FINANCIAL & CAPITAL MANAGEMENT REVIEW

	FY21/22 (S$'000)	FY20/21 (S$'000)	Variance (%)
Gross revenue	499,475	478,997	4.3
Property operating expenses	(110,794)	(101,987)	(8.6)
Net property income	**388,681**	**377,010**	**3.1**
Finance income	284	754	(62.3)
Finance expenses	(72,575)	(76,848)	5.6
Manager's management fees	(37,765)	(37,538)	(0.6)
Trustee's fees	(1,039)	(1,049)	1.0
Other trust expenses	(1,388)	(1,153)	(20.4)
Foreign exchange gain	8,926	8,639	3.3
Net change in fair value of financial derivative	(8,390)	(8,786)	4.5
Profit before tax and fair value change in investment properties	**276,734**	**261,029**	**6.0**
Net change in fair value of investment properties	70,290	(192,420)	N.M.
Income tax expense	(5)	(3)	(66.7)
Profit after tax	**347,019**	**68,606**	**N.M.**
Income available for distribution	**301,229**	**286,720**	**5.1**
Amount available for distribution to Unitholders[1]	**316,982**	**314,720**	**0.7**
DPU (Singapore cents)[1]			
– Taxable distribution	8.60	8.45	1.8
– Capital distribution	0.61	1.04	(41.3)
– Tax-exempt income distribution	0.32	–	N.M.
Total DPU	**9.53**	**9.49**	**0.4**
Total DPU (excluding release of retained cash)	**9.06**	**8.65**	**4.7**

N.M.: Not meaningful

GROSS REVENUE

S$499.5 million

4.3%

PROPERTY EXPENSES

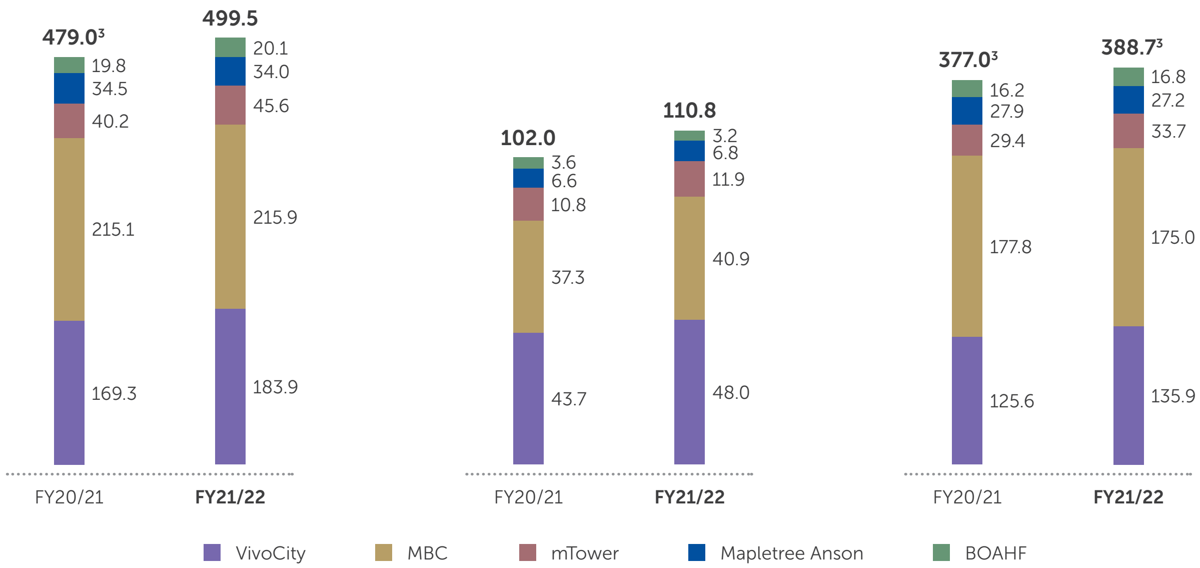
S$110.8 million

8.6%[2]

NET PROPERTY INCOME

S$388.7 million

3.1%



1 In view of the COVID-19 uncertainty, MCT made capital allowance claims and retained capital distribution totalling S$43.7 million in 4Q FY19/20. S$28.0 million and S$15.7 million of the retained cash were released as distribution to Unitholders in FY20/21 and FY21/22 respectively.
2 Mainly due to property tax rebates and higher wage support through the Job Support Scheme received from the Government in FY20/21.
3 Total does not add up due to rounding differences.

