OPERATIONS REVIEW

FORGING AHEAD

FY21/22 has been another demanding year for MCT. The emergence of new virus variants and the protracted shifts in COVID-19 measures had continued to inflict a dampening effect on the retail and office sectors.

Notwithstanding, MCT's portfolio gross revenue grew 4.3% year-on-year to S$499.5 million, and portfolio NPI grew 3.1% year-on-year to S$388.7 million for FY21/22. This was driven by higher revenue from all properties except Mapletree Anson due to its transitional vacancy. In tandem with the easing of COVID-19 measures particularly towards the second half of the financial year, rental rebates for retail tenants have tapered progressively and carpark income has improved. Other key drivers for the better year-on-year performance include compensation received from the negotiated lease pre-termination at mTower and the effects of step-up rents in existing leases.

For FY21/22, MCT achieved a high retention rate of 86.0%. As at 31 March 2022, the committed and actual occupancy rates of the portfolio remained high at 97.0% and 94.3% respectively.

As a responsible landlord, we continued to work closely with tenants and provided meaningful and targeted support to eligible retail tenants. In FY21/22, we helped eligible retail tenants offset on average approximately 1.4 months of their fixed rents. In total, since the start of the pandemic, we have provided rental assistance to help eligible retail tenants offset on average 5.8 months of their fixed rents[1]. With the decisive easing of COVID-19 measures from March 2022, and the subsequent removal of limits for dining-in and social activities, allowing 100% of employees to return to the workplace and reopening the country's borders, we are confident that our retail assets will benefit further as more social and economic activities resume and international travel returns to normalcy.

To ensure the health and safety of all occupants and shoppers, we continued to ensure that relevant protective and sanitary measures were implemented across our properties. Frequent cleaning and sanitising of premises were carried out throughout FY21/22, while unmanned Safe-Entry turnstiles were installed at our retail malls to enforce Safe-Entry check-in requirements efficiently while minimising human contact. In addition, all washrooms in our office properties were installed with NanoeX, an ion-based air disinfection system as an additional safeguard to reduce the transmission of COVID-19. Although COVID-19 measures have been eased since March 2022, the Manager will continue to monitor the situation and work with the authorities where necessary.

ACTIVE ASSET MANAGEMENT AND LEASING

Reinvigorating the Retail Scene

Against a backdrop of multiple disruptions from COVID-19, VivoCity continues to be a flagship shopping and F&B destination for locals and returning tourists alike. It has also maintained its position as a choice location for retailers' physical stores. We implemented various measures throughout the year, including the provision of rental reliefs to eligible retail tenants and the restructuring of some leases with flexible terms. These have allowed VivoCity to maintain its healthy occupancy of 98.6% as at the end of FY21/22. New tenants were also introduced throughout the year to revitalise the tenant mix and to widen the range of choices for shoppers.

The F&B cluster at Basement 2 was refreshed with popular fast food concepts such as Burgs, GO Noodle House, KFC and MOS Burger. Well-liked concepts including Egg Stop, Mr. Coconut, Tai Cheong Bakery and Xian Dan Chao Ren were added at prime locations to capture the high volume of foot traffic going to and coming from the adjoining HarbourFront MRT station. In addition, new offerings such as Chateraise, Genki Sushi, Nasty Cookie, Tempura Makino and Yakiniku Like were brought in at the F&B cluster on Level 2. These additions further broaden the range of F&B options at VivoCity and have been received positively by shoppers.

We also made good progress in expanding VivoCity's lifestyle offerings. adidas Performance expanded and launched its largest flagship store in Singapore on Level 1 in April 2021. Together with the adidas Originals store on Basement 1 that was opened in December 2020, adidas in total is leasing more than 19,000 square feet of space at VivoCity, more than 2.7 times its original footprint. Meanwhile, Dyson opened its largest Demo Store in Southeast Asia in a prominent location on Level 1, featuring immersive demonstration zones and exclusive personalisation areas. Other notable additions to the expansive lifestyle range include City Chain Primo, Dell Exclusive Store, DJI, GetIt by Changi Recommends and lululemon. This carefully curated tenant mix is expected to appeal to hobbyists and enthusiasts and will enhance the attractiveness of VivoCity as a key shopping destination.

