

MAPLETREE COMMERCIAL TRUST UNAUDITED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR THE SECOND QUARTER AND FINANCIAL PERIOD FROM 1 APRIL 2018 TO 30 SEPTEMBER 2018

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MAPLETREE COMMERCIAL TRUST UNAUDITED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR THE SECOND QUARTER AND FINANCIAL PERIOD FROM 1 APRIL 2018 TO 30 SEPTEMBER 2018

Introduction

The principal investment strategy of Mapletree Commercial Trust (“MCT”) is to invest, directly or indirectly, in a diversified portfolio of income-producing real estate used primarily for office and/or retail purposes, whether wholly or partially, in Singapore, as well as real estate-related assets.

MCT’s current portfolio comprises 5 properties located in Singapore:

- (a) VivoCity, Singapore’s largest mall located in the HarbourFront Precinct;
- (b) Mapletree Business City I (“MBC I”), a large-scale integrated office and business park complex in the Alexandra Precinct¹ comprising an office tower and three business park blocks;
- (c) PSA Building, an established integrated development in the Alexandra Precinct with a 40-storey office block and a three-storey retail centre, Alexandra Retail Centre;
- (d) Mapletree Anson, a 19-storey premium office building located in Singapore’s Central Business District; and
- (e) Bank of America Merrill Lynch HarbourFront (“MLHF”), a premium six-storey office building located in the HarbourFront Precinct.

The consolidated financial statements comprise MCT and its subsidiary, Mapletree Commercial Trust Treasury Company Pte. Ltd. (“MCTTC”) (collectively “MCT Group”) which includes the Statements of Financial Position as at 30 September 2018, and the Statement of Total Return, Distribution Statement, Statements of Movements in Unitholders’ Funds and Consolidated Statement of Cash Flows for the period ended 30 September 2018.

MCT’s distribution policy is to distribute at least 90.0% of its adjusted taxable income comprising substantially its income from the letting of its properties and related property services income, interest income from the placement of periodic cash surpluses in bank deposits and after deducting allowable expenses and allowances.

Footnote:

- ¹ The Alexandra Precinct spans 13.5 hectares and is located in the Queenstown Planning Area along Alexandra Road/Telok Blangah Road. MBC I, together with PSA Building and Mapletree Business City II, make up the Alexandra Precinct.

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Summary Results of Mapletree Commercial Trust Group

	2Q FY18/19¹ (S\$'000)	2Q FY17/18² (S\$'000)	Variance %
Gross revenue	109,918	107,210	2.5
Property operating expenses	(23,657)	(22,786)	(3.8)
Net property income	86,261	84,424	2.2
Income available for distribution	65,564	64,691	1.3
Distribution per unit (cents)	2.27	2.24	1.3

	1H FY18/19³ (S\$'000)	1H FY17/18⁴ (S\$'000)	Variance %
Gross revenue	218,451	214,976	1.6
Property operating expenses	(46,252)	(46,371)	0.3
Net property income	172,199	168,605	2.1
Income available for distribution	130,174	129,066	0.9
Distribution per unit (cents)	4.50	4.47	0.7

Footnotes:

- ¹ Period from 1 July 2018 to 30 September 2018, referred to as 2Q FY18/19.
- ² Period from 1 July 2017 to 30 September 2017, referred to as 2Q FY17/18.
- ³ Period from 1 April 2018 to 30 September 2018, referred to as 1H FY18/19.
- ⁴ Period from 1 April 2017 to 30 September 2017, referred to as 1H FY17/18.

Distribution Details

	To Unitholders
Distribution period	1 July 2018 to 30 September 2018
Distribution rate / type	Taxable income distribution of 2.27 cents per unit
Trade ex-date	30 October 2018, 9.00 a.m.
Books closure date	1 November 2018, 5.00 p.m.
Payment date	29 November 2018

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1(a) Statement of Total Return and Distribution Statement (MCT Group)

