "Manager"), the Manager of Mapletree North Asia Commercial Trust ("MNACT"), announced today a DPU of 1.927 cents for the period from 1 October 2018 to 31 December 2018 ("3Q FY18/19"), an increase of 3.2% over the same period last year. For the period from 1 April 2018 to 31 December 2018 ("YTD FY18/19"), DPU was 5.734 cents, 2.7% higher compared to the period from 1 April 2017 to 31 December 2017 ("YTD FY17/18").

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[1] By lettable area as of 31 December 2018.
[2] DPU for YTD FY18/19 is the sum of the 1Q, 2Q and 3Q available DPU. The DPU for 3Q is calculated based on the income available for distribution for 3Q over the number of units in issue as at the end of the period of 3,166,462,042 units.
[3] DPU for YTD FY17/18 is the sum of the first-half DPU paid to the Unitholders and 3Q DPU. The DPU for 3Q is calculated based on the income available for distribution for 3Q over the number of units in issue as at the end of the period of 2,819,404,198 units.
[4] 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.
[5] The number of units in issue as at the end of 3Q does not include the payment of Manager's base fee and the property manager's management fees (collectively known as "Fees") in units of 7,429,923 for 3Q FY18/19 (3Q FY17/18: 6,863,745). The units for payment of Fees for 3Q FY18/19, to be issued in February 2019, will be included in the computation of the DPU payable for the fourth-quarter of the financial year.
[6] 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.

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MNACT's YTD FY18/19 Net Property Income ("NPI") of S$245.0 million increased 14.3% compared to YTD FY17/18 NPI. Correspondingly, distributable income for YTD FY18/19 rose 13.7% to S$178.6 million. Taking into account an enlarged unit base, DPU for YTD FY18/19 increased by 2.7% to 5.734 cents.

Ms. Cindy Chow, Chief Executive Officer of the Manager, said, "MNACT continued to register another quarter of steady year-on-year DPU growth. While there may be headwinds arising from the trade tensions and rising interest rates, which have caused volatility and uncertainty in the economic environment, the Manager remains committed to mitigating any adverse impact to create sustainable value for the Unitholders. The quarter also marked an important milestone as Festival Walk celebrated its 20th anniversary with a series of promotional events during the Christmas festive season, including the '*Merry-Go-20th Christmas Lighting Ceremony*' with a 13-metre tall giant birthday cake as its centerpiece. Strong demand for space from tenants, driven by the popularity of Festival Walk among shoppers, has continued to support the mall's steady performance since its inception in 1998."

Portfolio Update

Portfolio Update by Asset	Festival Walk	Gateway Plaza	Sandhill Plaza	Japan Properties[1]
Average rental reversion[2] for leases that expired (and were renewed or re-let) by 31 December 2018	32%[3]- Retail 15% - Office	8%	14%	6%
Occupancy level as of 31 December 2018	*Portfolio level: 99.7%*			
	100%	99.3%	99.3%	100.0%
Percentage of leases (by lettable area) with expiries in FY18/19 that were renewed or re-let as of 31 December 2018	*Portfolio level: 89%*			
	100%	66%	96%	100%

Continued Steady Growth from Festival Walk

Gross revenue and NPI at Festival Walk grew 2.9% and 2.8% for the first nine months of FY18/19 over the same period last year mainly due to increased rental rates, partially offset by higher marketing and promotion expenses and the lower average rate of HKD. Retail sales and footfall at the mall improved by 5.2% and 0.3% respectively for YTD FY18/19 compared to the same period last year. During the quarter, new brands such as bread n butter, Go Wild, J.S. FOODIES TOKYO, mannings Baby, mothercare, Nike Kicks Lounge, and TenRen's Tea were among the latest to establish their presence in the mall.

1 The operational performance of the Japan Properties is reported on a portfolio basis.
2 Rental reversion for each asset is computed based on the weighted average effective base rental rate of leases that were renewed or re-let vs. the weighted average effective base rental rate of expired leases over the lease term. The computation of rental reversion excludes turnover rent and renewed/re-let leases with lease periods less than or equal to one year.
3 The higher-than-average rental reversion was mainly contributed by the lease renewal of one of the anchor tenants at Festival Walk in 2Q FY18/19.

Increased Contributions by Office Properties in Beijing, Shanghai and Greater Tokyo

For Gateway Plaza, gross revenue and net property income for YTD FY18/19 were 4.7% and 5.7% higher compared to that in YTD FY17/18 on the back of an increased average rental rate.

Sandhill Plaza registered growth in gross revenue and NPI of 5.3% and 4.8% respectively in YTD FY18/19 compared to that in YTD FY17/18 mainly due to a higher average rental rate.

