

MAPLETREE COMMERCIAL TRUST UNAUDITED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR THE SECOND QUARTER AND FINANCIAL PERIOD FROM 1 APRIL 2019 TO 30 SEPTEMBER 2019

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MAPLETREE COMMERCIAL TRUST UNAUDITED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR THE SECOND QUARTER AND FINANCIAL PERIOD FROM 1 APRIL 2019 TO 30 SEPTEMBER 2019

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 subsidiaries, Mapletree Commercial Trust Treasury Company Pte. Ltd. (“MCTTC”) and 80 Alexandra Pte. Ltd. (“80 Alexandra”) (collectively “MCT Group”) which includes the Statements of Financial Position as at 30 September 2019, Consolidated Statement of Profit or Loss and Distribution Statement, Consolidated Statement of Comprehensive Income, Statements of Movements in Unitholders’ Funds and Consolidated Statement of Cash Flows for the financial period ended 30 September 2019.

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.

On 27 September 2019, MCT announced the proposed acquisition of Mapletree Business City (Phase 2) (“MBC II”) and the common premises located in MBC I through the acquisition of 100.0% of the ordinary shares in the issued share capital of Mapletree Business City Pte. Ltd. from Heliconia Realty Pte Ltd, a wholly-owned subsidiary of Mapletree Investments Pte Ltd, at an agreed property value of S\$1,550.0 million (the “Acquisition”).

In connection with the Acquisition, MCT has on 26 September 2019 completed the acquisition of the entire issued and paid-up share capital of 80 Alexandra, a special purpose vehicle which has been incorporated for the purpose of the acquisition.

At the extraordinary general meeting held on 15 October 2019, unitholders approved the proposed Acquisition, the proposed equity fund raising² and the proposed Whitewash resolution².

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 MBC II, make up the Alexandra Precinct.

² As described in the Circular dated 27 September 2019.

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Summary Results of Mapletree Commercial Trust Group

	2Q FY19/20¹ (S\$'000)	2Q FY18/19² (S\$'000)	Variance %
Gross revenue	112,041	109,918	1.9
Property operating expenses	(24,317)	(23,657)	(2.8)
Net property income	87,724	86,261	1.7
Income available for distribution	66,822	65,564	1.9
Distribution per unit (cents)	2.32	2.27	2.2

	1H FY19/20³ (S\$'000)	1H FY18/19⁴ (S\$'000)	Variance %
Gross revenue	224,169	218,451	2.6
Property operating expenses	(48,098)	(46,252)	(4.0)
Net property income	176,071	172,199	2.2
Income available for distribution	134,071	130,174	3.0
Distribution per unit (cents)	4.63	4.50	2.9

Footnotes:

- ¹ Period from 1 July 2019 to 30 September 2019, referred to as 2Q FY19/20.
- ² Period from 1 July 2018 to 30 September 2018, referred to as 2Q FY18/19.
- ³ Period from 1 April 2019 to 30 September 2019, referred to as 1H FY19/20.
- ⁴ Period from 1 April 2018 to 30 September 2018, referred to as 1H FY18/19.

Distribution Details

	To Unitholders
Distribution period	1 July 2019 to 30 September 2019
Distribution rate / type	Taxable income distribution of 2.32 cents per unit
Trade ex-date	Notice of books closure date and payment date for the quarterly distribution for the period from 1 July 2019 to 30 September 2019 will be announced in due course.
Books closure date	
Payment date	

MAPLETREE COMMERCIAL TRUST UNAUDITED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR THE SECOND QUARTER AND FINANCIAL PERIOD FROM 1 APRIL 2019 TO 30 SEPTEMBER 2019

1(a)(i) Consolidated Statement of Profit or Loss and Distribution Statement (MCT Group)

