



(Constituted in the Republic of Singapore pursuant to a Trust Deed dated 25 August 2005 (as amended))

RESPONSES TO THE SUBSTANTIAL AND RELEVANT QUESTIONS RECEIVED FROM UNITHOLDERS FOR THE ANNUAL GENERAL MEETING ON 28 JULY 2023

27 July 2023 – MPACT Management Ltd., as manager of MapleTree Pan Asia Commercial Trust (“MPACT” and as manager of MPACT, the “Manager”), wishes to thank all unitholders of MPACT (the “**Unitholders**”) who have submitted their questions in advance of the 12th Annual General Meeting of MPACT (“**AGM**”), which will be conducted at 20 Pasir Panjang Road, MapleTree Business City, Town Hall – Auditorium, Singapore 117439 and by way of electronic means at 2.30 p.m. on Friday, 28 July 2023 (Singapore time).

Please refer to Annex A for the list of substantial and relevant questions, and the Manager’s responses to these questions. Where questions overlap or are closely related, they have been merged and rephrased for clarity. For ease of reference, the questions have been grouped into the following key topics

- A. Financial Performance and Capital Management
- B. Business and Operational Performance
- C. Strategy and Outlook
- D. Others

By order of the Board

Wan Kwong Weng
Joint Company Secretary
MPACT Management Ltd.
(Company Registration No. 200708826C)
As Manager of MapleTree Pan Asia Commercial Trust

Important Notice

The value of units in MPACT (“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 MPACT may only deal in their Units through trading on the SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

The past performance of MPACT is not necessarily indicative of the future performance of MPACT.

Annex A

A. Financial Performance and Capital Management	
1	What did management like about the results? What didn't management like about the results?
	<ul style="list-style-type: none">• This is MPACT's maiden set of results post-merger. Despite unprecedented challenges including the COVID-19 pandemic, the Russia-Ukraine conflict, along with rising interest rates and energy prices, as well as an increasingly shaky global economy, MPACT closed the financial year with:<ul style="list-style-type: none">- 65.4% year-on-year ("yoy") growth in gross revenue to S\$826.2 million;- 62.6% yoy growth in net property income ("NPI") to S\$631.9 million;- 6.1% yoy growth in distribution per unit ("DPU") to 9.61 cents on a like-for-like basis (excluding the release of retained cash in FY21/22)• Notably, the Singapore properties recorded an increase of S\$33.0 million of NPI, which not only covered the rise in utility costs but also more than offset the higher cost of Singapore dollar borrowings in FY22/23.• MPACT's yoy growth was primarily led by the contribution from properties acquired through the merger, as well as higher earnings from our core assets, VivoCity and Mapletree Business City ("MBC"). This was however dampened by higher utility costs, higher interest rates and a stronger Singapore dollar ("SGD") against the Hong Kong dollar ("HKD"), Renminbi ("RMB"), Japanese Yen ("JPY") and Korean Won ("KRW"):<ul style="list-style-type: none">- <u>Singapore properties</u>: Cost of electricity for the Singapore properties were locked in at lower rates until October 2022. As a result, there was a five-month impact in FY22/23 from higher utility rates that offset higher contributions from the Singapore properties. Despite this, the Singapore properties played a vital role in driving MPACT's performance, achieving S\$33.0 million of higher NPI, which not only covered the rise in utility costs but also more than offset the higher cost of Singapore dollar borrowings.- <u>Overseas properties</u>: Our overseas properties (including MPACT's 50% effective interest in The Pinnacle Gangnam) started contributing from 21 July 2022 after the completion of the merger, and delivered a total of S\$289.3 million and S\$216.4 million for gross revenue and NPI, respectively, in FY22/23. However, their contributions were offset by higher interest costs and further impacted by the strengthening Singapore dollar (against HKD, RMB, JPY and KRW), which weighed on contributions from these overseas properties when they were translated back into SGD.• We will continue to deploy targeted strategies to address any market changes by proactively managing the portfolio. MPACT's enlarged scale and enhanced diversification, anchored by our core assets, will also empower us to pursue capital recycling opportunities, asset enhancement and development initiatives, and acquisitions across Asia's key gateway markets over time. We will also prioritise maintaining our balance sheet resilience, which underpins the stability of our entire franchise. We do so by safeguarding the capital structure, diversifying funding sources and ensuring financial flexibility, while keeping overall costs at a sensible level.