For much of FY21/22, the country continued to face the prolonged impact from COVID-19. Notwithstanding, we are proud to deliver a steady set of performance. We closed the financial year with positive portfolio rental reversion, and all properties attained higher occupancy. Tenant sales at VivoCity has also picked up further, recovering to pre-COVID levels in the last quarter of the financial year.

GROSS REVENUE

Gross revenue was S$499.5 million for FY21/22, 4.3% higher compared to FY20/21. This was attributed to higher contribution across all properties except for Mapletree Anson due to its transitional vacancy.

Revenue for VivoCity was S$14.6 million higher than FY20/21 mainly due to lower rental rebates granted to eligible tenants, the effects of step-up rents in existing leases and higher carpark income. This was partially offset by lower rental income from restructured leases and longer downtime as well as lower compensation received from pre-termination of leases.

Revenue for mTower was S$5.4 million higher than FY20/21 mainly due to compensation received from pre-termination of leases, lower rental rebates granted to eligible retail tenants at ARC and the effects of step-up rents in existing leases, partially offset by lower rental income from lower occupancy and negative rental reversion.

Revenue for MBC was S$0.8 million higher than F20/21 mainly due to compensation received from pre-termination of leases, the effects of step-up rents in existing leases, lower rental rebates granted to eligible retail tenants, positive rental reversion and higher carpark income, offset by lower rental income from lower occupancy.

Revenue for BOAHF was S$0.2 million higher than FY20/21 mainly due to the effects of step-up rents in existing leases.

Revenue for Mapletree Anson was S$0.5 million lower than FY20/21, mainly attributed to lower rental income due to its transitional vacancy, offset by the effects of step-up rents in existing leases and lower rental rebates granted to tenants.

PROPERTY OPERATING EXPENSES

Property operating expenses were S$110.8 million for FY21/22, 8.6% higher as compared to FY20/21. The Group incurred higher staff costs, property maintenance expenses, utilities expenses, marketing and promotion expenses, property tax expense and property management fees. The higher property taxes were mainly due to the revised annual values assessed and the property tax rebates received from the Government in FY20/21. The higher staff costs was mainly due to the grants received from the Government in FY20/21 under the Job Support Scheme.

NET PROPERTY INCOME

NPI was S$388.7 million in FY21/22, higher by 3.1% as compared to the S$377.0 million recorded in FY20/21. This was due to higher gross revenue offset by higher property operating expenses.

FINANCE EXPENSES

Finance expenses were S$72.6 million for FY21/22, 5.6% lower as compared to FY20/21 mainly due to lower outstanding borrowings, lower interest rates on floating rate borrowings and lower interest rates from the refinancing of fixed rate notes.

CASH RETAINED FROM 4Q FY19/20

In 4Q FY19/20, we made capital allowance claims and retained capital distribution totalling S$43.7 million to conserve liquidity in view of the COVID-19 uncertainties.

S$28.0 million of this retained cash was released as distribution to Unitholders in FY20/21. As the uncertainties associated with COVID-19 have moderated further, the remaining S$15.7 million of cash retained in 4Q FY19/20 was released as distribution to Unitholders in FY21/22.

INCOME AVAILABLE FOR DISTRIBUTION AND DISTRIBUTION PER UNIT (BEFORE RELEASE OF RETAINED CASH)

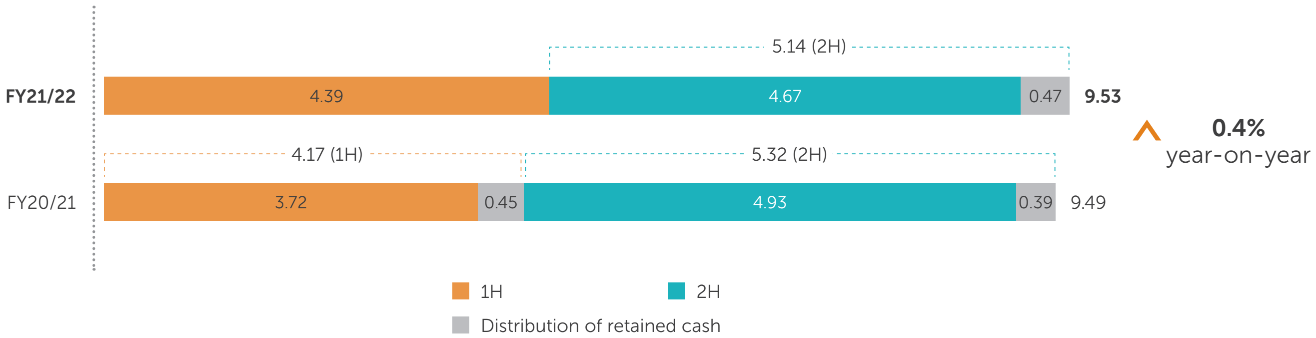
Income available for distribution was S$301.2 million for FY21/22. This was 5.1% higher compared to the S$286.7 million for FY20/21. Correspondingly, the DPU (before the release of retained cash) for FY21/22 was 9.06 cents, up by 4.7% year-on-year.

