Securities Investors Association (Singapore)
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UEN No: S99SS0111B
GST Reg No: M90367530Y

REIT: Mapletree North Asia Commercial Trust
(Manager: Mapletree North Asia Commercial Trust Management Ltd.)

Stock code: RW0U

Meeting details:
Date: 15 July 2021
Time: 2.30 p.m.

Due to the current COVID-19 pandemic, SIAS encourage shareholders to participate at AGMs via other means and not to attend any AGM physically. Where the AGM is webcast, they can stay on top of their investments by watching the webcast and submitting their question to the company in advance. Senior citizens should avoid attending AGMs altogether and stay home.

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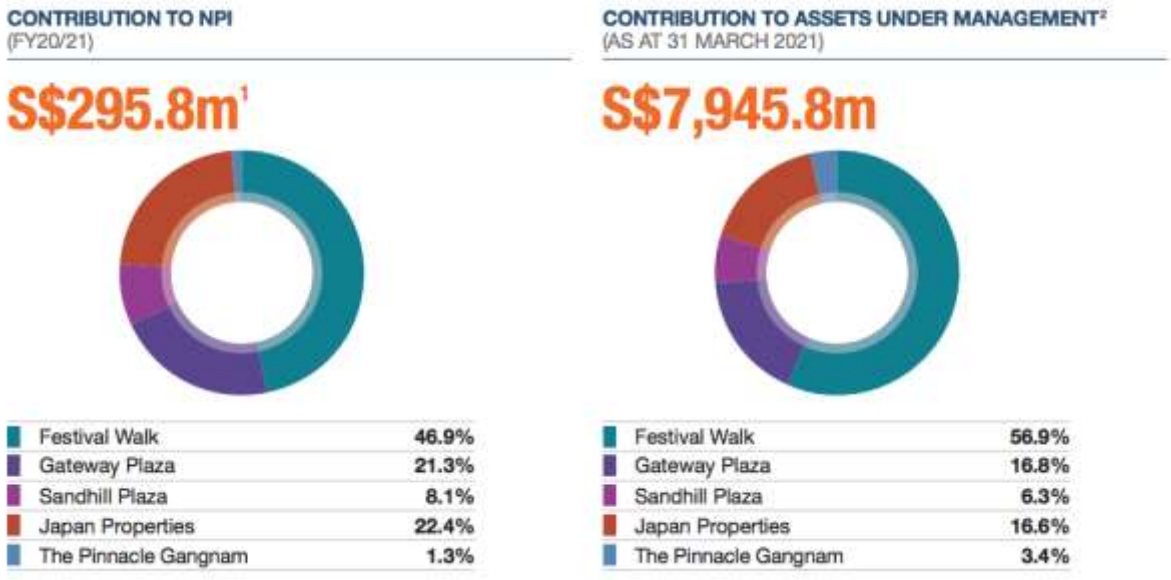
Q1. The REIT's FY20/21 performance was partly cushioned from the negative impact from COVID-19 with the acquisition of two office properties in Japan in February 2020 and the diversification to South Korea (50% of The Pinnacle Gangnam, Seoul).

For Festival Walk, while the manager has maintained the occupancy rate at 99.9%, renewed and re-let rental rates were lower, resulting in an average rental reversion of negative 21% for retail leases which expired in FY20/21 (page 7). Rental reversion rates at Gateway Plaza and Sandhill Plaza were negative 7% and 5% respectively in FY20/21 due to differences in the tenant profile, demand and supply and other market conditions.

Details of the REIT's key strategies of active asset management, active asset enhancement, value-creating acquisition growth and active and prudent capital and risk management can be found on page 13 of the annual report.

(i) **How does the manager balance the occupancy rates (especially for Festival Walk and Gateway Plaza) and the rental rates in an optimal manner?** Negative rental reversion may put pressure on the leases that are up for renewal in coming quarters, leading to a vicious circle of lower rental rates.