<p>2</p>	<p>Seeing the strong performance of Singapore properties and weaker performance of the acquired properties from MNACT, unitholders would have received higher DPU if the acquisition had not gone through. Looking forward, when does the board think that unitholders will benefit from this acquisition? In another word, higher DPU.</p> <p>The unit price used to be strong focusing on its local assets, VivoCity and MBC, and trading well above book value. The decision to bail out MNACT with our valued units and raising its gearing to 40% have dragged us down together with it. We could have weathered the post-pandemic situation just fine. How are these North Asian assets doing now? Are there any signs to yield accretion from those purchases?</p> <p>With the acquisition completed a year ago, can the manager help unitholders better understand the realised benefits of increasing the portfolio size and overseas expansion as compared to being Singapore-centric, especially given the strength of the Singapore dollar and the stability of the Singapore real estate market?</p>
	<ul style="list-style-type: none"> • Although Singapore is a relatively stable market, opportunities for growth are limited if we remain confined to Singapore. In addition, Unitholders have provided as a point of feedback over the years that growth is a priority. As such, overseas expansion into Asia, a region with a shared background and familiarity, is necessary. • The merger with MNACT provided a ready platform with extensive reach and scale in Pan Asia, along with established local operational teams with extensive experience. Growth and expansion through a ready platform is therefore much easier as opposed to buying individual assets and trying to build an operational team from scratch. • Since the announcement of the merger, the overall economic environment has weakened and global markets have faced significant uncertainties. • Key factors that affected MPACT's FY22/23 earnings were higher utility rates, higher interest rates and strengthening of SGD against the HKD, RMB, JPY and KRW that further affected the contributions from MPACT's overseas properties when translated back into SGD. These factors have wide-ranging impact across different sectors and markets, not just MPACT. • Despite these, operationally in local currency terms, the overseas assets recorded mostly stable performance. However, the stronger Singapore dollar had resulted in negative foreign exchange impact which weighed on their contributions. • Notably, the Singapore properties recorded an increase of S\$33.0 million of NPI, which not only covered the rise in utility costs but also more than offset the higher cost of Singapore dollar borrowings in FY22/23. • While we acknowledge the ongoing uncertainties across different markets, such uncertainties will continue to exist in one form or another. As such, there can never be a "perfect time" or "perfect portfolio" to make such acquisitions. • We continue to believe in the long-term fundamentals of the markets we are in and the role each market plays in MPACT's next chapter of growth.

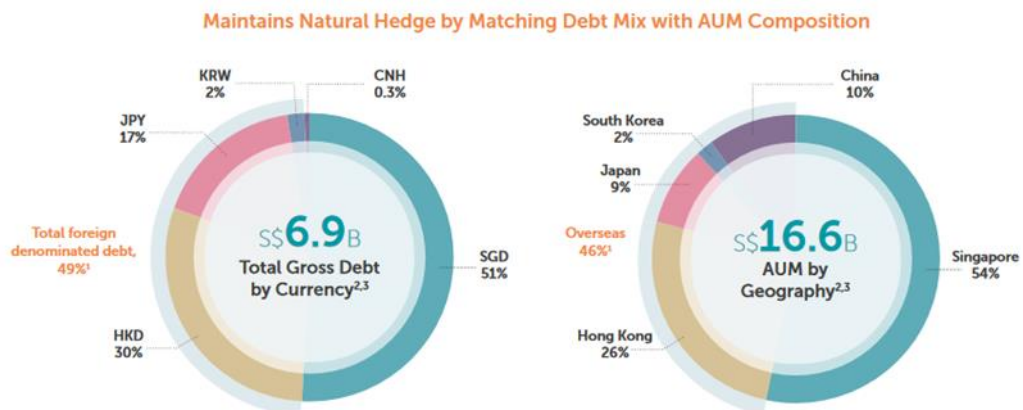
	<ul style="list-style-type: none"> - Singapore will continue to constitute a significant component of the portfolio to provide underlying portfolio stability. - China is a huge market that cannot be ignored. The long-term prospects of the country remain compelling. Post-COVID reopening and in the midst of global economic uncertainty, the Chinese government has implemented stimulus policies and support measures to boost market confidence and demand. Its continued commitment to rebalance the economy by growing domestic demand and capabilities can be expected to benefit long-term sustainability. - Hong Kong is a recovery story after going through prolonged COVID-19 restrictions as well as the social incidents between 2019 and 2020. We have started to see gradual recovery in shopper flows at Festival Walk after Hong Kong's progressive relaxation of health measures from the second half of FY22/23 and the reopening of its border with China. With the positive renewal of Arup, a major tenant at Festival Walk, near-full committed occupancy achieved at the end of FY22/23, as well as signs of rental stabilisation, the outlook looks more promising. 												
3	What is the dividend payment per year?												
	<ul style="list-style-type: none"> • Please see the following table for distributions to unitholders over the past five years. For more information, you can refer to page 4 of MPACT's FY22/23 Annual Report ("AR"). <table border="1" data-bbox="349 965 1102 1290"> <thead> <tr> <th>Financial Year</th> <th>Distribution per Unit (Singapore cents)</th> </tr> </thead> <tbody> <tr> <td>FY18/19</td> <td>9.14</td> </tr> <tr> <td>FY19/20</td> <td>8.00</td> </tr> <tr> <td>FY20/21</td> <td>9.49</td> </tr> <tr> <td>FY21/22</td> <td>9.53</td> </tr> <tr> <td>FY22/23</td> <td>9.61</td> </tr> </tbody> </table> <ul style="list-style-type: none"> • MPACT's distribution policy is to distribute at least 90% of its taxable income, as well as its tax-exempt income. For FY22/23, MPACT made four distributions to Unitholders, including the clean-up distribution for the period from 1 April 2022 to 20 July 2022 paid on 25 August 2022. • Following the announcement on 27 October 2022, MPACT has adopted a quarterly reporting framework with effect from 3Q FY22/23. Consequently, distributions to Unitholders have also been changed to a quarterly basis since 3Q FY22/23. 	Financial Year	Distribution per Unit (Singapore cents)	FY18/19	9.14	FY19/20	8.00	FY20/21	9.49	FY21/22	9.53	FY22/23	9.61
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4	<p>Will the continued high interest rate affect MPACT's business?</p> <p>What is the manager's view on the current and future interest rate environment? Considering that the percentage of fixed-rate debt has decreased from 80.3% to 75.5%, could the manager shed light on how the REIT is optimising its hedges to mitigate interest rate risks?</p> <p>In addition, when do the interest rate swaps reach their expiration dates, and what is the average duration of these swaps?</p>												