AMOUNT AVAILABLE FOR DISTRIBUTION AND DISTRIBUTION PER UNIT

With the release of retained cash, the amount available for distribution for FY21/22 was 0.7% higher year-on-year. Correspondingly, DPU for FY21/22 was 9.53 Singapore cents, up marginally by 0.4% from FY20/21.

FINANCIAL & CAPITAL MANAGEMENT REVIEW

The breakdown of the DPU in Singapore cents for FY21/22 as compared to FY20/21 is as follows:



PROJECT MANAGEMENT FEES

The Property Manager was contracted to carry out project management for the asset enhancement initiatives ("AEIs") at mTower.

The AEI at mTower relates to the second phase of the upgrading of common area and toilets for its high-rise zone. 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 22 April 2021.

As at 31 March 2022, the construction cost for the AEI at mTower was finalised. The total project management fees paid/payable to the Property Manager in relation to the second phase AEI at mTower was S$43,000. The project management fees was capitalised in investment properties.

The fee and disclosure are in accordance with the Manager's undertaking as disclosed in the MCT IPO prospectus.

NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

	As at 31 March 2022	As at 31 March 2021	Change (%)
Total Assets (S$ million)	8,984.5	8,950.6	0.4
Total Liabilities (S$ million)	3,191.0	3,241.6	(1.6)
Net Assets Attributable to Unitholders (S$ million)	5,793.5	5,709.0	1.5
Number of Units in Issue (million)	3,323.5	3,316.2	0.2
Net Assets Value ("NAV") per Unit (S$)	1.74	1.72	1.2
Adjusted NAV per unit (S$)	1.69	1.67	1.2

Total assets value increased by 0.4% to S$8,984.5 million as at 31 March 2022 from S$8,950.6 million as at 31 March 2021. The increase was largely due to the increase in valuation of the investment properties.

Total liabilities decreased by 1.6% to S$3,191.0 million as at 31 March 2022 from S$3,241.6 million as at 31 March 2021. This was primarily due to the repayment of borrowings during the year.

Correspondingly, net assets attributable to Unitholders increased by 1.5% to S$5,793.5 million as compared to the previous financial year, reflecting a higher NAV per Unit of S$1.74 as at 31 March 2022.

The adjusted NAV per Unit (excluding the distributable amount payable for 2H FY21/22) was S$1.69.

VALUATION OF ASSETS

In accordance with the Property Funds Appendix issued by the MAS, a valuer should not value the same property for more than two consecutive years. Consequently, there was a change in the valuers for the independent valuation of the assets. As at 31 March 2022, MCT's properties were valued at S$8,821.0 million, S$84.0 million higher than 31 March 2021. This was mainly due to different valuers' views on capitalisation rates and market assumptions. Accordingly, net fair value gain on investment properties of S$70.3 million was recorded.

	As at 31 March 2022[1]			As at 31 March 2021[2]
	S$ million	S$ per square feet ("psf") NLA	Capitalisation Rate	S$ million
VivoCity	3,182.0	2,953	4.60%	3,148.0
MBC I	2,249.0	1,317	Office: 3.75% Business Park: 4.85%	2,226.0
MBC II	1,551.0	1,309	Business Park: 4.80% Retail: 4.75%	1,535.0
mTower	747.0	1,420	Office: 4.00% Retail: 4.75%	742.0
Mapletree Anson	752.0	2,284	3.35%	747.0
BOAHF	340.0	1,576	3.75%	339.0
MCT Portfolio	**8,821.0**			**8,737.0**

CAPITAL MANAGEMENT

We continue to proactively manage MCT's capital structure and take a disciplined approach in addressing funding requirements and managing refinancing and interest rate risks.

During the financial year, we completed the redemption of S$70.0 million medium term notes ("MTN") upon maturity in April 2021.

We manage MCT's interest rate risk by maintaining a mix of fixed and floating rate borrowings and use derivative financial instruments to hedge our interest rate risks.