FY21/22 continued to be a momentous year for VivoCity, with the mall scooping up numerous awards. In August 2021, VivoCity was named the Gold Winner for the

1 Inclusive of the passing on of property tax rebates, cash grants from the Government and other mandated grants to qualifying tenants.

Best Retail Mall in Singapore and the Honeycombers Choice Winner by Honeycombers Love Local: Readers' Choice Awards 2021, as well as the Gold Winner for Best Kids' Mall Experience by Honeykids Love Local: Readers' Choice Awards 2021. In January 2022, VivoCity was also voted the Best Shopping Mall (Silver) at the Expat Living's Readers' Choice Awards 2022.

VivoCity's shopper reward programme, VivoRewards+, was revamped in October 2021. This builds on the success of the mall's parking credit redemption programme and transforms it into an all-inclusive loyalty programme for everyone. Through an easy-to-use integrated mobile app, shoppers can submit receipts to earn VRPoints. The VRPoints can then be used to redeem a wide range of attractive rewards such as discounts, store vouchers, Mapletree vouchers and parking credits. Since the launch of the new VivoRewards+, approximately S$84,000 worth of store vouchers and physical vouchers have been redeemed and approximately S$260,000 of parking credits have been utilised.

Capital expenditure works in FY21/22 were mainly focused on rejuvenating the mall's common areas. One major project was the upgrading of the floor tiles in common areas from Basement 1 to Level 3 to give VivoCity a refreshed look. The exercise, which covered in total more than 220,000 square feet of floor area, took two years and was fully completed in January 2022.

We continued to seize opportunities amid ongoing COVID-19 restrictions to upgrade other features and facilities. We improved the Play Court on Level 2 with new playground equipment in March 2022 to provide a more conducive environment for families with children. This was just in time for them to enjoy as the relaxation of COVID-19 measures allowed us to reopen the Play Court after two years of closure. As part of our continuous improvement effort, we have started to upgrade the mall's washrooms, lift lobbies and wayfinding signages in October 2021. Comprising 19 sets of washrooms, 70 lift lobbies including lift interiors, customer service counters and wayfinding signages, this is an extensive project and is expected to be completed in 2023.

With tourist arrivals continuing to be limited in FY21/22, marketing campaigns were mainly focused on ramping up footfall in the mall by focusing on domestic consumers. The atrium spaces on Level 1 hosted displays of several luxury car brands from July to September 2021, including BMW, Lexus, Mercedes and Peugeot. In addition, VivoCity collaborated with GrabFood in 2Q FY21/22 to onboard 22 F&B tenants onto GrabFood's Mix & Match platform. This allowed users to place orders from multiple F&B outlets at VivoCity for a single delivery fee. This collaboration boosted incremental sales to the F&B outlets, especially during the two Phase 2 (Heightened Alert) periods (16 May 2021 to 13 June 2021 and 22 July 2021 to 18 August 2021) where the restrictions on dining-in led to a surge in food deliveries.

On a year-on-year basis, tenant sales and shopper traffic for FY21/22 rose 15.6% and 4.5% to reach S$804.0 million and 26.9 million respectively. Encouragingly, 4Q FY21/22 tenant sales were 10.3% higher than 4Q FY20/21 levels, and had recovered to pre-COVID levels[1].

The average occupancy cost at VivoCity as at 31 March 2022 was 21.7%[2]. For the whole of FY21/22, VivoCity recorded a 2.5% rental reversion, with 20.9% of the mall's NLA being renewed and re-let.