	<ul style="list-style-type: none"> • The higher finance expenses incurred in FY22/23 were mainly due to the interest expenses incurred by the overseas properties, interest expenses incurred on the acquisition debt (refers to debt drawn to partially fund the merger with MNACT) and higher interest rates on the existing Singapore dollar borrowings. • We manage MPACT's balance sheet by maintaining (i) a mix of fixed and floating rate debt, (ii) sufficient financial liquidity, (iii) well-distributed debt maturity profile, and (iv) diversified funding sources. This is a risk-based approach that aims to give a reasonable level of certainty over interest expenses while giving MPACT the ability to adapt and capture opportunities to optimise the balance sheet. • As a result of prudent capital management, MPACT has remained well-capitalised with diversified sources of fundings. As at 31 March 2023, MPACT has approximately S\$1.6 billion of cash and undrawn committed facilities available, approximately 75.5% of the gross debt has been fixed through fixed rate debt, interest rate swaps and cross-currency interest rate swaps, and the debt maturity profile was well-spread with no more than 22% of debt expiring in any financial year. • Based on unhedged debt as at 31 March 2023, if benchmark rates were to increase/decrease by 50 basis points, with all other variables being held constant, DPU on a full-year basis would be approximately 0.16 Singapore cents lower/higher, or approximately 1.7% lower/higher. • The interest rate environment is expected to remain volatile with rates remaining high for the time being. • The interest rate swaps that have been put in place have different expiry dates and will progressively mature over different time periods. In consideration of the volatile interest rate environment, the average tenure of the interest rate swaps that we have executed in recent times is about 2-3 years in order to retain some flexibility to adapt when interest rates move favourably. • As the older fixed rate debts and interest rate swaps progressively mature, the overall cost of financing is expected to increase if interest rates remain elevated. MPACT is committed to staying disciplined and vigilant in managing the capital structure, and we will continue to monitor the market and adapt our strategies as needed to ensure stability.
<p>5</p>	<p>Does the REIT manager have any plans to undertake equity fundraising in order to reduce its leverage, considering that historically, the REIT maintained a leverage of 33%-34% when the portfolio was focused on Singapore (which may have been less risky)?</p>
	<ul style="list-style-type: none"> • The aggregate leverage ratio has risen from 33.5% as at 31 March 2022 to 40.9% as at 31 March 2023 due to the merger and the debt taken on to partially fund the cash consideration of the merger. Note that prior to the merger, the leverage ratios of MCT and MNACT were 33.8% and 42.1%, respectively (as at 30 June 2022).

- This is still within an acceptable and manageable level. Considering the maximum aggregate leverage limit set by the Monetary Authority of Singapore (“MAS”) of up to 50%, MPACT has a debt headroom of approximately S\$3.1 billion as at 31 March 2023. Assuming total debt and all other factors remain constant, the valuation of MPACT’s portfolio would need to decrease by approximately S\$3.1 billion for aggregate leverage to reach 50%.
- As at 31 March 2023, MPACT has approximately S\$1.6 billion of cash and undrawn uncommitted facilities available to meet working capital and financial obligations.
- We are mindful of the potential impact of increased interest rates. To manage this risk, the Manager has historically kept the percentage of fixed rate debts above 70% to mitigate the effects of fluctuations in interest rates. The substantial proportion of fixed rate debt has cushioned the full impact of higher interest rates in FY22/23. However, as the older fixed rate debts and interest rate swaps progressively reach maturity, the overall cost of financing is expected to increase if interest rates remain elevated.
- MPACT takes a prudent approach to capital and risk management, with a focus on building resilience and achieving sustainable long-term growth. This includes safeguarding the capital structure, diversifying funding sources and ensuring financial flexibility, while maintaining reasonable overall costs. In addition, MPACT benefits from a range of funding sources and refinancing options, further supported by a strong Sponsor name.
- For any equity fund raising, the Manager will carefully consider how the funds will be deployed, its overall impact to the REIT and the potential value accretion to Unitholders. This approach aims to balance risk and return, ensuring that capital-raising initiatives align with the overall objectives of MPACT.

6 What is the level of natural hedging achieved, and does the REIT still face significant residual net investment risk?

- Where practicable, the Manager maintains a natural hedge by matching MPACT’s debt mix with the geographical composition of the AUM. The charts below show the debt mix by currencies and AUM split by geography (as at 31 March 2023).
- Given the limit on aggregate leverage on REITs imposed by MAS, there will always be some residual net investment risk.



