OPERATIONS REVIEW

PORTFOLIO PERFORMANCE

Demonstrating the underlying strength of our asset management effort and portfolio, MCT continued to generate steady growth in gross revenue, NPI and valuation in FY18/19. MCT's portfolio gross revenue increased 2.4% year-on-year to S$443.9 million while portfolio NPI grew 2.6% to S$347.6 million, with overall NPI margin at a healthy level of 78.3%. As at 31 March 2019, the committed occupancy of the portfolio remained high at 98.5%. Driven by strong asset performance and robust market sentiments, the total value of MCT's investment properties grew 5.3% to S$7.0 billion as at 31 March 2019.

ACTIVE ASSET MANAGEMENT AND LEASING

Increasing Vibrancy at VivoCity

FY18/19 marked another exciting year for MCT as we witnessed the fruition of VivoCity's 4th and largest scale AEI to date. The year-long, multi-phased AEI largely consisted of the conversion of about 32,000 square feet of retail space on Level 3 into a public library under the National Library Board through the CSFS and decanting the retail space from Level 3 to create an extension of the existing Basement 1 retail space.

The Basement 1 extension was launched in June 2018, adding approximately 24,000 square feet of new NLA that houses ten exciting lifestyle and athleisure brands. In addition, a new set of escalators connecting Basement 2 to Level 1 was added to enhance vertical connectivity within the mall. Other works carried out with this AEI included the addition of solar panels on the new roof-top carpark shelter, addition of toilets on Basement 1 and upgrading of the water feature at the outdoor Plaza.

The much anticipated library@harbourfront was officially launched by Mr S. Iswaran, Minister for Communications and Information, on 12 January 2019. The 32,000 square feet library, the largest shopping mall library in Singapore, is designed to suit all ages and is integrated with interactive technology. The library complements VivoCity's positioning with its focus on families with children, and this well-placed addition is expected to encourage repeat visits to VivoCity and strengthen its attractiveness as a destination mall.

On a stabilised basis, this AEI which cost approximately S$16.0 milllion, delivered an annual return on investment of over 10%.

To keep the mall relevant in a rapidly changing retail environment, VivoCity introduced a number of new and exciting retail concepts during the year. New and larger format concept stores by existing tenants, Zara, Superdry and Pull & Bear, opened in 1Q FY18/19, further defining VivoCity's positioning as a key destination mall. Marks & Spencer also expanded its footprint to introduce a food hall concept. Amongst the popular new brands that were introduced to the mall include 6ixty8ight, Bath & Body Works, Beauty In The Pot, Hans Im Glück and Paradise Teochew Restaurant.

We were also delighted that NTUC FairPrice, Singapore's leading grocer and multi-format retailer, will enter VivoCity with a new integrated hypermarket concept by 2Q FY19/20. At 91,000 square feet, this will be NTUC FairPrice's largest hypermarket in Singapore, featuring a new integrated concept designed to cater to the varied needs of today's shoppers. It will house a FairPrice Xtra hypermarket, a Unity pharmacy, and a Cheers convenience store.

Together with the changeover of the hypermarket operator, 24,000 square feet of space will be recovered and converted into specialty shops. The recovered space on Basement 2 and Level 1 of the former hypermarket area has been fully committed by tenants including Uniqlo, an existing tenant which is doubling its footprint in VivoCity, as well as new lifestyle and mid-range F&B offerings.

While shopper traffic for FY18/19 grew 0.5% year-on-year to 55.2 million, tenant sales dipped 2.0% year-on-year to S$939.1 million due to the transitory impact from the AEI, changeover of hypermarket and rigorous management of tenant mix during the year. Occupancy cost remained at a sustainable level of 20.5%. Overall, VivoCity achieved a positive 3.4% rental uplift, with 29.8% of the mall's NLA being renewed or re-let.

