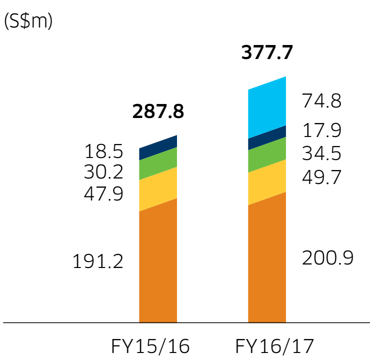
Financial Review & Capital Management

	FY16/17 (S$'000)	FY15/16 (S$'000)	Variance %
Gross revenue	377,747	287,761	31.3
Property operating expenses	(85,441)	(67,048)	(27.4)
Net Property Income	292,306	220,713	32.4
Finance income	463	470	(1.5)
Finance expenses	(54,168)	(39,727)	(36.4)
Manager's management fees			
- Base fees	(13,887)	(10,761)	(29.0)
- Performance fees	(11,692)	(8,829)	(32.4)
Trustee's fees	(706)	(581)	(21.5)
Other trust expenses	(1,445)	(1,454)	0.6
Foreign exchange loss	(4,541)	(4,664)	2.6
Net income	206,330	155,167	33.0
Adjustments			
- Unrealised foreign exchange loss	4,541	4,664	(2.6)
- Net effect of other non-tax deductible items and other adjustments	16,372	12,670	29.2
Income available for distribution to Unitholders	227,243	172,501	31.7
DPU (Singapore cents)	8.62	8.13	6.0

Gross Revenue

S$377.7m

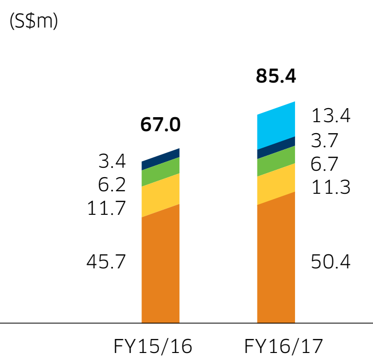
▲ 31.3%



Property Operating Expenses

S$85.4m

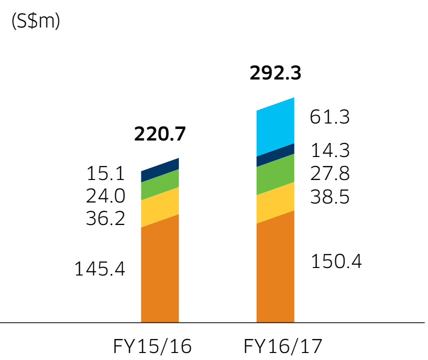
▲ 27.4%



Net Property Income

S$292.3m

▲ 32.4%



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

Gross Revenue

Gross revenue of S$377.7 million for FY16/17 was 31.3% higher as compared to FY15/16. This was due to contribution from MBC I from the acquisition completion date of 25 August 2016 and better performance by VivoCity, Mapletree Anson and PSA Building, offset by lower revenue from MLHF.

Revenue for VivoCity was S$9.7 million higher than FY15/16 driven mainly by higher rental income achieved for new and renewed leases, achieved together with the completed AEI on Basement 2 and Level 3 and the effects of the step-up rents in existing leases. Revenue for Mapletree Anson and PSA Building were S$4.3 million and S$1.8 million higher respectively mainly due to higher occupancy in FY16/17 compared to FY15/16, higher rental income achieved for new and renewed leases and effects of the step-up rents in existing leases. Revenue for MLHF was S$0.5 million lower due to lower occupancy in FY16/17.

Property Operating Expenses

Property operating expenses of S$85.4 million for FY16/17 were 27.4% higher as compared to FY15/16 largely due to property operating expenses of MBC I (S$13.4 million), higher property maintenance expenses and property taxes incurred by the existing properties as well as higher marketing and promotion expenses due to additional and bigger scale programmes organised to celebrate VivoCity's 10th anniversary. In addition, there were one-off adjustments made in FY15/16 which were non-recurring in FY16/17.

Net Property Income and Net Income

Accordingly, NPI increased by 32.4% to S$292.3 million for FY16/17.

The higher NPI was offset by higher finance expenses and higher management fees. Accordingly, net income increased by 33.0% to S$206.3 million for FY16/17.

Finance Expenses

Finance expenses of S$54.2 million for FY16/17 were 36.4% higher as compared to FY15/16 mainly due to the interest incurred on the new debt drawn down to part finance the acquisition of MBC I, higher fixed debt ratio achieved and higher rates on the IRS executed to replace expired IRS.

Income Available for Distribution and Distribution per Unit

Income available for distribution of S$227.2 million for FY16/17 was 31.7% higher as compared to FY15/16. Correspondingly, the DPU of 8.62 cents for FY16/17 was 6.0% higher than the DPU achieved in FY15/16 of 8.13 cents.