B. Business and Operational Performance

1	With COVID-19 over, has Festival Walk's business recovered?
	<ul style="list-style-type: none">• We have started to see gradual recovery in shopper flows at Festival Walk after Hong Kong's progressive relaxation of COVID-19 measures from the second half of FY22/23 and the reopening of its border with China. Consequently, FY22/23 tenant sales and shopper traffic were up 9.3% and 16.0% yoy respectively.• The Hong Kong government has launched a series of measures including consumption vouchers as well as campaigns to draw tourists, which are expected to boost demand and retail sales. With the positive renewal of Arup, a major tenant at Festival Walk, near-full committed occupancy achieved at the end of FY22/23, as well as signs of rental stabilisation, the outlook looks more promising.
2	Is there a timeline for Festival Walk's recovery in terms of rental reversion?
	<ul style="list-style-type: none">• As rental reversion is based on the average fixed rent of the new lease over the average fixed rent of the expiring lease, it is a function of the market conditions when tenants had initially signed their leases and where their expiring rentals sit, in relation to the current market.• There have been signs of rental stabilisation towards the end of FY22/23 with the relaxation of COVID-19 measures and reopening of the economy. However, there will be some short-term pressure on rents due to new retail supply in the neighbouring submarkets. In addition, there remains a portion of leases that were signed prior to the social incidents that occurred between 2019 and 2020 and COVID-19. Because of the relatively higher expiring rents, we can still expect to see some negative rental reversion when these leases are renewed.• For much of FY22/23, Hong Kong's retail sector was impacted by strict COVID-19 measures. Notwithstanding, the team has continued to enrich shoppers' experience by organising a wide range of activities to draw footfall. Ongoing efforts to curate Festival Walk's retail mix include introducing lifestyle offerings, refining tenant mix, and collaborating with tenants to revamp their stores. Apart from proactive leasing and tenant remixing, the Manager also undertook enhancement works such as upgrading of toilets for the office tenants.• Going forward, proactive asset management and tenant remixing will be key in strengthening Festival Walk's appeal and driving its performance.• Please refer to page 56-58 of the AR for more details on the asset management and tenant remixing effort for Festival Walk, and page 82 of the AR for outlook on the Hong Kong retail market.

3	<p>How will the slow recovery of China impact MPACT?</p>
	<ul style="list-style-type: none"> • China does not comprise a significant portion of MPACT's portfolio. As of 31 March 2023, China accounted for 10% of MPACT's AUM. • Through FY22/23, macro challenges and China's stringent COVID-19 restrictions curtailed leasing activities. Notwithstanding the rough environment, Gateway Plaza and Sandhill Plaza achieved committed occupancy of 86.7% and 86.2% respectively as at 31 March 2023, comparing well against Beijing Lufthansa Office (Grade A) market's occupancy of 78.9% and Zhangjiang Business Park market's occupancy level of 89.6% (Source: Colliers, 1Q 2023). • Notably, we successfully renewed the lease with BMW, the portfolio's second largest tenant at Gateway Plaza, for five years until 2028. This accomplishment removed a potential occupancy risk and was a positive development following the merger. • The world is becoming more volatile and a much tougher place for investment, with the IMF expecting global growth to be softer than last year. In the near term, China efforts in post-COVID reopening, coupled with stimulus policies like interest rate cuts, are expected to lend some support to leasing demand. However, weak demand and tense Sino-US relations are expected to weigh on China's recovery. We also expect some pressure resulting from new supply in the submarkets we are in. • As a principle, we intend to hold acquired properties on a long-term basis. Thus, although China is still in the process of post-COVID recovery, it remains an attractive market in the long run due to its size and growth potential. Its commitment to rebalancing the economy by promoting domestic demand and capabilities bodes well for long-term sustainability.
4	<p>Could you provide an update on the traffic flow and leasing environment of MPACT's overseas properties?</p>
	<ul style="list-style-type: none"> • <u>Festival Walk</u> <ul style="list-style-type: none"> - FY22/23 shopper traffic and tenant sales improved yoy by 16.0% and 9.3% to 29.8 million and HKD3,931.2 million, respectively. The rebound was mainly due to the easing of COVID-19 measures and reopening of borders, leading to a marked recovery in both metrics in the fourth quarter. - By the end of FY22/23, Festival Walk achieved near-full committed occupancy of 99.6%. With the positive renewal of Arup, a major tenant at Festival Walk, as well as signs of rental stabilisation, the outlook looks more promising. - There may be some short-term pressure on rents due to the upcoming supply pipeline in the Kowloon East submarket in the coming quarters. However, considering the strong pipeline of residential developments in Kowloon East, shopping malls in Kowloon East including Festival Walk can benefit from a population inflow into the shopper catchment areas. Positive sentiment can also be expected from government initiatives to attract tourists and boost local consumption e.g. distribution of consumption vouchers.