Statement of Total Return	2Q FY18/19 (S\$'000)	2Q FY17/18 (S\$'000)	Variance %	1H FY18/19 (S\$'000)	1H FY17/18 (S\$'000)	Variance %
Gross revenue	109,918	107,210	2.5	218,451	214,976	1.6
Property operating expenses	(23,657)	(22,786)	(3.8)	(46,252)	(46,371)	0.3
Net property income	86,261	84,424	2.2	172,199	168,605	2.1
Finance income	161	97	66.0	305	200	52.5
Finance expenses	(17,568)	(16,017)	(9.7)	(34,607)	(31,580)	(9.6)
Manager's management fees						
- Base fees	(4,256)	(4,034)	(5.5)	(8,466)	(8,025)	(5.5)
- Performance fees	(3,451)	(3,377)	(2.2)	(6,888)	(6,744)	(2.1)
Trustee's fees	(208)	(199)	(4.5)	(414)	(396)	(4.5)
Other trust expenses	(289)	(278)	(4.0)	(584)	(574)	(1.7)
Foreign exchange gain ¹	2,271	1,922	18.2	2,140	3,619	(40.9)
Net change in fair value of financial derivatives ²	(2,165)	(974)	N.M.	(1,996)	(3,273)	39.0
Net income/ Total return before income tax	60,756	61,564	(1.3)	121,689	121,832	(0.1)
Income tax expense ³	(*)	(*)	N.M.	(*)	(*)	N.M.
Total return	60,756	61,564	(1.3)	121,689	121,832	(0.1)

Distribution Statement	2Q FY18/19 (S\$'000)	2Q FY17/18 (S\$'000)	Variance %	1H FY18/19 (S\$'000)	1H FY17/18 (S\$'000)	Variance %
Net income	60,756	61,564	(1.3)	121,689	121,832	(0.1)
Adjustments:						
- Unrealised foreign exchange gain	(2,271)	(1,922)	(18.2)	(2,140)	(3,619)	40.9
- Net change in fair value of financial derivatives	2,165	974	N.M.	1,996	3,273	(39.0)
- Net effect of other non-tax deductible items and other adjustments ⁴	4,914	4,075	20.6	8,629	7,580	13.8
Income available for distribution to Unitholders	65,564	64,691	1.3	130,174	129,066	0.9

* Amount is less than S\$1,000

N.M.: not meaningful

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Footnotes:

- ¹ This relates to the Japanese Yen (“JPY”) denominated medium term notes (“MTN”) issued in March 2015. The foreign exchange gain/loss is unrealised and arose from the translation of the JPY MTN into MCTTC’s functional currency in Singapore dollar. There is nonetheless no foreign exchange exposure on the principal and interest payments as a cross currency interest rate swap (“CCIRS”) has been entered into to hedge against any foreign exchange movements. In addition, the foreign exchange gain/loss has no impact on income available for distribution to Unitholders.
- ² Net change in the fair value of financial derivatives arose from the revaluation of the CCIRS and the interest rate swap which were entered into to hedge against the interest rate and foreign currency risk exposures. The interest rate swap had expired in March 2018.

In accordance with SFRS(I) 9, any change in fair value of these derivative financial instruments which are not designated for hedge accounting has to be taken to the Statement of Total Return. The change in the fair value of financial derivatives has no impact on income available for distribution to Unitholders.

- ³ Relates to the income tax expense of MCTTC.
- ⁴ Consists of management fees paid/payable in units, trustee’s fees, financing fees incurred on bank facilities and other non-tax deductible/(chargeable) items.

MAPLETREE COMMERCIAL TRUST UNAUDITED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR THE SECOND QUARTER AND FINANCIAL PERIOD FROM 1 APRIL 2018 TO 30 SEPTEMBER 2018

1(b)(i) Statements of Financial Position

	MCT Group		MCT	
	30 Sep 2018 (S\$'000)	31 Mar 2018 (S\$'000)	30 Sep 2018 (S\$'000)	31 Mar 2018 (S\$'000)
Current assets				
Cash and cash equivalents	46,554	45,092	46,512	45,050
Trade and other receivables	4,930	2,946	4,930	2,946
Other current assets	957	418	957	418
Derivative financial instruments ¹	18	-	18	-
Total current assets	52,459	48,456	52,417	48,414
Non-current assets				
Investment properties ²	6,692,151	6,682,000	6,692,151	6,682,000
Plant and equipment	161	171	161	171
Investment in subsidiary	-	-	*	*
Derivative financial instruments ¹	9,492	10,186	9,492	10,186
Total non-current assets	6,701,804	6,692,357	6,701,804	6,692,357
Total assets	6,754,263	6,740,813	6,754,221	6,740,771
Current liabilities				
Derivative financial instruments ¹	607	154	607	154
Trade and other payables ³	72,280	83,207	72,276	83,200
Borrowings ⁴	-	143,905	-	143,905
Current income tax liabilities ⁵	*	*	-	-
Total current liabilities⁶	72,887	227,266	72,883	227,259
Non-current liabilities				
Derivative financial instruments ¹	-	1,483	-	1,483
Other payables	45,096	43,165	45,096	43,165
Borrowings ⁴	2,347,706	2,185,526	1,384,788	1,220,663
Loans from a subsidiary ⁷	-	-	962,918	964,863
Total non-current liabilities	2,392,802	2,230,174	2,392,802	2,230,174
Total liabilities	2,465,689	2,457,440	2,465,685	2,457,433
Net assets attributable to Unitholders	4,288,574	4,283,373	4,288,536	4,283,338
Represented by: Unitholders' funds	4,288,574	4,283,373	4,288,536	4,283,338
Net Asset Value per unit (S\$)	1.49	1.49	1.49	1.49

