

For Immediate Release: 3Q FY20/21 Business Update

- A) YTD FY20/21 NPI declined by 2.3% due to COVID-19 impact but decline was buffered by contributions from two office properties in Japan acquired in February 2020**
- B) Completed acquisition of The Pinnacle Gangnam in Seoul, further diversifying MNACT's portfolio**
- C) Portfolio occupancy as of 31 December 2020 remained above 96%**

28 January 2021 – Mapletree North Asia Commercial Trust Management Ltd. (“MNACTM” or the “Manager”), the Manager of Mapletree North Asia Commercial Trust (“MNACT”), announced today MNACT’s key financial information and operational updates for the first nine months from 1 April 2020 to 31 December 2020 (“YTD FY20/21”).

Financial Highlights

	YTD FY20/21	YTD FY19/20	Variance %	3Q FY20/21	3Q FY19/20	Variance %
Gross Revenue ^{1,2} (S\$'000)	290,822	277,671	4.7	100,723	67,277	49.7
Net Property Income (“NPI”) ² (S\$'000)	215,411	220,570	(2.3)	75,671	50,776	49.0

3Q FY20/21

Gross revenue and NPI for the quarter from 1 October 2020 to 31 December 2020 (“3Q FY20/21”) improved by 49.7% and 49.0% compared to the same period last year (“3Q FY19/20”). This was primarily because there was no rental collection for 3Q FY19/20 during the temporary closure of Festival Walk mall from 13 November 2019 to 15 January 2020 and its office tower from 13 to 25 November 2019. Additionally, revenue and NPI from the Japan Properties were higher during 3Q FY20/21 due to the contributions from MBP and Omori, acquired on 28 February 2020.

¹ Gateway Plaza and Sandhill Plaza revenue is presented net of applicable value added tax. Japan Properties revenue is presented net of consumption tax.

² YTD FY20/21 Gross Revenue and NPI do not include the contribution from The Pinnacle Gangnam, acquired on 30 October 2020. MNACT will share profit after tax of The Pinnacle Gangnam based on its 50% interest.

YTD FY20/21

YTD FY20/21 NPI declined by 2.3% to S\$215.4 million. In view of COVID-19, higher rental reliefs were granted to support tenants at Festival Walk mall. Average rental rates at Festival Walk mall and Gateway Plaza were also lower in YTD FY20/21. However, the decline was buffered by the full nine months of contributions from MBP and Omori.

Ms. Cindy Chow, Chief Executive Officer of the Manager, said, “The NPI for 3Q FY20/21 was higher by 6.2%, as a lower quantum of rental reliefs was extended to our retail tenants at Festival Walk mall, compared to the previous quarter ended 30 September 2020. This is in line with the progressive easing of the restrictive COVID-19 measures in Hong Kong SAR during the first half of the quarter, where there was some improvement to the sales performance at Festival Walk mall. We have also continued to maintain a high portfolio occupancy rate, which was above 96% at the end of December 2020. MNACT’s liquidity remains healthy with a cash balance of S\$224 million, backed by nearly S\$500 million of committed and uncommitted undrawn bank facilities.”

“While progress with vaccines have fueled optimism of a global economic recovery, uncertainties stemming from the COVID-19 situation remain. In Hong Kong SAR, following a resurgence of COVID-19 cases in the city in mid-November 2020, tighter social distancing measures were re-imposed and extended till 3 February 2021, subject to further review. We expect these measures to continue to impact the retail market.”

“At Festival Walk mall, our priority is to continue to maintain a high occupancy, and we are prepared to continue to support our tenants, including providing further rental reliefs where required, and through various sales-boosting marketing initiatives along with the rollout of the mall’s loyalty/reward programmes. Our consistent efforts to support and sustain the longstanding relationships with our tenants has helped in achieving a high occupancy rate of close to 99% as of 31 December 2020. To further enhance the mall’s appeal as a shopping destination, we will also actively refine the tenant mix to widen our offerings in the food and beverage, services and other experiential trades, to enhance the resilience of our mall’s operations and performance.”