- China properties

- The China properties have navigated a protracted COVID-19 situation, tight social distancing measures and lengthy lockdowns through the year. Despite these challenges, we successfully renewed the lease with BMW, the portfolio's second largest tenant, at Gateway Plaza for five years till 2028. This removes a potential occupancy risk and is a positive development since the merger.
- As at 31 March 2023, Gateway Plaza and Sandhill Plaza recorded committed occupancy rates of 86.7% and 86.2%, respectively, resulting in a combined committed occupancy of 86.5%. This compares well against the Beijing Lufthansa Office (Grade A) market's occupancy of 78.9% and Zhangjiang Business Park market's occupancy level of 89.6%
- Looking ahead, China's post-COVID reopening efforts alongside stimulus policies such as interest rate cut are expected to lend some support to leasing demand. However, weak demand and tense Sino-US relations are expected to weigh on China's recovery. We also expect some pressure resulting from new supply in the submarkets we are in.

- Japan properties

- As of 31 March 2023, the Japan properties achieved a committed occupancy of 97.5%, largely stable as compared to the 97.7% as at 31 March 2022.
- Looking ahead, there may be some headwinds in the leasing environment of the Makuhari area and we may see more non-renewal of some tenants. However, vacancy risks can be mitigated by the quality of our assets. For example, mBay Point ("MBP") is already operating as one of the better quality multi-tenanted office buildings in the Makuhari area and has been able to maintain its recent occupancy levels above 85%.
- We will continue to proactively work on retaining tenants and attracting new ones through extensive leasing programmes and strategies.

- The Pinnacle Gangnam

- The robust Gangnam Business District ("GBD") market, characterised by limited supply, has continued to support occupancy and rental rates. The GBD, where IT companies and professionals are clustered, remains the preferred location by tech companies. The Pinnacle Gangnam has benefited from these and performed well.
- The Pinnacle Gangnam's committed occupancy improved from 97.3% as at 31 March 2022 to a near-full level of 99.3% as at 31 March 2023.
- Effective rents are expected to continue increasing with almost no rent-free incentives in the GBD. With stable leasing demand, tight vacancies and limited supply, the market will continue to favour landlords in the GBD. With new supply of around 130,000 pyeong in 2023, a marginal increase in Seoul's vacancy rate is expected. However, as most new supply is concentrated in the Central Business District and the Yeouido Business District, low vacancy rates will likely be maintained in the GBD.

5	<p>Could the manager share insights on the current extent of work-from-home and hybrid work arrangements in the key cities within its portfolio? What are some of proactive or innovative strategies the manager has implemented to address and adapt to this evolving work landscape?</p>
	<ul style="list-style-type: none"> • The COVID-19 pandemic and the adoption of hybrid work arrangements have prompted businesses to reassess their workspace requirements. We have observed that different companies and organisations have responded to this trend differently, depending on the kind of environment and culture the companies aim to create, and their business objectives. • In Asia, where MPACT's assets are located, employers traditionally prefer to have their employees back in the office to ensure efficient work processes and effective collaborations. As a result, the return-to-office rates in Asia have been higher compared to their European and US counterparts, as the pushback against remote work has been observed to be stronger in this region. • For example, in our Singapore and Japan properties, we have observed that more than 70% of workers have returned to office, while hybrid work policies have not been commonly adopted in countries like China and Korea. • We believe that workspace will remain relevant and important, particularly in Asia where homes tend to be smaller, making it a relative luxury to have a comfortable space to work from home. Office spaces will continue to play an important role as organisations rethink their work routines and office layouts to ensure that their business goals can continue to be met. • We will continue to closely monitor relevant trends and further enhance tenant engagement efforts to anticipate their changing needs. We remain committed to our proactive asset management strategy, focusing on maintaining occupancy rates and stable rental income. Additionally, we will seek to improve efficiency and manage costs by optimising various aspects of our operations.
6	<p>As disclosed by the REIT, significant portions of Google's leases at MBC have been renewed over the last two financial years. Could the manager provide clarification on whether they are currently in discussions with Google to renew the leases for the remaining one-fifth of the space that is set to expire in FY24/25? Considering that MBC achieved a rental reversion of 8% and that the occupancy rate is 95.4%, what is the manager's strategy to fill up the remaining 4.6%?</p>
	<ul style="list-style-type: none"> • The drop in MBC's committed occupancy year-on-year was primarily due to the non-renewal of a tenant which was consolidating its footprint in Singapore and relocating some of its business functions overseas. • Over the last two financial years, major leases including those with Samsung Asia Pte. Ltd, as well as a significant portion of Google's leases, have been renewed. Other new tenants brought into MBC included consumer goods companies such as Lidl Asia Pte. Limited and pharmaceutical company, Sartorius Stedim Singapore Pte. Ltd.