* Amount is less than S\$1,000

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Footnotes:

- ¹ Derivative financial instruments reflect the fair value of the interest rate swaps and the CCIRS.
- ² Investment properties are accounted for at fair market value based on the independent valuations as at 31 March 2018 and additional capital expenditures incurred from 1 April 2018 to 30 September 2018.
- ³ The decrease in current trade and other payables is mainly due to the payment of Manager's performance fee for FY17/18 in May 2018 and lower accrued capital expenditure.
- ⁴ Borrowings represent unsecured bank loans and MTN measured at amortised cost.

In August 2018, MCT completed the refinancing of S\$144.0 million term loan facility due in August 2018. In addition, MCT fully refinanced a S\$197.6 million term loan facility in September 2018, ahead of its maturity in April 2019. These loans were refinanced with three term loan facilities aggregating S\$345.0 million which had been executed in July and August 2018. The loan proceeds included additional borrowings drawn down for working capital requirements. Following the refinancing, MCT Group has no borrowings due until November 2019.

- ⁵ Current income tax liabilities refer to income tax provision based on taxable income of MCTTC.
- ⁶ MCT currently has undrawn bank lines to meet the financing of the current liabilities as and when they fall due.
- ⁷ Loans from a subsidiary represent the unsecured borrowings from MCTTC on-lent to MCT. The unsecured borrowings from MCTTC were raised through the issuance of MTN under the MTN Programme. The Programme limit of S\$1.0 billion has been increased to S\$3.0 billion with effect from 29 June 2018.

As at 30 September 2018, the borrowings comprise of fixed rate notes of S\$860.0 million and floating rate notes of JPY8.7 billion due between 2019 and 2027. A CCIRS has been entered into to hedge the JPY8.7 billion floating rate notes into a principal amount of S\$100.0 million on a floating rate basis.

MAPLETREE COMMERCIAL TRUST UNAUDITED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR THE SECOND QUARTER AND FINANCIAL PERIOD FROM 1 APRIL 2018 TO 30 SEPTEMBER 2018

1(b)(ii) Aggregate Amount of Borrowings and Debt Securities

	MCT Group		MCT	
	30 Sep 2018 (S\$'000)	31 Mar 2018 (S\$'000)	30 Sep 2018 (S\$'000)	31 Mar 2018 (S\$'000)
Amount repayable in one year or less, or on demand				
Unsecured bank borrowings	-	144,000	-	144,000
Less : Transaction costs to be amortised ¹	-	(95)	-	(95)
Total borrowings, repayable in one year or less, or on demand	-	143,905	-	143,905
Amount repayable after one year				
Unsecured bank borrowings	1,389,001	1,223,601	1,389,001	1,223,601
Less : Transaction costs to be amortised ¹	(4,213)	(2,938)	(4,213)	(2,938)
	1,384,788	1,220,663	1,384,788	1,220,663
Medium term notes	964,887	967,027	-	-
Less : Transaction costs to be amortised ¹	(1,969)	(2,164)	-	-
	962,918	964,863	-	-
Total borrowings, repayable after one year	2,347,706	2,185,526	1,384,788	1,220,663
Total borrowings²	2,347,706	2,329,431	1,384,788	1,364,568

Footnotes:

- 1 Related transaction costs are amortised over the tenor of the bank loan facilities and the MTN respectively.
- 2 The total gross borrowings after taking into account the CCIRS of principal amount of S\$100.0 million to hedge the JPY8.7 billion floating rate notes are S\$2,349.0 million and S\$2,327.6 million as at 30 September 2018 and 31 March 2018 respectively.