Consolidated Statement of Profit or Loss	2Q FY19/20 (S\$'000)	2Q FY18/19 (S\$'000)	Variance %	1H FY19/20 (S\$'000)	1H FY18/19 (S\$'000)	Variance %
Gross revenue	112,041	109,918	1.9	224,169	218,451	2.6
Property operating expenses	(24,317)	(23,657)	(2.8)	(48,098)	(46,252)	(4.0)
Net property income	87,724	86,261	1.7	176,071	172,199	2.2
Finance income	157	161	(2.5)	341	305	11.8
Finance expenses	(17,896)	(17,568)	(1.9)	(35,633)	(34,607)	(3.0)
Manager's management fees						
- Base fees	(4,537)	(4,256)	(6.6)	(8,963)	(8,466)	(5.9)
- Performance fees	(3,509)	(3,451)	(1.7)	(7,043)	(6,888)	(2.3)
Trustee's fees	(220)	(208)	(5.8)	(434)	(414)	(4.8)
Other trust expenses	(308)	(289)	(6.6)	(612)	(584)	(4.8)
Foreign exchange (loss)/gain ¹	(1,653)	2,271	N.M.	(4,533)	2,140	N.M.
Net change in fair value of financial derivative ²	2,093	(2,165)	N.M.	5,190	(1,996)	N.M.
Profit before tax and fair value change in investment properties	61,851	60,756	1.8	124,384	121,689	2.2
Net change in fair value of investment properties ³	305,413	-	N.M.	305,413	-	N.M.
Profit before tax	367,264	60,756	N.M.	429,797	121,689	N.M.
Income tax expense ⁴	(*)	(*)	N.M.	(*)	(*)	N.M.
Profit after tax	367,264	60,756	N.M.	429,797	121,689	N.M.

Distribution Statement	2Q FY19/20 (S\$'000)	2Q FY18/19 (S\$'000)	Variance %	1H FY19/20 (S\$'000)	1H FY18/19 (S\$'000)	Variance %
Profit before tax and fair value change in investment properties	61,851	60,756	1.8	124,384	121,689	2.2
Adjustments:						
- Unrealised foreign exchange loss/(gain)	1,653	(2,271)	N.M.	4,533	(2,140)	N.M.
- Net change in fair value of financial derivative	(2,093)	2,165	N.M.	(5,190)	1,996	N.M.
- Net effect of other non-tax deductible items and other adjustments ⁵	5,411	4,914	10.1	10,344	8,629	19.9
Income available for distribution to Unitholders	66,822	65,564	1.9	134,071	130,174	3.0

* Amount is less than S\$1,000

N.M.: not meaningful

MAPLETREE COMMERCIAL TRUST UNAUDITED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR THE SECOND QUARTER AND FINANCIAL PERIOD FROM 1 APRIL 2019 TO 30 SEPTEMBER 2019

Footnotes:

- 1 This relates to the Japanese Yen (“JPY”) denominated medium term notes (“MTN”) issued in March 2015. The foreign exchange (loss)/gain 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 unrealised foreign exchange (loss)/gain has no impact on income available for distribution to Unitholders.
- 2 Net change in the fair value of financial derivative arose from the revaluation of the CCIRS which was entered into to hedge against the foreign currency risk exposure.

In accordance with SFRS(I) 9, any change in fair value of this derivative financial instrument which is not designated for hedge accounting has to be taken to profit or loss. The change in the fair value of financial derivative has no impact on income available for distribution to Unitholders.
- 3 This relates to the increase in property values arising from valuation carried out as at 31 August 2019.
- 4 This relates to the income tax expense of MCTTC.
- 5 Consists of management fees paid/payable in units, trustee’s fees, financing fees incurred on bank facilities and other non-tax deductible/(chargeable) items.

1(a)(ii) Consolidated Statement of Comprehensive Income (MCT Group)

Consolidated Statement of Comprehensive Income	2Q FY19/20 (S\$’000)	2Q FY18/19 (S\$’000)	Variance %	1H FY19/20 (S\$’000)	1H FY18/19 (S\$’000)	Variance %
Profit after tax	367,264	60,756	N.M.	429,797	121,689	N.M.
Other comprehensive income - items that may be reclassified subsequently to profit or loss:						
Cash flow hedges						
- Fair value (loss)/gain	(866)	(511)	(69.5)	(5,385)	1,377	N.M.
- Reclassification to profit or loss	(384)	325	N.M.	(975)	973	N.M.
Total comprehensive income for the financial period	366,014	60,570	N.M.	423,437	124,039	N.M.