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

	As at 31 March 2017	As at 31 March 2016
Total Operating Expenses[1] (S$'000)	113,171	88,673
Net Assets Attributable to Unitholders (S$'000)	3,957,453	2,763,976
Total Operating Expenses as a Percentage of NAV	2.9%	3.2%

Breakdown of the DPU in cents for FY16/17 as compared to FY15/16 are as follows:

Financial Year	1Q	2Q	3Q	4Q	Full Year
FY16/17	2.03	2.05	2.28	2.26	8.62
FY15/16	2.01	2.02	2.08	2.02	8.13

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

Profit Forecast

MCT issued a Forecast for 2H FY16/17 in its Circular dated 5 July 2016 in relation to the acquisition of MBC I. The actual DPU for 2H FY16/17 of 4.54 cents was 6.3% higher than the forecast DPU of 4.27 cents mainly due to lower finance expenses.

Management Fees

Under the revised Code of Collective Investment Schemes in 2016, the Manager's performance fees should be crystalised once a year. Accordingly, the Manager's performance fees for FY16/17 will be paid in the first quarter of FY17/18. The Manager has elected to receive 50% of its management fees in units and the balance in cash.

Project Management Fees

During the financial year, project management fees of S$142,000 for the AEI at VivoCity payable to the Property Manager was capitalised in investment properties.

The AEI covered F&B kiosks and outlets on Basement 2, Level 1 Beauty Zone and Level 3. The project management fees payable represent 3% of the total construction costs of the AEI. The quantum of the project management fee is within market norms and reasonable range as assessed by WT Partnership (S) Pte Ltd, an independent quantity surveyor, in its opinion issued on 10 April 2017. The fees and disclosures are in accordance to the Manager's undertaking as disclosed in MCT's IPO prospectus.

Valuation of Assets

As at 31 March 2017, MCT's properties were valued at S$6,337.0 million, boosted by the addition of MBC I and healthy performance of VivoCity.

	Valuation as at 31 March 2017[1]			Valuation as at 31 March 2016[2]
	S$million	**S$ per sq ft NLA**	**Capitalisation Rate (%)**	**S$million**
VivoCity	2,741.0	2,618 psf	5.15%	2,597.0
PSA Building	735.0	1,404 psf	Office: 4.35% Retail: 5.25%	740.8
Mapletree Anson	690.0	2,090 psf	3.85%	690.0
MLHF	318.0	1,468 psf	4.25%	314.0
Sub-total	**4,484.0**			**4,341.8**
MBC I	1,853.0	1,085 psf	Office: 4.25% Business Park: 5.50%	1,827.0[3]
MCT Portfolio	**6,337.0**			-

1. The valuation for VivoCity was conducted by Knight Frank, the valuation for MBC I was conducted by ETC, formerly known as DTZ Debenham Tie Leung (SEA) Pte Ltd, while the valuations for PSA Building, Mapletree Anson and MLHF were conducted by CBRE.
2. The valuation for VivoCity was conducted by Knight Frank and the valuation for PSA Building, Mapletree Anson and MLHF were conducted by CBRE.
3. Based on the average appraised values by ETC and Knight Frank of S$1,832.0 million and S$1,822.0 million respectively as at 31 May 2016.

Net Assets Attributable to Unitholders

	As at 31 March 2017 (S$'000)	As at 31 March 2016 (S$'000)	Change %
Total Assets	6,405,653	4,415,179	45.1
Total Liabilities	2,448,200	1,651,203	48.3
Net Assets Attributable to Unitholders	3,957,453	2,763,976	43.2
NAV per Unit (S$)	1.38	1.30	6.2

Total assets increased by 45.1% to S$6,405.7 million as at 31 March 2017 as compared to S$4,415.2 million as at 31 March 2016. The increase was largely due to the acquisition of MBC I and increase in the valuation of VivoCity.

In August 2016, MCT completed the acquisition of MBC I. The total acquisition cost of about S$1,843.5 million, comprising purchase consideration of S$1,780.0 million and directly attributable acquisition costs of S$63.5 million was funded by a mix of equity and bank borrowings.

Total liabilities increased by 48.3% to S$2,448.2 million as at 31 March 2017 as compared to S$1,651.2 million as at 31 March 2016. The increase was largely due to the drawdown of S$800.0 million term loan facilities to part finance the acquisition of MBC I.

In FY16/17, the equity fund raising exercise undertaken by MCT to part finance the acquisition of MBC I raised total gross proceeds of approximately S$1,044.3 million. Correspondingly, net assets attributable to Unitholders increased by 43.2% to S$3,957.5 million over the previous financial year ended 31 March 2016, resulting in a higher NAV per unit of $1.38 as at 31 March 2017. The adjusted NAV per unit (excluding the distributable income payable for 4Q FY16/17) was $1.36.

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.

In FY16/17, MCT issued two series of fixed rates notes under the S$1.0 billion Multicurrency MTN Programme:

1. S$175.0 million 10-year fixed rate notes at 3.11% per annum issued on 24 August 2016; and
2. S$85.0 million 7-year fixed rate notes at 2.795% per annum issued on 15 November 2016.

During the year, MCT had drawn on the S$190.0 million of term loans facilities executed in January 2016 to refinance the bank borrowings due in April 2016. Together with the proceeds from the MTN, MCT had completed all refinancing needs for FY16/17 and FY17/18.