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1(c) Consolidated Statement of Cash Flows

	2Q FY18/19 (S\$'000)	2Q FY17/18 (S\$'000)	1H FY18/19 (S\$'000)	1H FY17/18 (S\$'000)
Cash flows from operating activities				
Total return for the period	60,756	61,564	121,689	121,832
Adjustment for				
- Income tax expense	*	*	*	*
- Depreciation	19	13	37	26
- Impairment of trade receivables	-	40	61	183
- Unrealised foreign exchange gain	(2,271)	(1,922)	(2,140)	(3,619)
- Net change in fair value of financial derivatives	2,165	974	1,996	3,273
- Finance income	(161)	(97)	(305)	(200)
- Finance expenses	17,568	16,017	34,607	31,580
- Manager's management fees paid/payable in units	3,853	3,706	7,677	7,385
	81,929	80,295	163,622	160,460
Change in working capital:				
- Trade and other receivables	(429)	(322)	(2,029)	(1,779)
- Other current assets	(17)	4	71	127
- Trade and other payables	3,580	5,132	(1,114)	3,188
Cash generated from operations	85,063	85,109	160,550	161,996
- Income tax paid	-	-	(*)	(*)
Net cash provided by operating activities	85,063	85,109	160,550	161,996
Cash flows from investing activities				
Additions to investment properties	(6,696)	(4,096)	(15,084)	(10,520)
Additions of plant and equipment	(2)	(21)	(27)	(21)
Finance income received	154	99	289	232
Net cash used in investing activities	(6,544)	(4,018)	(14,822)	(10,309)
Cash flows from financing activities				
Proceeds from borrowings	587,600	61,701	623,600	232,001
Repayments of borrowings	(584,200)	(161,700)	(602,200)	(332,000)
Proceeds from issuance of notes	-	100,000	-	100,000
Payments of financing expenses	(1,346)	(400)	(2,588)	(400)
Payments of distribution to Unitholders	(64,353)	(64,142)	(129,732)	(129,030)
Finance expenses paid	(20,754)	(18,394)	(33,346)	(30,741)
Net cash used in financing activities	(83,053)	(82,935)	(144,266)	(160,170)
Net (decrease)/increase in cash and cash equivalents	(4,534)	(1,844)	1,462	(8,483)
Cash and cash equivalents at beginning of period	51,088	47,268	45,092	53,907
Cash and cash equivalents at end of period	46,554	45,424	46,554	45,424

* Amount is less than S\$1,000

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1(d)(i) Statements of Movements in Unitholders' Funds (2Q FY18/19 & 1H FY18/19)

	MCT Group			
	Operations (S\$'000)	Unitholders' Contribution (S\$'000)	Hedging Reserve (S\$'000)	Total (S\$'000)
Balance as at 1 Apr 2018	1,284,204	2,995,576	3,593	4,283,373
Total return for the period	60,933	-	-	60,933
Distributions to Unitholders	(65,379)	-	-	(65,379)
Movements in hedging reserve	-	-	2,536	2,536
Manager's management fees paid in units	-	8,789	-	8,789
Balance as at 30 Jun 2018	1,279,758	3,004,365	6,129	4,290,252
Total return for the period	60,756	-	-	60,756
Distributions to Unitholders	(64,353)	-	-	(64,353)
Movements in hedging reserve	-	-	(186)	(186)
Manager's management fees paid in units	-	2,105	-	2,105
Balance as at 30 Sep 2018	1,276,161	3,006,470	5,943	4,288,574

	MCT			
	Operations (S\$'000)	Unitholders' Contribution (S\$'000)	Hedging Reserve (S\$'000)	Total (S\$'000)
Balance as at 1 Apr 2018	1,284,169	2,995,576	3,593	4,283,338
Total return for the period	60,931	-	-	60,931
Distributions to Unitholders	(65,379)	-	-	(65,379)
Movements in hedging reserve	-	-	2,536	2,536
Manager's management fees paid in units	-	8,789	-	8,789
Balance as at 30 Jun 2018	1,279,721	3,004,365	6,129	4,290,215
Total return for the period	60,755	-	-	60,755
Distributions to Unitholders	(64,353)	-	-	(64,353)
Movements in hedging reserve	-	-	(186)	(186)
Manager's management fees paid in units	-	2,105	-	2,105
Balance as at 30 Sep 2018	1,276,123	3,006,470	5,943	4,288,536

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1(d)(i) Statements of Movements in Unitholders' Funds (2Q FY17/18 & 1H FY17/18)

