

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

ANNOUNCEMENT

RESPONSES TO THE SUBSTANTIAL AND RELEVANT QUESTIONS FROM UNITHOLDERS FOR THE ANNUAL GENERAL MEETING TO BE HELD ON 16 JULY 2020

16 July 2020 – Mapletree North Asia Commercial Trust Management Ltd., as manager (the “**Manager**”) of Mapletree North Asia Commercial Trust (“**MNACT**”), wishes to thank all unitholders of MNACT (“**Unitholders**”) who have submitted their questions in advance of the 7th Annual General Meeting of MNACT, which will be conducted virtually on Thursday, 16 July 2020 at 2.30 p.m. (Singapore Time) via the live audio-visual webcast or live audio-only stream.

The questions are grouped into the following key topics:

- A. COVID-19, Strategy and Outlook
- B. Festival Walk and Other Properties
- C. Acquisitions and Other Corporate Actions
- D. Others

Please refer to Annex A for the list of substantial and relevant questions, and the Manager’s responses to these questions.

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

ANNEX A

A. COVID-19, Strategy and Outlook	
1.	Due to COVID-19 and the geopolitical situation between USA and China, how has this impacted MNACT's properties and how will this impact MNACT's DPU for FY20/21?
	<p>The world economy, weakened by the ongoing trade and geopolitical tensions, had been further impacted by the COVID-19. In view of the evolving COVID-19 situation and the persistent geopolitical tensions, MNACT's DPU is expected to be lower in FY20/21 compared to FY19/20.</p> <p><i><u>Impact on MNACT's properties:</u></i></p> <p>In Hong Kong SAR, the social incidents and then the restrictive measures that were introduced to combat COVID-19 have impacted the business environment for our retail tenants at Festival Walk in FY19/20. There was some relaxation on the social distancing measures from 8 May 2020, which had helped improve the footfall at Festival Walk's mall. However, a subsequent increase in infected cases resulted in the authorities tightening some of these social distancing measures (including re-introducing restrictions on seating limit, banning dine-in service from 6 p.m. until 5 a.m. and closing of cinema and ice rink) with effect from 15 July 2020 to 21 July 2020 . As the impact from COVID-19 continues to evolve, the operating environment for retailers and F&B operators remains difficult. Going forward, the uncertainties are expected to result in a lower average renewal or re-let rental rate for the mall at Festival Walk and its performance for FY20/21 is expected to be lower than FY19/20.</p> <p>In Beijing, as a result of the persistent trade tensions and evolving impact from the COVID-19, the office market remains weak. Occupancy rates are expected to come under pressure while rents are expected to edge down further. Gateway Plaza's performance is expected to be impacted, and all efforts will be made in marketing and leasing to stabilise rentals and occupancy levels. On average, the renewal or re-let rental rate for FY20/21 is expected to be lower than FY19/20.</p> <p>In Shanghai, with the relaxation of the measures that were put in place to stem the spread of the pandemic in China, all tenants at Sandhill Plaza have returned to work as of end June 2020. Sandhill Plaza's occupancy rate and average rental reversion are expected to remain resilient, underpinned by the technology, media and telecommunications ("TMT") tenants which are relatively less affected by the current situation. On average, the renewal or re-let rental rate for FY20/21 is expected to be slightly higher than the expiring rental rate.</p> <p>With the lifting of the state of emergency in Tokyo in end May 2020, most of the tenants have returned to work while others have adopted telecommuting or split work arrangements. The low market vacancy rate in Greater Tokyo is expected to support rental levels. However, market uncertainties have led to a slower leasing momentum in the office sector. We will focus on tenant retention to maintain a high level of occupancy and stability for MNACT's properties in Japan. On average, the renewal or re-let rental rate for FY20/21 is expected to be slightly higher than the expiring rental rate.</p>