Consistent with the Manager's strategy to employ an appropriate mix of debt and equity in financing acquisitions, term loan facilities of S$800.0 million, comprising a two-year, four-year and six-year term loan facilities, were put in place for the purpose of part-financing the acquisition of MBC I. The term loan facility of S$800.0 million was fully drawn in August 2016.

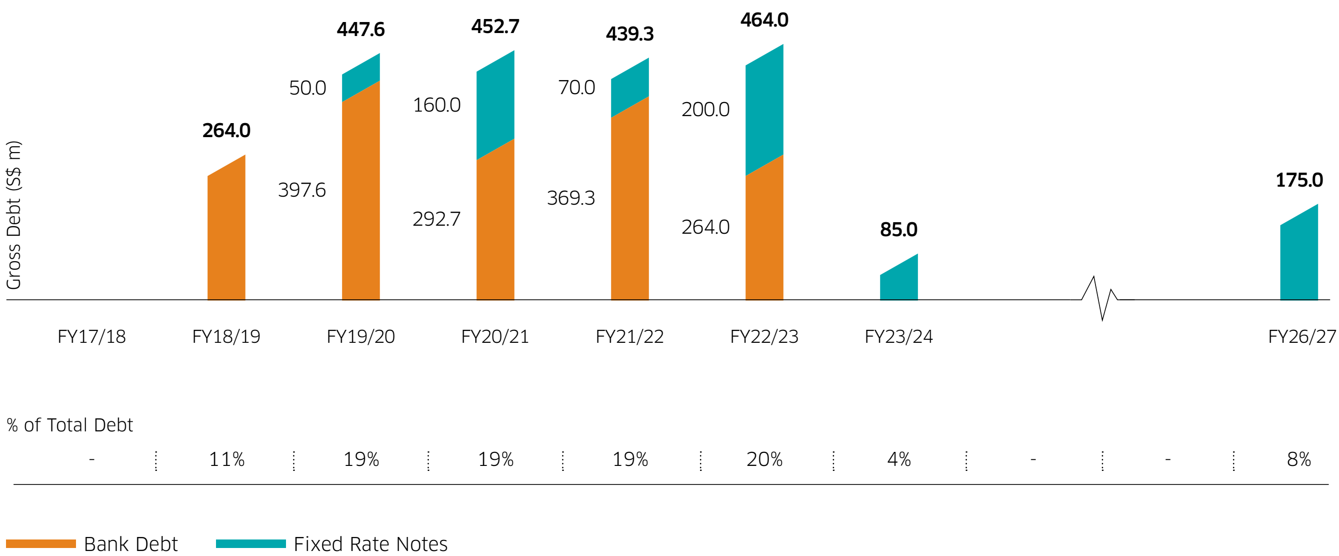
As at 31 March 2017, MCT's total gross debt was S$2,327.6 million, the aggregate leverage ratio was 36.3% based on total assets and 58.8% based on NAV. The average debt to maturity for MCT's gross borrowings was about 4.0 years. Approximately 81.2% of the gross borrowings have been fixed by way of IRS and fixed rate debt. As a result of our proactive capital management, there is no refinancing need for FY17/18.

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 convenants.

Financial Review & Capital Management

Debt Maturity Profile (As at 31 March 2017)



Key Financial Indicators

	As at 31 March 2017	As at 31 March 2016
Total Debt Outstanding (S$million)[1]	2,327.6	1,550.5
% Fixed Debt	81.2%	73.8%
Gearing Ratio (based on Total Assets)	36.3%	35.1%
Interest Coverage Ratio	4.9 times	5.0 times
Average Term to Maturity of Debt (years)	4.0	3.4
Weighted Average All-In Cost of Debt (per annum)	2.66%	2.52%
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 medium term notes.

Distribution Reinvestment Plan

In FY16/17, 2.5 million of new units were issued pursuant to the Distribution Reinvestment Plan ("DRP") implemented in July 2013 for 4Q FY15/16 Distribution. The DRP was discontinued after the 4Q FY15/16 Distribution.

Equity Fund Raising

The Manager launched an Equity Fund Raising on 26 July 2016 to part-finance the acquisition of MBC I. Comprising an overnight private placement tranche of 364.9 million new units and a preferential offering tranche of 362.8 million new units, the fund raising received strong support from existing and new investors. Priced at S$1.45 per new unit (representing a discount of 1.4% to the adjusted volume weighted average price ("VWAP") of S$1.4712 per unit) and S$1.42 per new unit (representing a discount of 3.5% to the adjusted VWAP of S$1.4712 per unit) respectively, the private placement was over 3.8 times covered and the preferential offering over 1.5 times covered. Gross proceeds totalling S$1,044.3 million from both tranches were raised.

Use of Proceeds

The use of the gross proceeds of S$1,044.3 million from the Equity Fund Raising was in accordance to such use as set out in the Circular dated 5 July 2016. As at 31 March 2017, the gross proceeds have been fully disbursed.