	MCT Group			
	Operations (S\$'000)	Unitholders' Contribution (S\$'000)	Hedging Reserve (S\$'000)	Total (S\$'000)
Balance as at 1 Apr 2017	976,334	2,981,748	(629)	3,957,453
Total return for the period	60,268	-	-	60,268
Distributions to Unitholders	(64,888)	-	-	(64,888)
Movements in hedging reserve	-	-	(6,491)	(6,491)
Manager's management fees paid in units	-	7,797	-	7,797
Balance as at 30 Jun 2017	971,714	2,989,545	(7,120)	3,954,139
Total return for the period	61,564	-	-	61,564
Distributions to Unitholders	(64,142)	-	-	(64,142)
Movements in hedging reserve	-	-	2,620	2,620
Manager's management fees paid in units	-	1,995	-	1,995
Balance as at 30 Sep 2017	969,136	2,991,540	(4,500)	3,956,176

	MCT			
	Operations (S\$'000)	Unitholders' Contribution (S\$'000)	Hedging Reserve (S\$'000)	Total (S\$'000)
Balance as at 1 Apr 2017	976,305	2,981,748	(629)	3,957,424
Total return for the period	60,266	-	-	60,266
Distributions to Unitholders	(64,888)	-	-	(64,888)
Movements in hedging reserve	-	-	(6,491)	(6,491)
Manager's management fees paid in units	-	7,797	-	7,797
Balance as at 30 Jun 2017	971,683	2,989,545	(7,120)	3,954,108
Total return for the period	61,563	-	-	61,563
Distributions to Unitholders	(64,142)	-	-	(64,142)
Movements in hedging reserve	-	-	2,620	2,620
Manager's management fees paid in units	-	1,995	-	1,995
Balance as at 30 Sep 2017	969,104	2,991,540	(4,500)	3,956,144

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1(d)(ii) Details of Any Change in Units

	MCT			
	2Q FY18/19 ('000)	2Q FY17/18 ('000)	1H FY18/19 ('000)	1H FY17/18 ('000)
Units at beginning of period	2,885,761	2,876,313	2,880,156	2,871,143
- Manager's management fees paid in units	1,356	1,274	6,961 ¹	6,444 ²
Total issued Units at end of period³	2,887,117	2,877,587	2,887,117	2,877,587

Footnotes:

¹ On 8 May 2018 and 8 August 2018, new units were issued at an issue price of S\$1.5682 and S\$1.5519 per unit respectively as payment of Manager's base fees for the period from 1 January 2018 to 30 June 2018 and Manager's performance fees for FY17/18.

² On 9 May 2017 and 10 August 2017, new units were issued at an issue price of S\$1.5081 and S\$1.5660 per unit respectively as payment of Manager's base fees for the period from 1 January 2017 to 30 June 2017 and Manager's performance fees for FY16/17.

³ There were no convertibles, treasury units and units held by its subsidiary as at 30 September 2018 and 30 September 2017.

2. Whether the figures have been audited or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard)

The figures have not been audited or reviewed by the auditors.

3. Where the figures have been audited, or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recent audited annual financial statements have been applied

Except as disclosed in paragraph 5, the accounting policies and methods of computation applied in the financial statements for the current financial period are consistent with those used in the audited financial statements for the financial year ended 31 March 2018.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of the change

The Accounting Standards Council (Singapore) has introduced a new financial reporting framework, Singapore Financial Reporting Standards (International) ("SFRS(I)"), that is identical to the International Financial Reporting Standards issued by the International Accounting Standards Board. The Monetary Authority of Singapore has granted MCT Group a waiver from compliance with the requirement under Paragraph 4.3 of Appendix 6 to the Code on Collective Investment Schemes to prepare its financial statements in accordance with the Singapore Financial Reporting Standards.

MAPLETREE COMMERCIAL TRUST UNAUDITED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR THE SECOND QUARTER AND FINANCIAL PERIOD FROM 1 APRIL 2018 TO 30 SEPTEMBER 2018

MCT Group has adopted SFRS(I) on 1 April 2018 and as a result, MCT Group's financial statements for the financial year ending 31 March 2019 will be prepared in accordance with SFRS(I).

The adoption of SFRS(I) does not have any material impact on MCT Group's financial statements for the current and prior financial periods.

6. Earnings Per Unit and Distribution Per Unit

Earnings Per Unit ("EPU")

	2Q FY18/19	2Q FY17/18	1H FY18/19	1H FY17/18
Weighted average number of units	2,886,557,362	2,877,033,358	2,885,028,308	2,875,601,709
EPU¹ (cents)				
– basic and diluted²	2.10	2.14	4.22	4.24

Footnotes:

- ¹ In computing the EPU, total return for the period and the weighted average number of units at the end of the period are used.
- ² Diluted EPU is the same as the basic EPU as there are no dilutive instruments in issue during the financial period.

