FINANCIAL REVIEW & CAPITAL MANAGEMENT

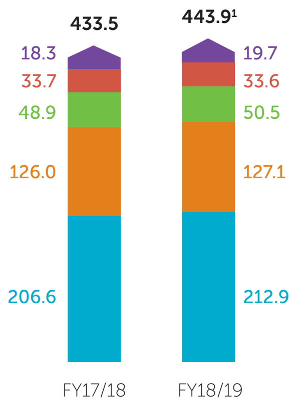
	FY18/19 (S$'000)	FY17/18 (S$'000)	Variance %
Gross revenue	443,893	433,525	2.4
Property operating expenses	(96,266)	(94,680)	(1.7)
Net property income	**347,627**	**338,845**	**2.6**
Finance income	666	403	65.3
Finance expenses	(70,014)	(64,329)	(8.8)
Manager's management fees			
- Base fees	(16,972)	(16,087)	(5.5)
- Performance fees	(13,905)	(13,554)	(2.6)
Trustee's fees	(829)	(794)	(4.4)
Other trust expenses	(1,104)	(1,160)	4.8
Net foreign exchange gain	574	1,618	(64.5)
Net change in fair value of financial derivatives	(359)	(1,573)	77.2
Profit before tax and fair value change in investment properties	**245,684**	**243,369**	**1.0**
Adjustments			
- Unrealised foreign exchange gain	(574)	(1,618)	64.5
- Net change in fair value of financial derivatives	359	1,573	(77.2)
- Net effect of other non-tax deductible items and other adjustments	18,558	17,035	8.9
Income available for distribution to Unitholders	**264,027**	**260,359**	**1.4**
DPU (Singapore cents)	**9.14**	**9.04**	**1.1**

GROSS REVENUE

S$443.9 million

2.4%

(S$ million)

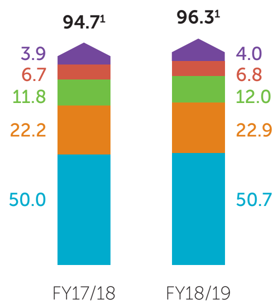


PROPERTY OPERATING EXPENSES

S$96.3 million

1.7%

(S$ million)

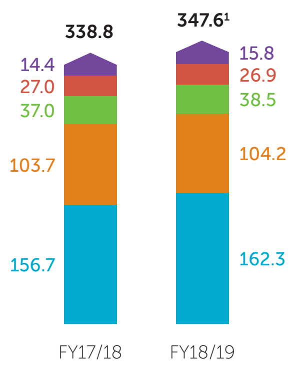


NET PROPERTY INCOME

S$347.6 million

2.6%

(S$ million)



VivoCity | MBC I | PSA Building | Mapletree Anson | MLHF

1 Total may not add up due to rounding differences.

GROSS REVENUE

Gross revenue of S$443.9 million for FY18/19 was 2.4% higher compared to FY17/18. This was mainly due to higher contribution from all properties except Mapletree Anson.

Revenue for VivoCity was S$6.3 million higher than FY17/18 driven mainly by higher rental income from new and renewed leases achieved together with the completed AEI, the effects of step-up rents in existing leases and higher other revenue. This was in spite of the downtime resulting from spaces vacated to make way for the public library on Level 3 and to create concept stores on Level 1 during 1Q FY18/19, and the rigorous management of tenant mix in 3Q FY18/19.

Revenue for PSA Building was S$1.6 million higher mainly due to higher rental income from renewed leases and higher other revenue.

Revenue for MLHF was S$1.4 million higher mainly due to full occupancy in FY18/19.

Revenue for MBC I was higher by S$1.1 million mainly due to higher rental income from new leases and the effects of the step-up rents in existing leases.

Revenue for Mapletree Anson was marginally lower mainly due to lower occupancy in FY18/19, partially offset by the effects of the step-up rents in existing leases and compensation sums received.

PROPERTY OPERATING EXPENSES

Property operating expenses of S$96.3 million for FY18/19 were higher by 1.7% as compared to FY17/18 mainly due to compensation paid to terminate leases, higher staff costs, marketing and promotion expenses and property management fees, partially offset by lower utilities expenses.

NET PROPERTY INCOME AND PROFIT BEFORE TAX AND FAIR VALUE CHANGE IN INVESTMENT PROPERTIES

Accordingly, NPI increased by 2.6% to S$347.6 million for FY18/19.

The higher NPI was offset by higher finance expenses and higher Manager's management fees. Accordingly, profit before tax and fair value change in investment properties increased to S$245.7 million for FY18/19.

FINANCE EXPENSES

Finance expenses of S$70.0 million for FY18/19 were 8.8% higher as compared to FY17/18 mainly due to the refinancing of bank borrowings with fixed rate MTNs issued in FY17/18 and new term loans drawn down in 2Q FY18/19, additional loans drawn down during the financial year as well as higher interest rates on floating rate borrowings and higher percentage of fixed rate debt.