As part of our active capital management approach, Interest Rate Swaps ("IRS") of notional S$600.0 million were executed to provide certainty on interest expenses arising from term loan facilities. As at 31 March 2022, 80.3% of the gross borrowings have been fixed by way of IRS and fixed rate debt, an increase from last year of 70.7%, as a result of our approach to manage interest rate hikes.

As at 31 March 2022, MCT's total gross debt outstanding of S$3,014.0 million remained fully unsecured with minimal financial covenants. Due to the upward valuation of the investment properties, the aggregate leverage ratio decreased from 33.9% as at 31 March 2021 to 33.5% as at 31 March 2022, well below the regulatory limit of 50%.

As at 31 March 2022, MCT Group has a sizeable debt headroom of S$2.9 billion (based on the regulatory limit of 50%). As at 31 March 2022, the aggregate leverage ratio was 52.0% based on net assets.

For the financial year ended 31 March 2022, MCT achieved a healthy interest coverage ratio of 4.8 times and a prudent average all-in cost of debt of 2.40% per annum. Overall, we maintained a well-distributed debt maturity profile with no more than 24% of debt due for refinancing in any financial year and an average term to maturity of 3.3 years.

Subsequent to the reporting year, Moody's concluded its review on MCT's issuer rating. It confirmed MCT's Baa1 issuer rating and changed the rating outlook to stable from ratings under review.

1 The valuation of VivoCity was conducted by CBRE while the valuations for MBC I, MBC II, mTower, Mapletree Anson and BOAHF were conducted by JLL.

2 The valuation of VivoCity was conducted by Savills Valuation and Professional Services (S) Pte. Ltd., while the valuations for MBC I, MBC II, mTower, Mapletree Anson and BOAHF were conducted by CBRE.

FINANCIAL & CAPITAL MANAGEMENT REVIEW

KEY FINANCIAL INDICATORS

	As at 31 March 2022	As at 31 March 2021
Total Debt Outstanding (S$ million)[1]	3,014.0	3,032.9
Aggregated Leverage Ratio		
- Based on Total Deposited Property[2]	33.5%	33.9%
- Based on Net Assets	52.0%	53.1%
Interest Coverage Ratio	4.8 times	4.4 times
% of Fixed Rate Debt	80.3%	70.7%
Weighted Average All-In Cost of Debt (per annum)[3]	2.40%	2.48%
Average Term to Maturity of Debt	3.3 years	4.2 years
Unencumbered Assets as % of Total Assets	100%	100%
MCT Corporate Rating (by Moody's)	Baa1 (rating under review)	Baa1 (Negative)

PRIORITISING LIQUIDITY AND FINANCIAL FLEXIBILITY

As at 31 March 2022, approximately S$500 million of cash and undrawn committed facilities were available for working capital and to meet future financial obligations.

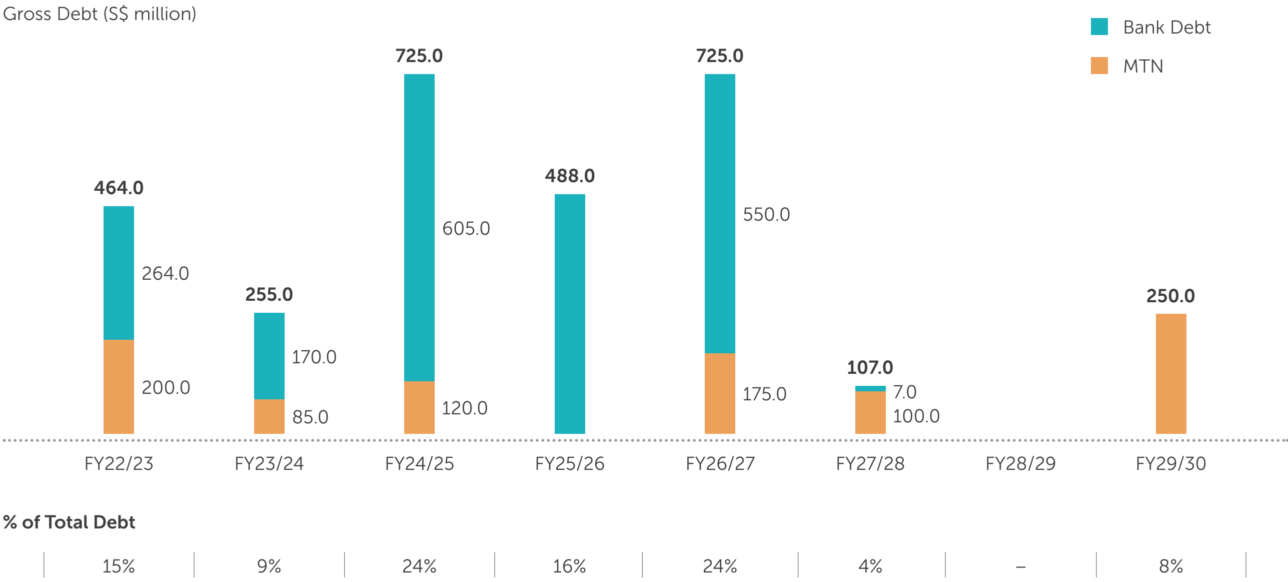
Specifically, the Group has secured a term loan facility to refinance the S$264 million bank borrowing maturing in August 2022.