Distribution Per Unit ("DPU")

	2Q FY18/19	2Q FY17/18	1H FY18/19	1H FY17/18
Number of units in issue at end of period	2,887,117,550	2,877,587,331	2,887,117,550	2,877,587,331
DPU (cents)	2.27	2.24	4.50	4.47

7. Net Asset Value ("NAV") and Net Tangible Asset ("NTA") Per Unit

	MCT Group		MCT	
	30 Sep 2018	31 Mar 2018	30 Sep 2018	31 Mar 2018
Number of units in issue at end of period/year	2,887,117,550	2,880,156,556	2,887,117,550	2,880,156,556
NAV and NTA per unit¹ (S\$)	1.49	1.49	1.49	1.49

Footnote:

- ¹ NAV and NTA per unit are the same as there is no intangible asset as at 30 September 2018 and 31 March 2018.

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8. Review of the Performance

2Q FY18/19 vs 2Q FY17/18

Gross revenue was 2.5% higher at S\$109.9 million for 2Q FY18/19 compared to 2Q FY17/18. This was mainly due to the higher contribution from VivoCity, MBC I and MLHF offset by lower contribution from Mapletree Anson and PSA Building.

Revenue for VivoCity was S\$1.4 million higher than 2Q FY17/18 driven mainly by higher rental income from new and renewed leases, achieved together with the asset enhancement initiatives ("AEI") on Level 1 and Basement 1 that were completed in FY17/18 and June 2018 respectively, and the effects of the step-up rents in existing leases. Revenue for MBC I was higher by S\$1.3 million mainly due to effects of the step-up rents in existing leases. Revenue for MLHF was S\$0.3 million higher than 2Q FY17/18 mainly due to full occupancy in 2Q FY18/19.

Revenue for Mapletree Anson and PSA Building were S\$0.3 million and S\$0.1 million lower respectively mainly due to lower occupancy in 2Q FY18/19, partially offset by effects of the step-up rents in existing leases.

Property operating expenses were 3.8% higher at S\$23.7 million compared to 2Q FY17/18 mainly due to higher property maintenance expenses and marketing and promotion expenses.

Accordingly, net property income increased by 2.2% to S\$86.3 million for 2Q FY18/19.

The higher net property income was offset by higher finance expenses, higher manager's management fees and the net change in fair value of financial derivatives. This was partially offset by higher unrealised foreign exchange gain arising from the translation of the JPY MTN into MCTTC's functional currency in Singapore dollar.

In respect of the JPY MTN, a CCIRS has been entered into to hedge against any foreign exchange movements. There is therefore no net foreign exchange exposure on the principal and interest payments. The net change in fair value of financial derivatives and unrealised foreign exchange gain also have no impact on income available for distribution to Unitholders.

Finance expenses were 9.7% higher at S\$17.6 million for 2Q FY18/19 compared to 2Q FY17/18 mainly due to the refinancing of bank borrowings with fixed rate MTNs issued in August 2017 and March 2018 and new term loans drawn down in 2Q FY18/19 as well as higher interest rates on floating rate borrowings.

As a result of the above, total return of S\$60.8 million for 2Q FY18/19 was 1.3% lower compared to 2Q FY17/18.

Income available for distribution of S\$65.6 million for 2Q FY18/19 was 1.3% higher compared to S\$64.7 million for 2Q FY17/18, after taking into account the effect of the non-tax deductible items and other adjustments.

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1H FY18/19 vs 1H FY17/18

Gross revenue was 1.6% higher at S\$218.5 million for 1H FY18/19 compared to 1H FY17/18. This was mainly due to the higher contribution from all properties except Mapletree Anson.

Revenue for VivoCity was S\$1.3 million higher than 1H FY17/18 driven mainly by higher rental income from new and renewed leases, achieved together with the AEI on Level 1 and Basement 1 that were completed in FY17/18 and June 2018 respectively, and the effects of the step-up rents in existing leases. 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.

Revenue for MBC I was higher by S\$1.5 million mainly due to effects of the step-up rents in existing leases. Revenue for MLHF was S\$0.9 million higher mainly due to full occupancy in 1H FY18/19. Revenue for PSA Building was S\$0.1 million higher mainly from compensation sums received, partially offset by lower rental income due to lower occupancy.