	<ul style="list-style-type: none"> Given MBC's outstanding attributes, its tenant base is made up of many well-established tenants from various trade sectors including IT Services & Consultancy, Banking & Financial Services, Government Related as the top three contributors to the gross rental income. As part of our asset management plan, we will continue to engage tenants proactively to understand their needs, with a focus on maintaining occupancy levels and stable rental income. According to Colliers, global economic uncertainties are expected to weigh down demand for business park space in 2023. However, in the long-run, the outlook for Singapore's business park market is expected to remain attractive given the government's continued efforts to elevate the country as a leading advanced manufacturing, innovation and research hub with a focus on high-value and knowledge-intensive industries.
7	<p>VivoCity generated \$220.2 million in gross revenue and \$165.9 million in NPI. The 22% increase in NPI could be partly attributed to higher tenant sales which exceeded \$1 billion, setting a new record and well surpassing pre-COVID levels. How significant are gross turnover rentals for the REIT's retail properties, specifically VivoCity? In addition, how does the REIT manager address possible revenue leakages such as when stores offer "click & collect" services that bypass the point-of-sale system?</p>
	<ul style="list-style-type: none"> The proportion of gross turnover rentals is not significant as most of our leases are structured on a fixed rent basis. As disclosed on page 230 of the AR, the turnover rental for the financial year ended 31 March 2023 was S\$15,388,000 for the Group. This accounts for less than 3% of the Group's gross rental income of S\$756,099,000. According to data from Singapore's Department of Statistics, the proportion of physical retail sales remains high at over 80%. This indicates that brick-and-mortar stores continue to play a substantial role in retail sales. To adapt to changing consumer behaviours and new technology, retailers and landlords must embrace omni-channel retailing, using both physical and digital channels to reach out and engage their customers effectively. Generally, the "click-and-collect" component is small. For instance, at VivoCity, if food and beverages are ordered, prepared and collected at the mall, these transactions are recorded as part of VivoCity's tenant sales.

C. Strategy and Outlook

1 Unit price has been affected since the merger. Why is this so and what is the management doing to drive performance?
Please share what are the short-to-medium term development plans to bring up the unit price of MPACT?

- Please see below for the unit price performance of MPACT compared to the FTSE Straits Times Index, FTSE Straits Times REIT Index, FTSE Straits Times Real Estate Index.

Change in price	MPACT	Straits Times Index	FTSE Straits Times REIT Index	FTSE Straits Times Real Estate Index
FY22/23	-4.8%	-4.4%	-14.2%	-12.4%
Since IPO (on 27 April 2011) to 31 March 2023	104.5%	2.4%	10.6%	4.0%

- Stock markets and unit price movements are affected by many factors and not within any single entity's control. Market dislocations have occurred due to multiple factors, including geopolitical events, the COVID-19 pandemic, increased energy prices and persistent high inflation, rising interest rates, along with slowing economic growth. As a result, MPACT's unit price dropped 4.8% in FY22/23, but this remains an outperformance against the FTSE Straits Times REIT Index and FTSE Straits Times Real Estate Index.
- Despite the macro challenges, there are positive regional developments such as Singapore's return to normalcy after the pandemic and China's lifting of COVID-19 measures and border reopening since early 2023.
- The renewals of several key leases at MBC, Bank of America HarbourFront, Festival Walk and Gateway Plaza have positioned MPACT in a resilient position. Our job as a responsible Manager is to focus on the business itself. We will continue to deploy targeted strategies to manage our assets. With a diverse tenant base and a proactive approach to asset management, we are confident in our ability to navigate market shifts.
- We are constantly exploring ways to upgrade and uplift our assets to drive performance. For example, the recent space reconfiguration at VivoCity is expected to generate more than 20% of return of investment (based on revenue on a stabilised basis and capital expenditure of approximately S\$10 million).
- Although there is concern about the rising interest rate environment, we believe that repeated interest rate hikes are not a norm but a monetary tool by central banks to control inflation. The impact on the labour market and other factors are also considered and interest rates are expected to eventually stabilise.
- In June 2023, the Federal Reserve decided to pause interest rate hikes after more than a year of consecutive rate increases, providing a temporary respite. However, the market is still uncertain about where interest rates would end up, so MPACT will remain cautious about pursuing inorganic growth until there is more clarity.

	<ul style="list-style-type: none"> • Over time, MPACT is committed to creating value through the “4R” Asset & Capital Management Strategy, which includes proactive asset management to drive organic growth, divestments, and capital recycling. We will also focus on implementing a comprehensive capital management strategy to maintain a healthy balance sheet that maximises liquidity and minimises risks, while optimising the overall costs of financing. • MPACT is well-positioned due to the following competitive advantages: <ul style="list-style-type: none"> - It is anchored by a high-quality and diversified portfolio - It has established ready footholds in five key markets. Notably, core assets, VivoCity and MBC, constitute 42% of the portfolio, providing underlying stability - Its portfolio is balanced across the sub-asset classes of retail, office and business park - Seasoned management team with proven track record and capabilities - It benefits from the Sponsor’s strong commitment and vast network - Alignment with investors’ interest through fee structure pegged to distribution growth - It has a ready launchpad to capture long-term growth opportunities in Pan Asia • Please refer to page 2-3 of the AR for more details on MPACT’s competitive advantages and strategy.
2	<p>What is the total unitholder return since 27 December 2021, the day before the trading halt?</p>
	<ul style="list-style-type: none"> • Since the announcement of the merger with MNACT, the macro environment has changed considerably, including the start of the Russia-Ukraine war, increased energy prices and rising interest rates. These factors have wide-ranging impact across markets and sectors, affecting not just MPACT. As a result, the total returns from 27 December 2021 (the day before the trading halt) till the end of FY22/23 is -2.6%. • For FY22/23, MPACT’s unit price maintained its outperformance against the FTSE Straits Times REIT Index and FTSE Straits Times Real Estate Index.
3	<p>Why the Board argued strongly for the acquisition of the HK and North Asian assets from MNACT, then later says that these assets are now considered non-core and is prepared to divest those same assets when/if opportunities arise?</p> <p>Can the manager clarify why Festival Walk is not considered a core asset, despite it being the REIT’s largest holding? Are there plans to divest Festival Walk to reallocate capital into core assets?</p>
	<ul style="list-style-type: none"> • The “4R” Asset and Capital Management Strategy (Recharge, Refocus, Reconstitute and Resilience) was first articulated during the merger. As we have shared in the Circular dated 29 April 2022, the Manager intends to implement this “4R” strategy post-merger in order to achieve its key objectives and realise benefits from the merger.