Record-Setting Lantern Installation at VivoCity Sky Park

As part of our ongoing effort to curate fun and shopper-centric events to drive footfall, VivoCity partnered with The Walt Disney Company to present the "VivoCity x Disney Tsum Tsum Mid-Autumn: A Celebration of Love" campaign. The collaboration transformed VivoCity Sky Park into a lantern wonderland that was filled with more than 2,000 Disney Tsum Tsum lanterns as well as a 10-metre tall Mickey and Minnie Mouse installation that set the Asia Book of Records for the largest lantern sculpture. Held from 30 August to 30 September 2018, the event was overwhelmingly received by shoppers of all ages and widely-covered by the local, international and social media. The event also clinched the Silver award for the Best Event-Led PR Campaign at the PR Awards 2019 Southeast Asia, an annual awards programme organised by the Marketing-Interactive Magazine to recognise the efforts of PR practitioners on both the client and agency side.

Steady Performance by Office and Business Park Assets

MCT's focus on retaining quality tenants and engaging them early to secure renewals enabled its office and business park assets to perform steadily. In FY18/19, the office and business parks assets achieved 8.7% rental uplift, largely due to the short-term extension of a major tenant at PSA Building.

MBC I closed the year with occupancy of 97.8% and committed occupancy of 98.1%. The property continued to be an anchor to MCT's stable and sustainable performance with revenue and NPI increasing 0.9% and 0.4% respectively year-on-year.

PSA Building maintained better than market occupancy of 96.4%. The completion of the upgrading of common areas and toilets at the office floors in FY18/19 added to the continued attractiveness of the building.

Notwithstanding some tenant changeover, Mapletree Anson achieved 97.8% committed occupancy. MLHF continued to contribute to MCT's portfolio stability and maintained full occupancy throughout FY18/19.

SUMMARY OF LEASES COMMITTED IN FY18/19

The retention rate of our tenants in FY18/19 was 67.3%, largely reflecting our proactive lease management to constantly refresh the tenant mix to keep VivoCity relevant in a rapidly changing retail environment. Key changes during the year included the replacement of the hypermarket operator to NTUC Fairprice.

On a portfolio basis, rental rates for renewed and new leases in FY18/19 saw an average increase of 5.4% against preceding fixed rents at the end of the expiring leases (including the effect of rent review of a key tenant at MBC I).

	Number of Leases Committed	Retention Rate (by NLA)	% Change in Fixed Rents[1]
Retail	169	60.0%	3.5%[2]
Office/Business Park	23	73.8%	10.3%
• Including rent review[3]	–	–	8.7%
MCT Portfolio	**192**	**67.3%**	**5.5%**
MCT Portfolio • Including rent review[3]	**–**	**–**	**5.4%**

1 Based on the average of the fixed rents over the lease period of the new leases divided by the preceding fixed rents of the expiring leases. Rent reviews are typically not included in the calculation of rental reversions.

2 Includes the effect of trade mix changes and units subdivided and/or amalgamated.

3 Includes the effect of rent review of a key tenant at MBC I for approximately 195,000 square feet of space.

OPERATIONS REVIEW

PORTFOLIO OCCUPANCY

As a result of our active asset management and proactive leasing strategy, the portfolio maintained a high committed occupancy of 98.5% as at 31 March 2019.

	As at 31 March 2015	As at 31 March 2016	As at 31 March 2017	As at 31 March 2018	As at 31 March 2019	
					Actual	Committed
VivoCity	97.5%	99.6%	99.0%	93.1%[1]	99.4%[1]	99.9%[1]
MBC I	–	–	99.0%	99.4%	97.8%	98.1%
PSA Building	95.4%	92.8%	98.3%	96.1%	96.4%	96.4%
Mapletree Anson	87.5%	91.0%	100.0%	86.6%	96.8%	97.8%
MLHF	100.0%	100.0%	79.2%	100.0%	100.0%	100.0%
MCT Portfolio	**95.7%**	**96.6%**	**97.9%**	**96.1%**	**98.1%**	**98.5%**

1 Based on VivoCity's enlarged NLA mainly resulting from the added public library on Level 3 and bonus GFA from the CSFS deployed to extend Basement 1. The Basement 1 extension was opened in June 2018, while the public library was opened in January 2019.