2.	Festival Walk, Hong Kong SAR contributes a significant percentage to MNACT's income. In view of the continued unstable environment in Hong Kong SAR due to COVID-19 and the social incidents, how has this impacted MNACT's earnings?
	<p>The disruptions from the social incidents and the restrictive measures introduced to combat COVID-19 have led to a full-year decline in tenant sales of 18.1%¹ and a drop in footfall of 18.7%¹ for the financial year ended 31 March 2020. However, in terms of occupancy and average rental reversion, the mall and office have been quite resilient.</p> <p>The Manager has taken steps to manage the impact on our Unitholders and portfolio from these unprecedented events:</p> <ul style="list-style-type: none"> • To mitigate the cash flow impact from Festival Walk's mall and office closure (from 13 November 2019 to 15 January 2020 for the mall and from 13 to 25 November 2019 for the office tower, due to severe vandalism and extensive damage by a few groups of protestors) on the distributable income payable for 3Q FY19/20 and 4Q FY19/20, the Manager implemented distribution top-ups of S\$32.9 million to enable a certain level of distributable income to our Unitholders. • To support and sustain the long-standing relationship with our tenants, we have extended S\$18.1 million of rental reliefs during FY19/20, mainly to our retail tenants at Festival Walk who were adversely affected. We have extended rental reliefs to the retail tenants at Festival Walk through to 1Q FY20/21, and will consider the need for continuing with these relief measures. • To boost shopper spending at Festival Walk, we have implemented a series of marketing promotions including a partnership with Deliveroo to boost the delivery sales of our F&B tenants. An enhanced mobile app featuring a loyalty programme has also been lined up to generate more sales and enrich our shoppers' experience.
3.	With the current COVID-19 situation that has cast uncertainty over the commercial and retail landscape, and with the new security law and the loss of the special trading status in Hong Kong SAR, what does the Manager intend to do moving ahead to make its DPU more resilient?
	<p>We will continue to monitor the developments in Hong Kong SAR especially with the implementation of the new national security legislation and the removal of the special trade tariff status. At this point, Hong Kong SAR's status as one of Asia's most prominent financial hubs may be hard to be shaken, as damage to this role would have consequential impact on the many foreign businesses currently operating within the city. However, we will have to assess the situation as it plays out.</p> <p>Going forward, the Manager will adopt flexible leasing strategies to boost occupancy levels and improve revenue. To support and sustain the long-standing relationship with Festival Walk's retail tenants, we will also consider the need to extend further rental reliefs. We will continue to adopt a disciplined capital management approach of conserving cash and maintaining liquidity as well as manage interest rate and foreign exchange exposure. Simultaneously, we will further leverage on technology to drive improvements in our operations, streamline workflow processes and optimise cost efficiencies.</p>

¹To provide the same basis of comparison, the period of mall closure from 13 November 2019 to 15 January 2020 and the corresponding period a year ago were not taken into account for footfall and retail sales.

	The Manager will continue to actively explore accretive acquisition opportunities to accelerate the growth of MNACT and to achieve further diversification of MNACT's portfolio.
4.	Will there be an impairment of the asset value of Festival Walk? Will there be further provision set aside by MNACT to counter the COVID-19 impact?
	<p>The valuation exercise for MNACT's properties is conducted once a year, and the latest valuation was carried out as of 31 March 2020. With the heightened uncertainty over the length and severity of the COVID-19 situation in the respective markets in which MNACT operates and the ongoing measures being adopted by them to address the outbreak, valuations and cap rates may be subjected to more fluctuations subsequent to 31 March 2020 than during normal market conditions.</p> <p>However, as the COVID-19 situation is still evolving, the full impact of COVID-19 on MNACT's performance for FY20/21 and the asset valuations or cap rates (and whether any provision is necessary) cannot be ascertained at this point of time.</p>
5.	The company provided S\$32.9m in distribution top-ups last year due to COVID-19 and the social incidents in Hong Kong SAR. This year is proving to be another challenging year based on the Chairman's Statement in the annual report. How much reserves do we have to continue to provide some amount of distribution top-up for unitholders and is there an intention to do so?
	<p>The distribution top-ups of S\$32.9 million for 3Q FY19/20 and 4Q FY19/20 was to provide a certain level of distributable income to Unitholders while claims were made to the insurance company for loss of income when Festival Walk was closed. The loss of income occurred when the mall and office in Festival Walk had to be closed from 13 November 2019 to 15 January 2020 and from 13 to 25 November 2019, respectively, for repair works due to severe vandalism and extensive damage by a few groups of protestors during the social incidents.</p> <p>With the mall's re-opening on 16 January 2020, there will not be further distribution top-ups from 1Q FY20/21.</p>

B. Festival Walk and Other Properties	
1.	Do you have plans to dispose Festival Walk?
	Festival Walk remains a strategic asset to MNACT and there are currently no plans to sell the property.
2.	Could you talk about shopper demand at Festival Walk after the easing of COVID-19 restrictions? In relation to this, how much of the shopper demand is contributed by local consumers versus overseas and mainland Chinese visitors?
	The footfall at Festival Walk mall visibly improved with the easing of the COVID-19 restrictions to allow up to 50 people at public activities and when there was no limit on group size when dining within the F&B outlets. However, as Hong Kong SAR's government tightened social distancing measures with effect from 15 July 2020 to 21 July 2020, including limiting the number of patrons allowed at a table in F&B outlets to four, banning dine-in service from 6 p.m. until 5 a.m. and closing the ice rink and cinema, this will affect footfall. It remains to be seen when normalcy will return as the COVID-19 situation