Revenue for Mapletree Anson was S\$0.4 million lower mainly due to lower occupancy in 1H FY18/19, partially offset by effects of the step-up rents in existing leases and compensation sums received.

Property operating expenses were marginally lower by 0.3% at S\$46.3 million compared to 1H FY17/18 mainly due to lower utilities expenses, partially offset by higher marketing and promotion expenses and property management fees.

Accordingly, net property income increased by 2.1% to S\$172.2 million for 1H FY18/19.

The higher net property income was offset by higher finance expenses and manager's management fees, as well as lower unrealised foreign exchange gain arising from the translation of the JPY MTN into MCTTC's functional currency in Singapore dollar. This was partly offset by the net change in fair value of financial derivatives.

Finance expenses were 9.6% higher at S\$34.6 million for 1H FY18/19 compared to 1H 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 1H FY18/19 for working capital requirements as well as higher interest rates on floating rate borrowings.

As a result of the above, total return was 0.1% lower at S\$121.7 million compared to 1H FY17/18.

Income available for distribution of S\$130.2 million for 1H FY18/19 was 0.9% higher compared to S\$129.1 million for 1H FY17/18, after taking into account the effect of the non-tax deductible items and other adjustments.

9. Variance between Actual and Forecast Results

MCT has not disclosed any forecast to the market.

10. Commentary on the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting and the next 12 months

Based on the Ministry of Trade and Industry's ("MTI") advanced GDP estimates, the Singapore economy grew by 2.6% on a year-on-year basis in the third quarter of 2018, moderating from the 4.1% growth in the previous quarter. On a quarter-on-quarter seasonally-adjusted annualised basis, the economy expanded by 4.7%, faster than the 1.2% growth in the preceding quarter.

According to CBRE, new entrants and expansion amongst existing retailers continued to drive retail leasing activity in Q3 2018. Rentals from prime retail space remained resilient, supported by tight vacancies. The Orchard Road submarket benefited from the growing tourism market with no significant supply in the horizon. As a result, Orchard Road prime rents increased at a faster pace of 0.8% quarter-on-quarter in Q3 2018 while Suburban prime rents increased 0.2% quarter-on-quarter. Potential risks remain as high wage costs continue to plague the labour market while inbound tourism could potentially be hampered by the strengthening Singapore dollar. Nevertheless, the medium-term rental outlook remains positive.

The office market registered strong overall leasing activity in Q3 2018. The quarter was driven by diversified demand coming from flexible workspace operators, technology firms, banking and insurance as well as shipping firms. There was a steady increase in occupier interest for Grade B offices given that the availability of Grade A space has tightened considerably, resulting in rents for the Grade B Islandwide submarket increasing at a faster pace of 2.8% quarter-on-quarter in Q3 2018 as compared to 2.1% recorded in Q2 2018. Grade A Core CBD office rents recorded a 3.5% quarter-on-quarter expansion in Q3 2018 compared to 4.1% in Q2 2018. Despite some economic risks arising from external trade disputes and currency volatility in the region, the Singapore office market environment looks largely positive.

The performance of the business park market was relatively subdued in Q3 2018. Continued take-up in the City Fringe submarket was offset by weaker leasing activity in the Rest of Island submarket. This led to overall vacancy rising from 11.6% in Q2 2018 to 12.1% in Q3 2018. While deal flow has been slower in recent quarters, there is still a steady stream of leasing interest observed from e-commerce and technology firms. This has however largely benefitted only newer and better located business park products which are becoming more scarce and are priced at a premium. Rents for the City Fringe submarket grew at a faster pace of 1.8% quarter-on-quarter while the Rest of Island submarket grew by 1.3% quarter-on-quarter in Q3 2018.

MCT's portfolio is expected to remain resilient given VivoCity's relatively stable performance and supported by the manageable lease expiries in MCT's office/business park properties.

Sources:

The Singapore Ministry of Trade and Industry Press Release, 12 October 2018
CBRE MarketView Singapore Q3 2018

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11. Distributions

(a) Current financial period

Any distributions declared for the current financial period? Yes

Name of distribution: 30th distribution for the period from 1 July 2018 to 30 September 2018

Distribution type: Income

Distribution rate: Taxable Income – 2.27 cents per unit

Par value of units: Not meaningful

Tax rate: Taxable Income Distribution

Qualifying investors and individuals (other than those who hold their units through a partnership) will generally receive pre-tax distributions. These distributions are exempt from tax in the hands of individuals unless such distributions are derived through a Singapore partnership or from the carrying on of a trade, business or profession. Such individual unitholders, i.e. to whom the exemption will not apply, must declare the distribution received as income in their tax returns. Qualifying investors, unless they are exempt from tax because of their own circumstances, will have to pay income tax subsequently on such distributions at their own applicable tax rates.