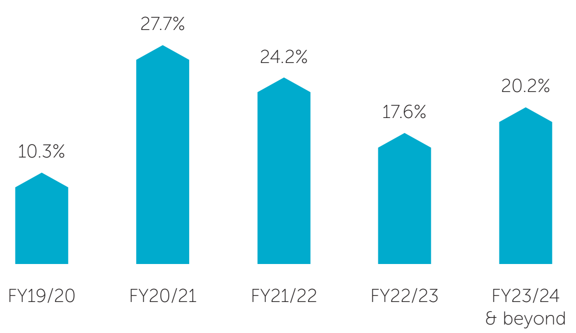
LEASE EXPIRY PROFILE

As at 31 March 2019, the lease expiry profile for MCT remained well balanced with a portfolio weighted average lease expiry ("WALE") on a committed basis of 2.9 years. With a typical retail lease term of three years, the WALE for the retail leases was 2.8 years. The office/business park WALE was healthy at 3.0 years largely contributed by the defensive lease profiles at MBC I and the long-term leases at MLHF.

Based on the date of commencement of leases, MCT's portfolio WALE was 2.1 years as at 31 March 2019.

MCT's portfolio has a total of 534 committed leases, of which 10.3% of gross rental income would be expiring in FY19/20.

LEASE EXPIRY PROFILE BY GROSS RENTAL INCOME (AS AT 31 MARCH 2019)



Number of Leases				
94	142	190	67	41

The leases entered into in FY18/19 contributed 25.2% of gross revenue as at 31 March 2019 and had a WALE of 3.8 years.

TENANT PROFILE

MCT's top ten tenants contributed 25.5% of gross rental income as at 31 March 2019. With both the retail and office/business park assets, MCT's tenants come from a wide variety of trade sectors thus providing good diversification. No single trade segment accounted for more than 16.0% of MCT's gross rental income.

BREAKDOWN OF TENANTS IN MCT'S PORTFOLIO (AS AT 31 MARCH 2019)

Property	Number of Tenants
VivoCity	311
MBC I	31
MLHF	3
PSA Building	114
Mapletree Anson	20
Total	**451**[2]

2 Total does not add up due to common tenants across properties.

MCT'S TOP TEN TENANTS BY GROSS RENTAL INCOME (AS AT 31 MARCH 2019)

	Tenant	% of Gross Rental Income
1	Merrill Lynch Global Services Pte. Ltd.	3.7%
2	The Hongkong and Shanghai Banking Corporation Limited	3.4%
3	PSA Corporation Limited	2.8%
4	Info-Communications Media Development Authority	2.7%
5	SAP Asia Pte. Ltd.	2.3%
6	Cold Storage Singapore (1983) Pte Ltd	2.3%
7	Unilever Asia Private Limited	2.3%
8	Government Technology Agency	2.1%
9	Samsung Asia Pte. Ltd.	2.1%
10	Mapletree Investments Pte Ltd	2.0%
	Total	**25.5%**[1]

1 Total may not add up due to rounding differences.

MCT'S TRADE MIX BY GROSS RENTAL INCOME (AS AT 31 MARCH 2019)

	Trade Mix	% of Gross Rental Income[2]
1	Food & Beverage	16.0%
2	Banking & Financial Services	13.1%
3	Fashion	9.5%
4	Government Related	6.5%
5	Shipping Transport	6.4%
6	IT Services & Consultancy	5.1%
7	Fashion Related	5.1%
8	Hypermarket/Departmental Store	4.6%
9	Consumer Goods	4.0%
10	Electronics	3.6%
11	Beauty	3.4%
12	Trading	3.3%
13	Lifestyle	2.6%
14	Sports	2.6%
15	Real Estate	2.5%
16	Electronics – Retail	2.2%
17	Others[3]	9.5%

2 Total may not add up to 100% due to rounding differences.
3 Others includes Pharmaceutical, Energy, Entertainment, Retail Bank, Insurance, Optical, Education, Consumer Services, Medical, Services and Convenience.