	<p>continues to evolve. Hence, the retail environment is expected to continue to be challenging. The tenant sales and footfall from 1 April 2020 to 30 June 2020 (“1Q FY20/21”) will be presented in our interim business update in end July 2020.</p> <p>Situated in the residential catchment of Kowloon Tong and away from the areas frequented by tourists, Festival Walk is mainly supported by the residents within the catchment area and local consumers, with the Mainland Chinese tourists contributing not more than 10% of retail sales at the mall.</p>
3.	<p>Will the insurance payout from the damages in Festival Walk be distributed to Unitholders? If the intent is to retain (instead of distribute) the insurance payout, please advise how this fund will be utilised.</p> <p>Is there any timeline as to when the outcome of the insurance claim (for the damages in Festival Walk) would be known, and the case finally closed?</p>
	<p>The loss of retail and office revenue during Festival Walk’s closure as well as property damage sustained are covered under the insurance policies. Any proceeds received for property damage is capital in nature and will not be distributed. Any proceeds for the revenue loss from business interruption which exceeds the distribution top-ups of S\$32.9 million paid in 3Q FY19/20 and 4Q FY19/20 will be distributed to the Unitholders.</p> <p>As announced on 17 June 2020 and 9 July 2020, the insurers have made without prejudice interim payments of HK\$145 million (approximately S\$26 million) as partial payments on account of the estimated claims for property damage and loss of revenue due to business interruption.</p> <p>An assessment of the full quantum of revenue loss and property damage recoverable from the insurance claims is still ongoing. We will continue to pursue the claims and will inform the Unitholders on the progress through announcements on MNACT’s website and SGX-ST accordingly.</p>
4.	<p>Are you going to recycle your China assets, namely Gateway Plaza and Sandhill Plaza as there are more new properties coming into the market that will take tenants away from them?</p>
	<p>Gateway Plaza remains as a premier quality office building, with various asset enhancement initiatives implemented in recent years that have reinforced its competitiveness. It has a strong presence in the Lufthansa commercial hub and is home to a diverse group of well-known multinationals and local companies including BMW, China Fortune Land Development (“CFLD”) and Doosan.</p> <p>Sandhill Plaza is a relatively new building completed in 2012 and has high-quality building specifications. It continues to maintain a competitive edge over comparable buildings in the vicinity.</p> <p>We are open to explore any proposal or initiative that makes sense to the REIT.</p>
5.	<p>What are the plans for the Japan Properties and the integration with the other properties?</p>
	<p>For the Japan Properties, we will focus on tenant retention to maintain a high level of occupancy and stability. We will also explore opportunities to drive cost efficiencies across the properties.</p>

	<p>mBAY POINT Makuhari (“MBP”), a multi-tenanted building located at Chiba which was acquired by MNACT in February 2020, registered an occupancy rate of 86.6% as of 31 March 2020. There is potential opportunity to lease up MBP progressively, given the average vacancy rate of the Chiba/Funabashi area of 7.6% (refer to the independent market research report in MNACT’s FY19/20 annual report) at the end of 2019.</p> <p>Another property, IXINAL Monzen-nakacho Building (“MON”) which is located at Koto-ku, Tokyo, that was acquired in May 2018, the occupancy was at 80.8% as of 31 March 2020 due to the conversion to multi-tenancies upon the lease expiry of the single tenant during FY19/20. We expect to continue to ramp up the occupancy rate through negotiations at competitive rental rates.</p> <p>The Japan Properties are high-quality freehold office buildings with stable cashflows, and these complement well with the other properties within the MNACT portfolio located in Greater China which are on leasehold land tenure and with relatively higher organic growth potential.</p> <p>Operationally, the integration of the Japan Properties into MNACT’s portfolio has been smooth, and we will continue to explore opportunities to streamline common processes amongst our properties in the different markets to extract cost efficiencies for the portfolio.</p>
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C. Acquisitions and Other Corporate Actions	
1.	<p>What are the potential acquisitions in the pipeline (if any) to further reduce the concentration of revenue contribution on Festival Walk? Will the emphasis of MNACT continue to be on retail and commercial properties and if so, which part of Asia will be looked at especially with the recent incidents involving Festival Walk in Hong Kong SAR?</p>
	<p>We are committed to deliver sustainable growth to our Unitholders.</p> <p>We continually scan the market and review our existing portfolio to see if the value of our REIT can be improved with asset enhancements, accretive acquisitions or meaningful recycling of existing properties. We have reduced the portfolio concentration of Festival Walk in the last two years with acquisitions of office properties in Japan and will continue to look for more accretive acquisitions in Japan and China. The Sponsor also has a retail property in Osaka which we have a right of first refusal to. Our focus will remain on retail and commercial office properties but in the medium term, we expect Festival Walk to remain the largest asset in the REIT.</p>
2.	<p>Would the quality of properties acquired be compromised due to the urgent need to diversify from MNACT’s reliance on income from Festival Walk?</p>
	<p>Acquisitions have to meet our strict criteria and quality cannot be compromised. We consider various factors when evaluating potential acquisitions, such as yield thresholds, DPU accretion, location, asset enhancement potential, building and facilities specifications, tenant mix and occupancy characteristics.</p> <p>In the last two years, we have been reducing the portfolio concentration of Festival Walk with the acquisitions of eight office properties in Japan. All of these properties have high-quality building and facilities specifications, with well-diversified tenant mix that provide stable rental revenue. They are also well-located in established office hubs near to</p>