“At Gateway Plaza, protecting the occupancy is a key priority given the increase in supply in the Beijing office market and weaker rental rates. As of 31 December 2020, the occupancy rate has edged up to 92.9%. Both Sandhill Plaza and the Japan Properties have also achieved marginally higher occupancy levels¹ at 97.4% and 97.9% respectively.”

¹ Occupancy rates for Festival Walk mall, Gateway Plaza, Sandhill Plaza and the Japan Properties as of 30 September 2020 were 99.0%, 92.2%, 96.9% and 97.8%, respectively.

“The acquisition of The Pinnacle Gangnam during the quarter further diversified MNACT’s portfolio. We are pleased that the occupancy rate at the property improved from 89.6% as of 31 July 2020 (as reported in the acquisition announcement¹) to 97.5% as of 31 December 2020, attesting to the attractiveness and resilience of the asset amid market volatilities. The full quarter contribution from The Pinnacle Gangnam in 4Q FY20/21 and beyond will further diversify MNACT’s income streams.”

“In view of the effects of the COVID-19 on the global economy and our operating environment, MNACT’s performance in FY20/21 is expected to be lower than that in FY19/20. We will continue to support our tenants, maintain high occupancy and adopt our disciplined approach of active asset management and diversification through acquiring accretive assets in North Asia.”

Operational Update

Portfolio Update by Asset	Festival Walk	Gateway Plaza	Sandhill Plaza	Japan Properties ^a	The Pinnacle Gangnam
Average rental reversion ^b for leases that expired (and were renewed or re-let) by December 2020	Retail: -17% Office: n.a. ^c	- 11%	7%	3%	n.a. ^d
Committed occupancy level as of 31 December 2020	Portfolio level: 96.9%				
	98.9%	92.9%	97.4%	97.9% ^e	97.5%
Percentage of leases (by lettable area) with expiries in FY20/21 that were renewed or re-let as of 31 December 2020	Portfolio level: 84%				
	88%	74%	92%	85%	100%

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

^b 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 normal lease tenure basis. Taking into account these leases, the average rental reversion for Festival Walk for leases that were renewed or re-let in YTD FY20/21 would have been lower at -23%.

^c There are no office leases expiring in FY20/21 at Festival Walk.

^d There were no leases with expiry dates from 1 November 2020 to 31 December 2020.

^e All Japan Properties except ASY and MBP registered full occupancy as of 31 December 2020. The occupancy rates for ASY and MBP were 92.7% and 94.3%, respectively.

¹ 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; (B) Manager To Waive Entitlement To Performance Fees”.

Festival Walk

Gross revenue for YTD FY20/21 decreased by 14.2% compared with YTD FY19/20¹, while NPI for YTD FY20/21 was lower by 18.5%. The decline was mainly attributed to a higher quantum of rental reliefs granted and a lower average retail rental rate, partially mitigated by a higher average rate of HKD against SGD.

Tenants' sales² and shopper traffic³ were lower by 32.5% and 42.3%, respectively, from 1 April 2020 to 31 December 2020 over the same period last year on the back of lower spending by the locals amidst the COVID-19 restrictions.

During the quarter, the Manager continued to bring in fresh yet complementary retail concepts to Festival Walk. For instance, capitalising on the heavy foot traffic feeding in from the MTR station, one of the units on the lowest retail floor level adjacent to the supermarket was subdivided to house two confectionery brands, to capture impulse purchases. The Manager also focused on recruiting retail concepts from trade sectors which were proven to be relatively resilient in the face of COVID-19, including F&B, lifestyle and services. The quarter saw the opening of four new restaurants, six confectionery outlets and other new lifestyle brands in the mall.

To boost sales, a number of marketing and promotional events were organised during the quarter and these include sales redemptions, a grand lucky draw and F&B takeaway promotions including a partnership with Deliveroo.

On account of the estimated insurance claims for property damage and revenue loss during Festival Walk's closure, the insurers have made an additional interim payment of HK\$59 million (approximately S\$10.5 million) during the quarter. Total interim insurance payments received as of 31 December 2020 was HK\$263 million (approximately S\$46 million)⁴. The Manager will continue to work closely with the insurers to finalise the claims.

Office Properties in Beijing, Shanghai, Greater Tokyo and Seoul

For Gateway Plaza, gross revenue and NPI for YTD FY20/21 were lower by 6.0% and 7.0%, respectively, as compared to YTD FY19/20 mainly due to a lower average occupancy and average rental rate, partially mitigated by a higher average rate of RMB against SGD.