INCOME AVAILABLE FOR DISTRIBUTION AND DISTRIBUTION PER UNIT

Income available for distribution of S$264.0 million for FY18/19 was 1.4% higher compared to FY17/18. Correspondingly, the DPU of 9.14 cents for FY18/19 was 1.1% higher than the DPU achieved in FY17/18 of 9.04 cents.

The table below shows MCT Group's total operating expenses in absolute terms and as a percentage of MCT's NAV as at end of the financial year.

	As at 31 March 2019	As at 31 March 2018
Total Operating Expenses[1] (S$'000)	129,076	126,275
Net Assets Attributable to Unitholders (S$'000)	4,615,979	4,283,373
Total Operating Expenses as a Percentage of NAV	2.8%	2.9%

1. Includes property operating expenses, Manager's management fees, trustee's fees and other trust expenses.

Breakdown of the DPU in Singapore cents for FY18/19 as compared to FY17/18 are as follows:

Financial Year	1Q	2Q	3Q	4Q	Full Year
FY18/19	2.23	2.27	2.33	2.31	9.14
FY17/18	2.23	2.24	2.30	2.27	9.04

FINANCIAL REVIEW & CAPITAL MANAGEMENT

PROJECT MANAGEMENT FEES

During the financial year, project management fees of S$555,000 for the completed AEIs at VivoCity and PSA Building, payable to the Property Manager, were capitalised in the investment properties.

The AEI at VivoCity included the conversion of 32,000 square feet of commercial space on Level 3 into a public library, decanting and using the space to extend the existing Basement 1, injecting a new stack of escalators to connect Basement 2 and Level 1 through the Basement 1 extension, as well as related works such as adding a carpark deck, installation of solar panels as shelter for the new carpark and various M&E upgrading works. The AEI at PSA Building included the upgrading of toilets and lift lobbies. The project management fees payable represent 3% of the total construction costs of the AEIs. The quantum of the project management fee is within market norms and reasonable range as assessed by WT Partnership (S) Pte Ltd in its opinion issued on 10 May 2018. The fee and disclosure are in accordance to the Manager's undertaking as disclosed in the MCT IPO prospectus.

VALUATION OF ASSETS

As at 31 March 2019, MCT's properties were valued at S$7,039.0 million, mainly due to compression of capitalisation rates and discount rates and better operating performance at VivoCity.

	Valuation as at 31 March 2019[1]			Valuation as at 31 March 2018
	S$ million	S$ per sq ft NLA	Capitalisation Rate (%)	S$ million
VivoCity	3,200.0	2,966 psf	4.60%	3,028.0
MBC I	2,018.0	1,182 psf	Office: 4.00% Business Park: 5.10%	1,892.0
PSA Building	763.0	1,456 psf	Office: 4.10% Retail: 4.85%	740.0
Mapletree Anson	728.0	2,213 psf	3.60%	701.0
MLHF	330.0	1,530 psf	4.00%	321.0
MCT Portfolio	**7,039.0**			**6,682.0**

1 The valuation for VivoCity was conducted by CBRE while the valuations for MBC I, PSA Building, Mapletree Anson and MLHF were undertaken by Knight Frank.

NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

	As at 31 March 2019	As at 31 March 2018	Change %
Total Assets	**7,100,765**	6,740,813	5.3
Total Liabilities	**2,484,786**	2,457,440	1.1
Net Assets Attributable to Unitholders	**4,615,979**	4,283,373	7.8
NAV per Unit (S$)	**1.60**	1.49	7.4

Total assets increased by 5.3% to S$7,100.8 million as at 31 March 2019 as compared to S$6,740.8 million as at 31 March 2018, largely due to the increase in valuation of the investment properties.

Investment properties increased from S$6,682.0 million as at 31 March 2018 to S$7,039.0 million as at 31 March 2019 taking into account capital expenditures of S$20.5 million incurred during the financial year and the higher appraised values of the properties by independent valuers as at 31 March 2019.

Correspondingly, net assets attributable to Unitholders increased by 7.8% to S$4,616.0 million over the previous financial year ended 31 March 2018, reflecting a higher NAV per unit of S$1.60 as at 31 March 2019. The adjusted NAV per unit (after excluding the distributable income payable for 4Q FY18/19) was S$1.57.

ACCOUNTING POLICIES

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) ("SFRS(I)") issued by the Accounting Standards Council (Singapore), relevant requirements of the Code on Collective Investment Schemes (the "CIS Code") issued by the Monetary Authority of Singapore ("MAS") and the provisions of the Trust Deed.

MAS has granted the Group a waiver from complying with the requirement under Paragraph 4.3 of Appendix 6 to the CIS Code to prepare its financial statements in accordance with the Singapore Financial Reporting Standards. The Group has adopted SFRS(I) on 1 April 2018 and the financial statements of the Group for the financial year ended 31 March 2019 have been prepared in accordance with SFRS(I).

CAPITAL MANAGEMENT

The Manager continues to actively manage MCT's capital structure and takes a disciplined approach in addressing funding requirements and managing refinancing and interest rate risks.

To enhance financial flexibility, MCT entered into two RCFs totalling S$150.0 million and increased its MTN Programme limit from S$1.0 billion to S$3.0 billion.