Continued Stability from Office and Business Park Assets

The protracted nature of COVID-19 and the shift to work-from-home and hybrid work arrangements have led to the re-evaluation of workspace needs and strategies by businesses. In spite of this, MCT's office and business park assets have been able to provide a base of stability and strength for the portfolio. 25.5% of the NLA were renewed or re-let at a positive rental reversion of 1.7% and we further achieved a high retention rate of 87.9% in FY21/22. These are clear demonstrations of the assets' resilience.

Through proactive leasing, renewals for both MBC I and MBC II were concluded early in the financial year, while new tenants were brought in at MBC I progressively throughout FY21/22. MBC achieved a committed occupancy of 97.3% as at 31 March 2022. Despite some flux in tenants in MBC I due to many of them reaching the end of their second lease terms, MBC continued to provide a stable revenue stream and remains an integral component of MCT's portfolio.

Similarly at Mapletree Anson, 38.6% of its NLA was renewed in FY21/22, achieving a rental uplift of 5.5% and 100% committed occupancy, BOAHF retained full occupancy throughout FY21/22, lending additional stability to MCT's portfolio.

Notably, good progress was made at backfilling mTower, resulting in its actual occupancy improving to 84.7% (in March 2022) from 75.5% (in March 2021). The majority of mTower's office vacancy was due to the negotiated pre-termination of a lease, and the compensation received in 1Q FY21/22 provided more than a year's cover for backfilling.

Overall, FY21/22 gross revenue from the office and business park assets was up 1.9% year-on-year. This was driven by higher contribution from MBC, mTower and BOAHF.

1 The comparison was made against 4Q FY18/19.
2 Included the rental assistance granted in FY21/22.

OPERATIONS REVIEW

PORTFOLIO OCCUPANCY

In spite of continued challenges in the overall operating environment, the portfolio maintained a healthy committed occupancy of 97.0% as at 31 March 2022.

	March 2018	March 2019	March 2020	March 2021	March 2022	
					Actual	Committed[1]
VivoCity	93.1%	99.4%	99.6%	97.1%	98.6%	99.2%
MBC I	99.4%	97.8%	96.4%	94.2%	94.0%	97.3%
MBC II	–	–	99.4%			
mTower	96.1%	96.4%	88.1%	75.5%[2]	84.7%	88.0%
Mapletree Anson	86.6%	96.8%	97.8%	100%	95.0%	100%
BOAHF	100%	100%	100%	100%	100%	100%
MCT Portfolio	**96.1%**	**98.1%**	**97.1%**	**93.5%**	**94.3%**	**97.0%**

SUMMARY OF LEASES COMMITTED IN FY21/22

The retention rate of MCT's tenants in FY21/22 was 86.0%. Retail leases and office and business park leases both recorded healthy retention rates of 78.6% and 87.9% respectively.

On a portfolio basis, renewed and new leases in FY21/22 achieved a rental uplift of 1.9% against preceding fixed rents of the expiring leases.

	Number of Leases Committed	Retention Rate (by NLA)	% Change in Fixed Rents[3]
Retail	172	78.6%	2.1%[4]
Office/Business Park	32	87.9%	1.7%
MCT Portfolio	**204**	**86.0%**	**1.9%**

LEASE EXPIRY PROFILE

As at 31 March 2022, MCT has a portfolio weighted average lease expiry ("WALE") on a committed basis of 2.6 years. With a typical retail lease term of three years, the WALE for MCT's retail component was 2.1 years. Largely contributed by the defensive lease profiles at MBC, the WALE for the office and business park assets was at a healthy 2.9 years.