¹ For YTD FY19/20, there was 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.

² To provide the same basis of comparison, the period of mall closure from 13 November 2019 to 31 December 2019 and the corresponding period in FY20/21 were not taken into account.

³ To provide the same basis of comparison, the period of mall closure from 13 November 2019 to 31 December 2019 and the corresponding period in FY20/21 were not taken into account.

⁴ Please refer to MNACT's SGX-ST Announcement dated 14 October 2020 titled "Update on Festival Walk".

Sandhill Plaza registered a slight increase in gross revenue and NPI of 0.8% and 1.0%, respectively, in YTD FY20/21 compared to a year ago. This was mainly due to a higher average rental rate and a higher average rate of RMB against SGD, partially offset by a lower average occupancy rate.

For the Japan Properties, YTD FY20/21 gross revenue more than doubled while NPI increased by 73.9% compared to YTD FY19/20 on the back of a full nine-months of contribution from MBP and Omori.

The acquisition of The Pinnacle Gangnam, completed on 30 October 2020, further diversified MNACT's portfolio and contributed S\$0.7 million to MNACT's profit.

Capital Management

MNACT's liquidity position remains healthy as of 31 December 2020. Both committed and uncommitted credit facilities that remained undrawn amounted to S\$492.6 million. Together with cash and bank balances of S\$223.9 million, MNACT has sufficient liquidity to satisfy its working capital and operating requirements as well as to meet its maturing debt obligations.

As of 31 December 2020, aggregate leverage ratio increased marginally to 41.3% (from 40.1% as of 30 September 2020) mainly due to the acquisition of The Pinnacle Gangnam, which is fully funded by borrowings, and the lower portfolio value arising from net translation loss from the weaker JPY and HKD offset by a stronger RMB. MNACT's debt maturity profile remained well staggered with an average term to maturity of 3.2 years as of 31 December 2020 (30 September 2020: 3.07 years), with no debt refinancing requirements by March 2021.

Finance costs did not increase notwithstanding the incremental finance costs on borrowings to partially fund the acquisitions of MBP, Omori and The Pinnacle Gangnam, and the stronger average rate of HKD against SGD. Finance costs in YTD FY20/21 decreased by S\$0.7 million compared to YTD FY19/20, mainly due to lower benchmark interest rates and lower interest rates from the refinancing of borrowings. The annualised effective interest rate for YTD FY20/21 was lower at 2.04% per annum, as compared to 2.46% per annum for YTD FY19/20. The interest cover ratio as of 31 December 2020, on a trailing 12-month basis, also improved to 3.4 times¹ (30 September 2020: 3.0 times).

To mitigate the impact of interest rate and foreign exchange volatilities, approximately 75% of MNACT's interest cost has been hedged into fixed rates, and about 90% of the expected distributable income for 2H FY20/21 has been hedged into SGD as of 31 December 2020.

¹ The interest cover ratios as of 31 December 2020 and 30 September 2020 are based on a trailing 12-month basis and do not take into account the interim insurance proceeds.

Distribution to Unitholders

As announced on 29 April 2020, the Manager has adopted half-yearly announcement of financial statements and has amended MNACT's distribution policy to make distributions on a half-yearly basis with effect from the start of FY20/21. The next financial results announcement and distribution will be for the six-month period ending 31 March 2021.

Outlook

There are green shoots of economic recovery in 2021. However, new waves of COVID-19 and uncertainties around vaccination rates may pose risks to the onset or pace of recovery.

Festival Walk, Hong Kong SAR

In Hong Kong SAR, retail sales¹ from October 2020 to November 2020 declined by 6.4%, an improvement compared to the 24.7% decrease in retail sales from April 2020 to September 2020. However, a resurgence of COVID-19 cases in the city in the latter part of November 2020 and the resumption of tighter social distancing measures are expected to dent consumption sentiments in the near term². Leasing momentum is forecasted to remain weak as retailers are expected to remain cautious towards taking on new leases³.