In FY18/19, MCT drew on S$345.0 million of the term loans facilities executed in July and August 2018 to refinance S$144.0 million of bank borrowings due in August 2018 and S$197.6 million of bank borrowings ahead of its maturity in April 2019.

As part of the Manager's active capital management approach, IRS of notional S$280.0 million and forward start IRS of notional S$65.0 million were executed to replace those that were expiring during FY18/19 and S$270.0 million that would expire in April 2019. As at 31 March 2019, approximately 85.0% of the gross debt was fixed by way of IRS and fixed rate debt.

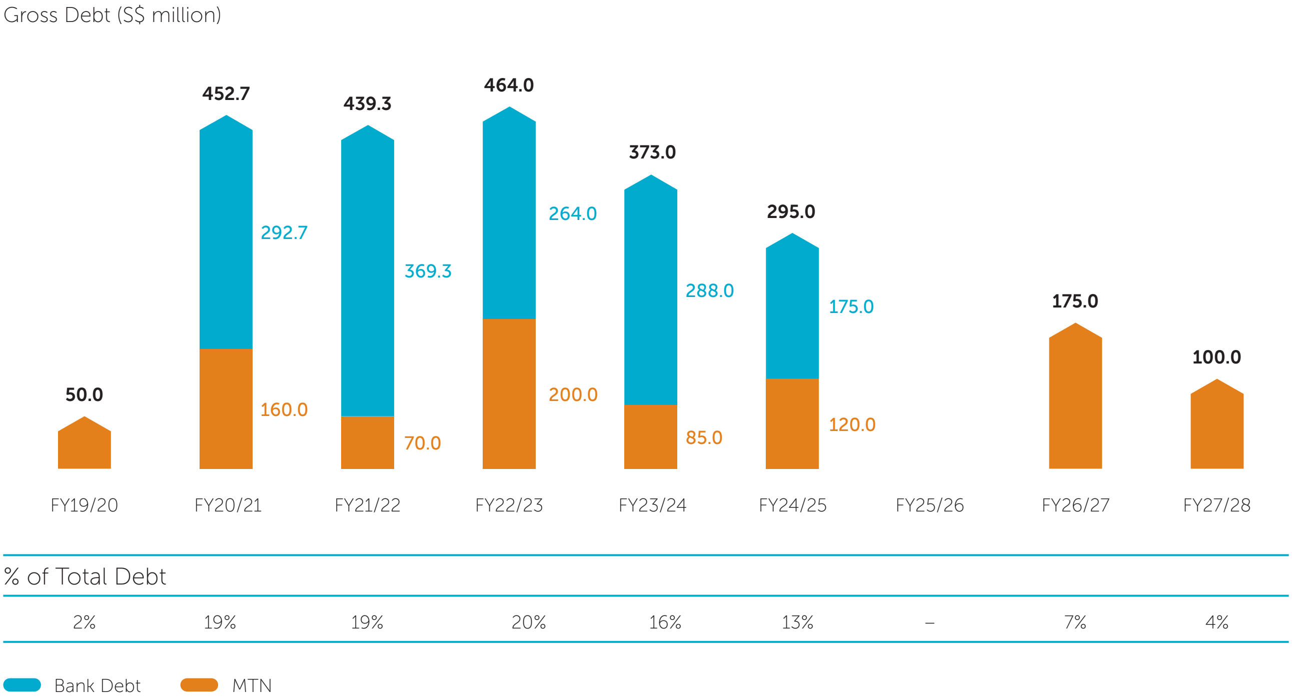
As at 31 March 2019, MCT's total gross debt was S$2,349.0 million. With the upward revaluation of the investment properties, the aggregate leverage ratio decreased from 34.5% as at 31 March 2018 to 33.1% as at 31 March 2019 based on total assets and was 50.9% based on net assets. For the financial year ended 31 March 2019, MCT achieved a healthy interest coverage ratio of approximately 4.5 times and a prudent average all-in cost of debt of 2.97% per annum.

Overall, MCT has maintained a well-distributed debt maturity profile with no more than 20% of debt due for refinancing in any financial year.

All borrowings continue to be unsecured with minimal financial covenants.

FINANCIAL REVIEW & CAPITAL MANAGEMENT

DEBT MATURITY PROFILE (AS AT 31 MARCH 2019)



% of Total Debt								
2%	19%	19%	20%	16%	13%	–	7%	4%

KEY FINANCIAL INDICATORS

	As at 31 March 2019	As at 31 March 2018
Total Debt Outstanding (S$ million)[1]	2,349.0	2,327.6
% of Fixed Rate Debt	85.0%	78.9%
Gearing Ratio	33.1%	34.5%
Interest Coverage Ratio	4.5 times	4.8 times
Average Term to Maturity of Debt (years)	3.6	3.9
Weighted Average All-In Cost of Debt (per annum)	2.97%	2.75%
Unencumbered Assets as % of Total Assets	100%	100%
MCT Corporate Rating (by Moody's)	Baa1 (Stable)	Baa1 (Stable)

1 Reflects total gross debt after taking into account the CCIRS taken to hedge the JPY8.7 billion floating rate MTN.