The financial highlights (including 5-year trends) can be found on pages 2 and 3 of the annual report. The breakdown of contribution to net property income and assets under management is reproduced below:



(Source: annual report 2020/2021)

(ii) **In view of the impact from COVID-19 and the accelerated adoption of e-commerce, how has COVID-19 affected the manager's view of the long-term prospects of retail properties?**

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(iii) **Can the manager update unitholders on the targeted capital allocation by country and by asset segment? Is the REIT likely to make further inroads in Japan and South Korea?**

(iv) **For the REIT's acquisitions in Japan and South Korea, what were the criteria used to source and shortlist potential targets? How different is the required hurdle rate/capitalisation rate for the REIT's acquisitions in Japan and South Korea?**

Q2. Festival Walk was one of the two assets owned by the REIT at its IPO in 2013. In FY19/20, due to extensive damage incurred, the mall was temporarily closed from 13 November 2019 to 15 January 2020 and its office tower from 13 to 25 November 2019 for major repair and recovery works. It reopened on 16 January 2020.

It was also disclosed that the manager expects the average renewal or re-let rental rate for FY21/22 to be lower compared to FY20/21 (page 8). The manager will be focusing on maintaining a high occupancy rate. Tenant retention rate for the retail leases that expired in FY20/21 was 69% (page 32) while the rental reversion was negative 21% for retail leases which expired in FY20/21.

(i) **Can the REIT manager help unitholders better understand the ground sentiment in Hong Kong (Festival Walk)?**

(ii) **Is the REIT still having to provide rental relief to help its tenants?** In FY20/21, rental reliefs amounting $49.8 million were granted to retail tenants.

(iii) **What is the pace of recovery in retail sales and footfall at Festival Walk in the past 6 months?**

Festival Walk accounts for 56.9% of the REIT's total asset (by portfolio valuation) (page 28; Property portfolio summary and review).

(iv) **Has the board/manager re-evaluated the long-term prospects and risks of Festival Walk?**

(v) **Are there opportunities to divest mature assets as part of the REIT's capital management and recycling strategy?**

Q3. The board comprises nine directors, of whom five are independent directors and three others are non-executive non-independent directors. The profiles of the directors can be found on pages 66 to 69. The independent directors collectively have experience in banking, law, accounting and retail.

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(i) **How deep is the collective real estate knowledge of the independent directors, especially of the new key markets of Japan and South Korea?**

(ii) **Can the nominating and remuneration committee help unitholders understand if the independent directors have the appropriate balance and mix of skills, knowledge, experience, especially in real estate, to engage in effective and constructive debate with management/other directors?**

^On 1 October 2020, the Accounting and Corporate Regulatory Authority ("ACRA"), the Monetary Authority of Singapore ("MAS") and Singapore Exchange Regulation ("SGX RegCo") published an updated checklist to guide listed entities on the conduct of general meetings arising from the latest updates from the Multi-Ministry Taskforce.

Issuers may continue to conduct their general meetings held on or before 30 June 2021 via electronic means, and are encouraged to do so. On 9 April 2021, it was announced that the alternate arrangements for meetings ("Meetings Order") would be extend beyond 30 June 2021 until it is revoked or amended by the Ministry of Law. Accordingly, until such time, issuers may continue to utilise the Checklist issued by ACRA, MAS and SGX RegCo to guide entities on the conduct of their general meetings.

Issuers who, after due consideration of public health and other risks, wish to provide for physical attendance at their general meetings must ensure that they implement all relevant measures to comply with the safe management measures imposed by the Singapore Government.

Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

Can't attend the AGM or view the webcast? Check out the latest questions on the annual reports of listed companies on SIAS website

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^ Guidance on the Conduct of General Meetings Amid Evolving COVID-19 Situation (https://www.sgx.com/media-centre/20201001-guidance-conduct-general-meetings-amid-evolving-covid-19-situation)