Throughout the financial year, the debt maturity profile remained well-distributed and MCT remained well-capitalised with ample financial flexibility.

We will continue to adopt a forward-looking capital management strategy that prioritises sustainable returns to Unitholders.

DEBT MATURITY PROFILE

(As at 31 March 2022)



1 Reflects total gross debt after taking into account the CCIRS taken to hedge the JPY8.7 billion floating rate MTN.
2 On 1 January 2022, the MAS reduced the aggregated leverage limit from 50.0% to 45.0%. The aggregate leverage ratio may exceed 45% of the fund's deposited property (up to a maximum of 50%) only if the property fund has a minimum adjusted interest coverage ratio of 2.5 times after taking into account the interest payment obligations arising from the new borrowing.
3 Including amortised transaction costs.

PROPOSED MERGER

On 31 December 2021, we announced the proposed merger with MNACT to be effected through the acquisition by MCT of all the issued and paid-up units of MNACT by way of a Trust Scheme in accordance with the Singapore Code on Take-overs and Mergers.

The Proposed Merger was approved by the unitholders of MCT and MNACT at the EGMs and Scheme Meeting held on 23 May 2022 and the court sanction was obtained on 7 June 2022.

To fund the total scheme consideration of up to S$4,250.2 million, we will raise up to S$437.9 million[1] through the issuance of perpetual securities and/or debt funding, and the payment of such amount of the cash component of the scheme consideration which exceeds S$417.3 million will be funded by way of a pro-rata non-renounceable preferential offering.

PREFERENTIAL OFFERING

To fund the additional cash requirement arising from the cash-only consideration option, we will undertake a pro-rata non-renounceable preferential offering of up to 1,094 million Units at an issue price of S$2.0039 per Unit to raise gross proceeds of up to S$2.2 billion.

To demonstrate its conviction and support for the Proposed Merger, MIPL, the Sponsor of both MCT and MNACT, has undertaken to subscribe for the maximum units of the preferential offering of up to S$2.2 billion at an issue price of S$2.0039 per unit.

The size of the preferential offering will be determined based on the results of the election of the form of the scheme consideration to be received by the unitholders of MNACT pursuant to the Trust Scheme.

As an additional demonstration of commitment for the Merged Entity and increased alignment with unitholders, MIPL has also agreed to a voluntary six-month lock-up of its entire unitholdings in the Merged Entity following the completion of the Trust Scheme or the preferential offering.

ADOPTION OF MANAGER'S MANAGEMENT FEE STRUCTURE PEGGED TO DISTRIBUTABLE INCOME AND DPU GROWTH

At the EGM on 23 May 2022, Unitholders also approved the adoption of a manager's management fee structure that is pegged to distributable income and DPU growth. The revised management fee structure will take effect on the effective date of the Proposed Merger.

The revised fee structure enables closer alignment of interests with unitholders of the Merged Entity by incentivising sustainable distributable income and DPU growth.

Under the revised management fee structure, the management fees payable to the Manager will constitute:

(i) base fee comprising 10.0% of the distributable income of the Merged Entity (calculated before accounting for the base fee and performance fee); and

(ii) performance fee comprising 25.0% of the difference in DPU in a financial year with the DPU in the preceding financial year (calculated before accounting for the performance fee, but after accounting for the base fee in that financial year), multiplied by the weighted average number of units in issue for such financial year.

For avoidance of doubt, the acquisition fee and the divestment fee structure of MCT will remain unchanged and will be applicable to the Merged Entity.

In accordance with MCT's current fee structure, there will be no change to the Manager's ability to elect to receive the base fee and performance fee in cash or Units or a combination of cash and Units (as it may in its sole discretion determine).

1 For the avoidance of doubt, we have put in place sufficient debt facilities to fund this amount.