For Festival Walk, the average renewal or re-let rental rate for FY20/21 is expected to be lower compared to FY19/20. Our priority is to maintain high occupancy. And with the continuing impact on retail sales from the restrictive COVID-19 measures, we remain committed to support our retail tenants through further rental reliefs on a case-by-case basis. We will continue to actively reposition tenant mix, roll out F&B takeaway promotions, organise various shopping and dining reward programmes and pursue further digitalisation initiatives to enrich shopping experience and increase touchpoints.

China, Japan and South Korea Properties

The Beijing office market⁴ remains under pressure due to new supply and slower absorption, even as market demand has resumed to some extent. There were fresh restrictions implemented in Beijing towards the end of December 2020, after several COVID-19 infections emerged within the city. Venues such as cinemas, libraries and museums have to operate at 75% capacity and residents are urged not to leave the city during the upcoming Lunar New Year holidays. Inspections for new leasing are expected to slow in the near term. City-wide vacancy is expected to rise to close to 20%. For Gateway Plaza, we will continue to focus on maintaining occupancy levels and retaining tenants.

¹ Hong Kong Census and Statistics Department's 'Provisional Statistics of Retail Sales for November 2020' (January 2021). Hong Kong SAR's retail sales figures for December 2020 have not been published as of 28 January 2021.

² KnightFrank, Hong Kong Monthly, December 2020.

³ CBRE Marketview, Hong Kong Retail, 3Q 2020.

⁴ Savills, Beijing Office, October 2020.

In Shanghai, the COVID-19 situation remains stable, with few reported cases of COVID-19 infections. For Shanghai offices¹, despite a recovery in demand, the leasing strategies of companies remain conservative. Sandhill Plaza, a decentralised business park property which offers affordable rents compared to centralised office districts, is expected to remain resilient.

In Japan, a state of emergency was declared for Tokyo, Saitama, Kanagawa and Chiba in January 2021 amidst the resurgence of COVID-19 cases. Office vacancy rates in Tokyo² are likely to inch up while average rental rates are expected to remain flattish due to subdued demand for office space. Located mainly in fringe office areas or suburban office markets, the Japan Properties are expected to maintain a stable performance given the gap in rental costs between fringe/suburban offices and central office areas, and potential demand from tenants as they increase the use of decentralised spaces as part of their business continuity planning.

In Seoul, social distancing rules were tightened since mid-November 2020 and extended until 31 January 2021 to curb the spread of COVID-19. For the Seoul office market³, however, Grade-A office buildings that provide great ventilation and work environment still remain in high demand. IT and game companies are expected to expand their reach in Gangnam. The Pinnacle Gangnam, with Grade A specifications and a low vacancy rate, is expected to provide a stable income stream, underpinned by the embedded annual rental escalations within the lease terms for most of the leases and continued demand from office users seeking upgrade, relocation or expansion. The full quarter's contribution from The Pinnacle Gangnam in 4Q FY20/21 and beyond will further diversify MNACT's income streams.

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¹ JLL, Asia Property Digest, 3Q 2020.

² Savills, 2020 Review and 2021 Prospects, Japan, December 2020.

³ JLL, Korea Property Digest, 3Q 2020.

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, in Japan and in South Korea¹.

MNACT consists of 12 properties in China, in Hong Kong SAR, in Japan and in South Korea:

- 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;
- Japan: four office buildings in Tokyo (IXINAL Monzen-nakacho Building, Higashi-nihonbashi 1-chome Building, TS Ikebukuro Building and Omori Prime Building ("**Omori**")); an office building in Yokohama (ABAS Shin-Yokohama Building) and three office buildings in Chiba (SII Makuhari Building, Fujitsu Makuhari Building and mBAY POINT Makuhari ("**MBP**")) (collectively the "Japan Properties"); and
- Seoul, South Korea: The Pinnacle Gangnam, a freehold office building with retail amenities located in Gangnam business district.

The 12 properties has assets under management of S\$8.1 billion (including MNACT's 50% interest in The Pinnacle Gangnam) as of 31 December 2020.

MNACT is managed by Mapletree North Asia Commercial Trust Management Ltd., a wholly owned subsidiary of MIPL. 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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¹ Please refer to MNACT's SGX-ST Announcement titled "Expansion of Investment Mandate" dated 25 September 2020.