	<ul style="list-style-type: none"> • Under the “Reconstitute” pillar of the strategy, we intend to optimise the portfolio by pursuing selective strategic divestments at opportune times. Capital will be redeployed into higher-yielding quality properties or other asset enhancement and redevelopment opportunities to drive overall portfolio returns. • We intend to hold properties on a long-term basis. However, the portfolio will comprise a core component of assets that will anchor MPACT’s foundation, while we pursue growth in other key gateway markets of Asia. • For now, our core assets are VivoCity and MBC, as they are highly representative of MPACT – they are considered by many to be the best-in-class assets, providing long-term stability through market cycles. Festival Walk remains a recovery story after going through prolonged COVID-19 restrictions as well as the social incidents between 2019 and 2020. • Beyond the two core assets, VivoCity and MBC, we will be methodical in evaluating potential acquisitions and capital recycling opportunities that will be beneficial to unitholders. • Please refer to page 2-3 of the AR for more details on MPACT’s strategy.
<p>4</p>	<p>Are we looking at acquisitions given the merger earlier?</p> <p>Can management please share overall strategy, growth and expansion plans, as well as target geographic split? Kindly be more specific i.e. which geographies, property types, characteristics, etc that MPACT will focus on.</p> <p>Will MPACT add more freehold assets (office, retail mall) in Japan?</p> <p>Given the current interest rate trends, how challenging would it be for the REIT to make value-accretive acquisitions? Are the REIT’s acquisition plans put on hold for the time being? Following the acquisition of MNACT, is the manager contemplating further additions to the Singapore portfolio, or is the focus still on expanding overseas?</p>
	<ul style="list-style-type: none"> • The Manager actively evaluates acquisition opportunities when they arise. • Acquisitions is an integral part of our strategy as we strive to assemble a quality portfolio that generates attractive cash flows and yields relative to MPACT’s weighted cost of capital, and capture opportunities for future and capital growth. In evaluating any acquisition opportunities, the Manager will be guided by investment criteria such as value accretion, yield thresholds, quality as well as sustainability-related risks and opportunities of the asset, to ensure that the acquisition is in the interest of Unitholders. This applies to both right of first refusal assets as well as third-party acquisition opportunities. • Our focus is on adding office and office-like business park assets anchored by quality tenants in high growth sectors. • Singapore will continue to constitute a significant component of the portfolio to provide underlying stability to the portfolio.

	<ul style="list-style-type: none"> • As part of MPACT’s “4R” Asset and Capital Management strategy, strategic divestments and accretive acquisitions can be expected which may lead to some fluctuations in the portfolio mix over time. However, such portfolio rebalancing will be conducted in a manner that ensures diversification across geographies and maximises value for Unitholders. • Given the chunky nature of MPACT’s assets, it may be prudent to deploy a combination of debt and equity when raising funds for acquisitions. We have a consistent track record in managing the capital structure responsibly over the years and will continue to do so.
5	What is the business outlook for new financial year of 2023/2024?
	<ul style="list-style-type: none"> • As MPACT will be releasing its financial results for the First Quarter from 1 April 2023 to 30 June 2023 on 31 July 2023, we will not be able to provide specific forward-looking statements. • Like any business, MPACT’s performance is subject to the broader market conditions, including higher utility costs, interest rates and movements in financial markets. Currently, the global economic outlook remains fragile, with the IMF expecting softer growth compared to last year. The ongoing Russia-Ukraine conflict, elevated energy prices and interest rates, as well as volatility in the global financial markets will continue to weigh on recovery. • Nevertheless, we find encouragement in regional developments, such as Singapore’s return to normalcy after the pandemic and China’s lifting of COVID-19 measures and reopening of its borders since early 2023. Although China is still in the process of recovering from the pandemic, supportive measures such as interest rate cuts and other stimulus measures are expected to provide some support to the economy. • MPACT is reasonably positioned to navigate the recent downturns in the tech and finance sectors due to the renewals of several key leases during FY22/23. Our focus remains on maintaining a healthy portfolio occupancy and steady rental income while managing costs sustainably. We will deploy targeted strategies to proactively manage non-renewals and adapt to market changes. • With a diverse tenant base and a proactive approach to asset management, MPACT is well-equipped to overcome bumps on the road to post-COVID recovery. In the current interest rate environment, safeguarding MPACT’s financial position, ensuring higher certainty over finance expenses and achieving an optimal balance of risks and costs are our top priorities.