N.M.: not meaningful

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1(b)(i) Statements of Financial Position

	MCT Group		MCT	
	30 Sep 2019 (S\$'000)	31 Mar 2019 (S\$'000)	30 Sep 2019 (S\$'000)	31 Mar 2019 (S\$'000)
Current assets				
Cash and cash equivalents	36,421	49,119	36,372	49,071
Trade and other receivables	4,790	4,004	4,790	4,004
Other current assets	801	982	801	982
Derivative financial instruments ¹	462	93	462	93
Total current assets	42,474	54,198	42,425	54,150
Non-current assets				
Investment properties ²	7,350,037	7,039,000	7,350,037	7,039,000
Plant and equipment	78	128	78	128
Investment in subsidiaries ³	-	-	*	*
Derivative financial instruments ¹	9,787	7,439	9,787	7,439
Total non-current assets	7,359,902	7,046,567	7,359,902	7,046,567
Total assets	7,402,376	7,100,765	7,402,327	7,100,717
Current liabilities				
Derivative financial instruments ¹	-	9	-	9
Trade and other payables ⁴	68,871	80,965	68,868	80,959
Borrowings ⁵	481,685	49,984	271,752	-
Loans from a subsidiary ⁶	-	-	209,932	49,984
Current income tax liabilities ⁷	*	*	-	-
Total current liabilities⁸	550,556	130,958	550,552	130,952
Non-current liabilities				
Derivative financial instruments ¹	5,508	1,612	5,508	1,612
Other payables ⁹	56,015	52,063	56,015	52,063
Borrowings ⁵	1,873,209	2,300,153	1,113,739	1,385,461
Loans from a subsidiary ⁶	-	-	759,470	914,692
Total non-current liabilities	1,934,732	2,353,828	1,934,732	2,353,828
Total liabilities	2,485,288	2,484,786	2,485,284	2,484,780
Net assets attributable to Unitholders	4,917,088	4,615,979	4,917,043	4,615,937
Represented by:				
Unitholders' funds	4,917,088	4,615,979	4,917,043	4,615,937
Net Asset Value per unit (S\$)	1.70	1.60	1.70	1.60

* 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 as at 30 September 2019 are accounted for at fair market value based on the independent valuations as at 31 August 2019 and additional capital expenditure incurred from 1 September 2019 to 30 September 2019. Investment properties as at 31 March 2019 were accounted for at fair market value based on the independent valuations as at 31 March 2019. The increase was mainly due to the increase in property values arising from valuations carried out as at 31 August 2019.
- ³ On 26 September 2019, MCT acquired the entire issued and paid-up share capital of 80 Alexandra for a total consideration of S\$2.
- ⁴ The decrease in current trade and other payables is mainly due to the payment of Manager's performance fee for FY18/19 in May 2019.
- ⁵ Borrowings represent unsecured bank loans and MTN measured at amortised cost. The increase in total borrowings is mainly due to the higher translated borrowings arising from the translation of the JPY MTN into Singapore dollar as at 30 September 2019. 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.

In September 2019, a term loan facility of S\$100.0 million has been executed and will be drawn down for refinancing of borrowings.
- ⁶ 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.

As at 30 September 2019, 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.
- ⁷ Current income tax liabilities refer to income tax provision based on taxable income of MCTTC.
- ⁸ MCT currently has undrawn bank lines to meet the financing of the current liabilities as and when they fall due.
- ⁹ Non-current other payables represent tenancy related deposits received.