Adding to the growth and diversification of the portfolio, the Japan Properties contributed S$29.9 million and S$23.0 million to MNACT's gross revenue and NPI respectively for the period from 25 May 2018 (upon completion of acquisition) to 31 December 2018.

Capital Management

Following the acquisition of the Japan Properties in May 2018, about S$260 million of MNACT's debt maturing in FY18/19 and FY20/21 had been refinanced through loan facility transactions announced between August 2018 and September 2018.

As a result, the average term to maturity for debt was extended to 3.71 years as of 31 December 2018 (31 March 2018: 3.43 years), with a gearing ratio of 39.0% as of 31 December 2018 (from 36.2% as of 31 March 2018). The annualised effective interest rate for 3Q FY18/19 was marginally higher at 2.49% p.a. (2Q FY18/19: 2.48% p.a.) but the interest cover ratio for 3Q FY18/19 increased slightly to 4.2 times, compared to 4.1 times for 2Q FY18/19.

Distribution to Unitholders

MNACT's distribution policy is to distribute at least 90.0% of its Distributable Income. With effect from 1 April 2018, MNACT has changed[1] its distribution policy to make distributions on a quarterly basis, instead of on a semi-annual basis. Unitholders will receive a distribution of 1.927 cents per unit on Friday, 22 February 2019 for the period from 1 October 2018 to 31 December 2018. The closure of MNACT's Transfer Books and Register of Unitholders is on Monday, 4 February 2019 at 5.00pm.

Outlook

The International Monetary Fund[2] expects world economic growth to moderate to 3.5% in 2019 from 3.7% growth achieved in 2018, mainly due to the impact of trade tariffs and prolonged trade tensions, as well as higher interest rates.

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[1] Please refer to MNACT's SGX-ST announcement dated 25 April 2018 titled "Change from semi-annual distribution to quarterly distribution".
[2] International Monetary Fund, World Economic Outlook Update (January 2019).

In Hong Kong, market uncertainties together with the volatile stock and softer residential property markets have resulted in a moderation in retail sales momentum[1]. Should this persist, it may continue to dampen retail sales performance in Hong Kong. Festival Walk is however expected to maintain a stable performance, as it is a popular retail and lifestyle destination and is well supported by local shoppers.

For Beijing, in view of the uncertain economic environment, tenants are taking a more cautious approach towards lease renewal and expansion, putting downward pressure on the city-wide occupancy rate[2]. While Gateway Plaza has been maintaining high occupancy rates, the weaker office market may pose challenges to the occupancy levels going forward.

Business park supply in Shanghai is expected to increase[3]. However, the expanding metro connectivity[4] is expected to improve accessibility and continue to stimulate demand for business park space. Sandhill Plaza's performance is expected to remain resilient.

The Japan Properties are expected to provide stable income streams, underpinned by high average occupancy rates and long average lease expiry period.

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[1] CBRE MarketView, Hong Kong Retail, 4Q 2018.
[2] Cushman and Wakefield, Beijing Office MarketBeats, December 2018.
[3] Colliers Shanghai Market Outlook, 2019 (17 January 2019).
[4] Colliers Quarterly, Shanghai Business Park 3Q 2018 (7 November 2018).

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") (formerly known as Mapletree Greater China Commercial Trust) 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, Hong Kong SAR and Japan[1].

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

- Hong Kong: Festival Walk, a landmark territorial retail mall with an office component;
- Beijing, China: Gateway Plaza, a premier Grade-A office building with a podium area;
- 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$7.2 billion as of 31 December 2018.

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.

IMPORTANT NOTICE

The value of units in MNACT ("**Units**") and the income derived from them may fall as well as rise. Units are not obligations of, deposits in, or guaranteed by, the Manager, or any of its affiliates. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested.

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.

This Announcement is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for Units. The past performance of MNACT is not necessarily indicative of the future performance of MNACT.

This announcement may contain forward-looking statements that involve risks and uncertainties. Actual 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 similar developments, shifts in expected levels of property rental income, changes in operating expenses (including employee wages, benefits and training costs), property expenses and governmental and public policy changes. Investors are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager's view of future events.

The securities referred to herein have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), and may not be offered or sold within the United States except pursuant to an exemption from, or transactions not subject to, the registration requirements of the Securities Act and in compliance with any applicable state securities laws. Any public offering of securities to be made in the United States would be made by means of a prospectus that may be obtained from an issuer and would contain detailed information about such issuer and the management, as well as financial statements. There will be no public offering of the securities referred to herein in the United States.

[1] The investment mandate was expanded to include Japan from 15 February 2018. Please refer to SGX-ST Announcement dated 16 January 2018 titled "Expansion of Investment Mandate".