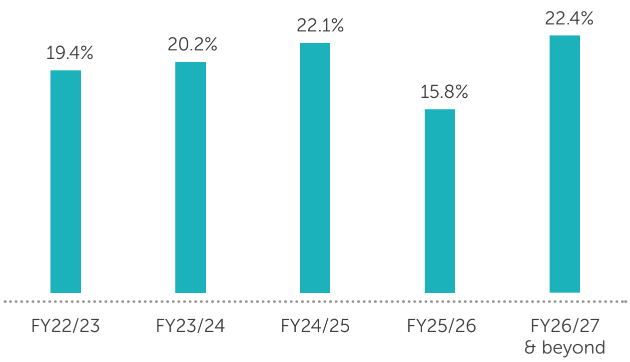
Based on the date of commencement of leases, MCT's portfolio WALE was 2.3 years as at 31 March 2022.

MCT's overall portfolio had 572 committed leases, of which 19.4% would be expiring in FY22/23.

The leases entered into in FY21/22 contributed 32.7% of gross rental income as at 31 March 2022 and had a WALE of 3.6 years.

LEASE EXPIRY PROFILE AS A % OF GROSS RENTAL INCOME

(as at 31 March 2022)



Number of Leases

FY22/23	FY23/24	FY24/25	FY25/26	FY26/27 & beyond
158	153	166	56	39

1 As at 31 March 2022.
2 Due to a negotiated pre-termination of lease. There was compensation received in 1Q FY21/22 that provided more than a year of lead time for backfilling.
3 On a committed basis and based on the average of the fixed rents over the lease period of the new committed leases divided by the preceding fixed rents of the expiring leases. Rent reviews are typically not included in the calculation of rental reversions.
4 Includes the effect from trade mix changes and units subdivided and/or amalgamated.

TENANT PROFILE

MCT's top ten tenants (excluding an undisclosed tenant) contributed 27.7% of gross rental income as at 31 March 2022. For both retail and office/business park assets, MCT's tenants come from a wide variety of trade sectors providing good diversification. No single trade segment accounted for more than 19.7% of MCT's gross rental income.

BREAKDOWN OF TENANTS IN MCT'S PORTFOLIO

(as at 31 March 2022)

Property	Number of Tenants
VivoCity	316
MBC	62
BOAHF	3
mTower	111
Mapletree Anson	17
Total	**481[1]**

MCT TOP TEN TENANTS BY GROSS RENTAL INCOME (as at 31 March 2022)

	Tenant	% of Gross Rental Income
1	Google Asia Pacific Pte. Ltd.	10.5%
2	Merrill Lynch Global Services Pte. Ltd.	3.1%
3	(Undisclosed tenant)	–
4	The Hongkong and Shanghai Banking Corporation Limited	2.8%
5	Info-Communications Media Development Authority	2.4%
6	SAP Asia Pte. Ltd.	2.0%
7	Mapletree Investments Pte Ltd	1.9%
8	NTUC Fairprice Co-operative Ltd	1.9%
9	WeWork Singapore Pte. Ltd.	1.7%
10	Samsung Asia Pte. Ltd.	1.5%
	Total	**27.7%[2,3]**

MCT TRADE MIX BY GROSS RENTAL INCOME (as at 31 March 2022)

	Trade Mix	% of Gross Rental Income
1	IT Services & Consultancy	19.7%
2	F&B	14.6%
3	Banking & Financial Services	10.1%
4	Fashion	6.7%
5	Government Related	6.6%
6	Fashion Related	4.3%
7	Shipping Transport	3.8%
8	Hypermarket / Departmental Store	3.8%
9	Electronics[4]	3.7%
10	Real Estate	3.6%
11	Beauty	2.8%
12	Consumer Goods	2.8%
13	Pharmaceutical	2.5%
14	Sports	2.5%
15	Electronics[5]	2.3%
16	Lifestyle	2.1%
17	Others[6]	8.1%
	Total MCT Portfolio	**100%**

1 Total does not add up due to common tenants across properties.
2 Excluding the undisclosed tenant.
3 Total does not add up due to rounding differences.
4 Refers to tenants in office/business park.
5 Refers to tenants in retail.
6 Others includes Entertainment, Trading, Energy, Optical, Education, Insurance, Retail Bank, Consumer Services, Medical, Services and Convenience.