Qualifying foreign non-individual investors will receive their distributions after deduction of tax at the rate of 10%.

All other investors will receive their distributions after deduction of tax at the rate of 17%.

(b) Corresponding period of the preceding financial period

Any distributions declared for the corresponding period of the immediate preceding financial period? Yes

Name of distribution: 26th distribution for the period from 1 July 2017 to 30 September 2017

Distribution type: Income

Distribution rate: Taxable Income – 2.24 cents per unit

Par value of units: Not meaningful

Tax rate: Taxable Income Distribution

Qualifying investors and individuals (other than those who hold their units through a partnership) will generally receive pre-tax distributions. These distributions are exempt from tax in the hands of individuals unless such distributions are derived through a Singapore partnership or from the carrying on of a trade, business or profession. Such individual unitholders, i.e. to whom

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the exemption will not apply, must declare the distribution received as income in their tax returns. Qualifying investors, unless they are exempt from tax because of their own circumstances, will have to pay income tax subsequently on such distributions at their own applicable tax rates.

Qualifying foreign non-individual investors will receive their distributions after deduction of tax at the rate of 10%.

All other investors will receive their distributions after deduction of tax at the rate of 17%.

(c) Books closure date: The Transfer Books and Register of Unitholders of MCT will be closed at 5.00 p.m. on Thursday, 1 November 2018 for the purposes of determining each Unitholder's entitlement to MCT's distribution.

The ex-dividend date will be on Tuesday, 30 October 2018.

(d) Date Payable: Thursday, 29 November 2018

12. If no distribution has been declared/(recommended), a statement to that effect.

Not applicable.

13. Segmental Revenue and Results

	2Q FY18/19		2Q FY17/18		1H FY18/19		1H FY17/18	
	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%
Gross Revenue								
VivoCity	52,863	48.1	51,434	48.0	103,568	47.4	102,229	47.5
MBC I	32,163	29.2	30,840	28.7	63,758	29.2	62,252	29.0
PSA Building	11,990	10.9	12,082	11.3	24,674	11.3	24,525	11.4
Mapletree Anson	7,995	7.3	8,276	7.7	16,625	7.6	17,006	7.9
MLHF	4,907	4.5	4,578	4.3	9,826	4.5	8,964	4.2
	109,918	100.0	107,210	100.0	218,451	100.0	214,976	100.0

	2Q FY18/19		2Q FY17/18		1H FY18/19		1H FY17/18	
	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%
Net Property Income								
VivoCity	40,519	47.0	39,637	46.9	79,673	46.3	77,903	46.2
MBC I	26,486	30.7	25,375	30.1	52,578	30.5	51,350	30.4
PSA Building	9,090	10.5	9,209	10.9	18,842	11.0	18,731	11.1
Mapletree Anson	6,300	7.3	6,595	7.8	13,285	7.7	13,623	8.1
MLHF	3,866	4.5	3,608	4.3	7,821	4.5	6,998	4.2
	86,261	100.0	84,424	100.0	172,199	100.0	168,605	100.0

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14. General mandate relating to Interested Person Transactions

MCT has not obtained a general mandate from Unitholders for Interested Person Transactions.

15. Confirmation pursuant to Rule 720(1) of the Listing Manual

The Manager of MCT confirms that it has procured undertakings from all its directors and executive officers, in the format set out in Appendix 7.7 under the Rule 720(1) of the Listing Manual.

16. Confirmation by the Board

The Board of Directors of the Manager has confirmed that, to the best of their knowledge, nothing has come to their attention which may render these interim financial results to be false or misleading in any material respect.

This release may contain forward-looking statements that involve risks and uncertainties. Future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from other companies and venues for the sale/ distribution of goods and services, shifts in customer demands, customers and partners, changes in operating expenses, including employee wages, benefits and training, governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. You are cautioned not to place undue reliance on these forward looking statements, which are based on current view of management of future events.

By Order of the Board
Wan Kwong Weng
Joint Company Secretary
Mapletree Commercial Trust Management Ltd.
(Company Registration No.200708826C)
As Manager of Mapletree Commercial Trust

24 October 2018