	transportation nodes. We will continue to adopt the same disciplined approach in evaluating future acquisitions.
3.	Is there any chance that the REIT (MNACT) be merged into Mapletree Commercial Trust? I personally feel it is a win in both ways - for MNACT, it solves the problem of gross revenue concentration on Festival Walk; for Mapletree Commercial Trust, it allows for geographical diversification. Also, an enlarged REIT will result in more liquidity.
	We are open to any opportunity that makes sense for the REIT but the decision does not lie solely with us.
4.	The aggregate leverage ratio has increased from 36.6% to 39.3% over just one year. Does this constrain MNACT to grow by further acquisitions which will further increase the gearing? At what level of gearing is MNACT prepared to take on more debt?
	<p>As of 31 March 2020, MNACT's aggregate leverage ratio was 39.3%. The increase in the aggregate leverage ratio was largely due to borrowings to partially fund the acquisitions of MBP and Omori. The ratio of 39.3% does not constrain further acquisitions by MNACT, and is not expected to have a significant impact on MNACT's risk profile. Should there be an acquisition, we will consider all options, including a combination of debt and equity, to achieve an optimum capital structure.</p> <p>On 16 April 2020, the Monetary Authority of Singapore ("MAS") had raised with immediate effect, the leverage limit for S-REITs from 45% to 50%. MAS has also deferred the requirement of a new minimum interest cover ratio of 2.5 times, before S-REITs are allowed to increase their leverage beyond the 45% limit to 50%, to 1 January 2022.</p> <p>At the aggregate leverage ratio of 39.3%, there is a debt headroom for further acquisitions of approximately S\$400 million and S\$900 million, before reaching the 42% and 45% aggregate leverage ratios respectively. With the higher gearing cap at 50% set by MAS, the Manager is comfortable with an aggregate leverage ratio for MNACT of between 42% and 45%, and with maintaining an interest cover ratio of at least 2.5 times at these levels.</p>

D. Others																												
1.	Is building diversity and inclusion an important value for the company and how do you practice it? Please provide data where possible to support your answers.																											
	<p>As an equal opportunity employer, the Manager is committed to providing a fair, diverse and inclusive working environment. We hire our staff based on their individual talents, qualifications, experience and availability with respect to the employment markets that we operate in. We do not have a quota for gender, age group, ethnic group or nationality. Please find below the percentage breakdown of employees by gender and age group, which is extracted from page 115 of MNACT's FY19/20 annual report.</p> <p>Percentage Breakdown of Employees by Gender and Age Group as of 31 March 2020 and 31 March 2019</p> <table border="1"> <thead> <tr> <th rowspan="2">Age Group</th> <th colspan="2">As of 31 March 2019 (%)</th> <th colspan="2">As of 31 March 2020 (%)</th> </tr> <tr> <th>Male</th> <th>Female</th> <th>Male</th> <th>Female</th> </tr> </thead> <tbody> <tr> <td><30 years old</td> <td>12</td> <td>34</td> <td>10</td> <td>28</td> </tr> <tr> <td>30 – 50 years old</td> <td>54</td> <td>57</td> <td>51</td> <td>60</td> </tr> <tr> <td>> 50 years old</td> <td>34</td> <td>9</td> <td>39</td> <td>12</td> </tr> </tbody> </table>				Age Group	As of 31 March 2019 (%)		As of 31 March 2020 (%)		Male	Female	Male	Female	<30 years old	12	34	10	28	30 – 50 years old	54	57	51	60	> 50 years old	34	9	39	12
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IMPORTANT NOTICE

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