D. Others

1 How strong is the link between pay, performance and value creation? Could the NRC provide insights into how remuneration is affected by factors such as portfolio size, management fees, and total unitholder returns? How are the weightages for different KPIs determined?

- The Manager’s remuneration policy is developed by the Nominating and Remuneration Committee (“NRC”) with a number of principles in mind:
 - Align with Unitholders: A proportion of variable remuneration is deferred and delivered in the form of deferred awards over MPACT phantom units, thereby aligning the interests of employees and Unitholders;
 - Align with performance and value creation: Total variable compensation is managed and structured taking into consideration the level of performance and value creation attained which is being assessed holistically and determined based on financial performance and achievement of non-financial goals;
 - Encourage retention: Deferred variable compensation does not give rise to any immediate entitlement. Awards normally require the participant to be employed continuously by the Manager until at least the third anniversary of the grant in order to vest in full; and
 - Be competitive: Employees receive competitive compensation and benefits packages, which are reviewed annually and benchmarked by an independent remuneration consultant to the external market.
- Employee remuneration at the Manager comprises fixed pay, variable incentives, allowances and benefits. All of these are payable wholly in cash from the Manager and not as an additional expense imposed on MPACT.
- Variable incentives is a material component and comprises three parts:
 - Performance Target Bonus (“PTB”): determined based on non-financial KPIs which are critical to improving people capability, building organisational culture, contributing to ESG factors, and managing stakeholders. E.g. connecting with investors, digitalisation and reducing electricity usage.
 - Variable Bonus (“VB”): based on achievement of financial KPIs e.g. NPI, DPU, NAV, which are essential to Unitholders.

A significant component of the VB is deferred under the VB banking mechanism. Under this VB banking mechanism, only a portion of a VB award declared will be paid while the rest is deferred and paid out in subsequent years. The deferred VB award is subject to downside risks depending on future performance. This ensures alignment between remuneration and sustaining business performance in the longer term.
 - Long-term Incentives (“LTI”): a form of unit-linked incentive plan and represents conditional rights to receive cash sum based on achievement of total shareholder return (“TSR”) targets.

This is subject to three to five years vesting schedule. The settlement of LTI awards is linked to the value of MPACT units at the time of vesting.

	<ul style="list-style-type: none"> As disclosed in the AR, more than 60% of the remuneration of the CEO is variable and tied to KPIs aligned with unitholders, including TSR, NPI, DPU and NAV. Please refer to Page 169-174 of the AR for full details on the procedures for developing remuneration policies and link between pay, performance, and value creation.
2	<p>On the merger with MNACT, many unitholders feel like they are being short-changed and the merger did not perform as painted at transaction. Can the Board reflect on the matter and assure unitholders that there was no conflict of interests in the deal and that better due diligence and decision making will be done for future cases?</p>
	<ul style="list-style-type: none"> Given the limited opportunities in Singapore, the merger with MNACT was to provide the REIT with ready footholds in key gateway Asian cities, acting as a springboard for future growth. On the process of the merger, due diligence was conducted by the Manager and the entire process was in accordance with regulations and guidelines. For instance: <ul style="list-style-type: none"> The merger was conceived by the Manager and presented to the then-independent directors of the Manager, who approved the merger and subsequently presented a non-binding expression of interest to the manager of MNACT which commenced the negotiation process. The then-non-independent directors of the Manager had abstained from making any recommendations in respect of the proposed merger and for the purposes of good corporate governance, they abstained from voting on the resolution relating to the proposed merger at the Extraordinary General Meeting (“EGM”). The independent financial adviser (“IFA”) to the then-MCT advised the then-Audit and Risk Committee of the Manager and the then-independent directors to recommend that the independent MCT unitholders vote in favour of the merger. The then-independent directors of MCT, having considered the relevant factors, the rationale for the merger, and the Manager's strategy for the merged entity, as well as the MCT IFA Letter, recommended that Unitholders vote in favour of all resolutions relating to the merger. The proposed merger was eventually approved by unitholders at the EGM held on 23 May 2022. The Sponsor's role in the merger was largely limited to reinforcing its commitment and support for the merger and the growth of the merged entity as reflected in: <ul style="list-style-type: none"> the revision of management fee structure for the merged entity to be pegged to distributable income and DPU growth, a move to increase alignment of interest with unitholders; its undertaking to subscribe for the maximum preferential offering units and receive 100% scrip-only consideration in respect of all its MNACT units, including a voluntary six-month lock-up of its unitholdings in the merged entity post-merger; the waiver by the Manager (which is a wholly-owned subsidiary of the Sponsor) of 100.0% of the acquisition fee in respect of the merger.