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

	MCT Group		MCT	
	30 Sep 2019 (S\$'000)	31 Mar 2019 (S\$'000)	30 Sep 2019 (S\$'000)	31 Mar 2019 (S\$'000)
Amount repayable in one year or less, or on demand				
Unsecured bank borrowings	272,000	-	272,000	-
Medium term notes	210,000	50,000	-	-
Less : Transaction costs to be amortised ¹	(315)	(16)	(248)	-
Total borrowings, repayable in one year or less, or on demand	481,685	49,984	271,752	-
Amount repayable after one year				
Unsecured bank borrowings	1,117,000	1,389,001	1,117,000	1,389,001
Medium term notes	760,986	916,453	-	-
Less : Transaction costs to be amortised ¹	(4,777)	(5,301)	(3,261)	(3,540)
Total borrowings, repayable after one year	1,873,209	2,300,153	1,113,739	1,385,461
Total borrowings²	2,354,894	2,350,137	1,385,491	1,385,461

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 is S\$2,349.0 million as at 30 September 2019 and 31 March 2019.

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1(c) Consolidated Statement of Cash Flows

	2Q FY19/20	2Q FY18/19	1H FY19/20	1H FY18/19
	(S\$'000)	(S\$'000)	(S\$'000)	(S\$'000)
Cash flows from operating activities				
Profit after tax for the financial period	367,264	60,756	429,797	121,689
Adjustment for:				
- Income tax expense	*	*	*	*
- Depreciation	14	19	32	37
- Impairment of trade receivables	-	-	-	61
- Plant and equipment written off	18	-	18	-
- Unrealised foreign exchange loss/ (gain)	1,653	(2,271)	4,533	(2,140)
- Net change in fair value of investment properties	(305,413)	-	(305,413)	-
- Net change in fair value of financial derivative	(2,093)	2,165	(5,190)	1,996
- Finance income	(157)	(161)	(341)	(305)
- Finance expenses	17,896	17,568	35,633	34,607
- Manager's management fees paid/payable in units	4,023	3,853	8,003	7,677
	83,205	81,929	167,072	163,622
Change in working capital:				
- Trade and other receivables	(892)	(429)	(792)	(2,029)
- Other current assets	2	(17)	124	71
- Trade and other payables	2,941	3,580	(2,676)	(1,114)
Cash generated from operations	85,256	85,063	163,728	160,550
- Income tax paid	-	-	(*)	(*)
Net cash provided by operating activities	85,256	85,063	163,728	160,550
Cash flows from investing activities				
Additions to investment properties	(1,917)	(6,696)	(8,058)	(15,084)
Additions to plant and equipment	-	(2)	-	(27)
Finance income received	165	154	347	289
Investment in subsidiary	*	-	*	-
Net cash used in investing activities	(1,752)	(6,544)	(7,711)	(14,822)
Cash flows from financing activities				
Proceeds from borrowings	354,000	587,600	785,000	623,600
Repayments of borrowings	(354,000)	(584,200)	(785,001)	(602,200)
Payments of financing fees	(550)	(1,346)	(613)	(2,588)
Payments of distribution to Unitholders	(66,864)	(64,353)	(133,616)	(129,732)
Finance expenses paid	(20,643)	(20,754)	(34,485)	(33,346)
Net cash used in financing activities	(88,057)	(83,053)	(168,715)	(144,266)
Net (decrease)/increase in cash and cash equivalents	(4,553)	(4,534)	(12,698)	1,462
Cash and cash equivalents at beginning of financial period	40,974	51,088	49,119	45,092
Cash and cash equivalents at end of financial period	36,421	46,554	36,421	46,554

* Amount is less than S\$1,000

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1(d)(i) Statements of Movements in Unitholders' Funds (2Q FY19/20 & 1H FY19/20)

	MCT Group			
	Operations (S\$'000)	Unitholders' Contribution (S\$'000)	Hedging Reserve (S\$'000)	Total (S\$'000)
Balance as at 1 Apr 2019	1,603,936	3,010,729	1,314	4,615,979
Profit after tax for the financial period	62,533	-	-	62,533
Distributions to Unitholders	(66,752)	-	-	(66,752)
Movements in hedging reserve	-	-	(5,110)	(5,110)
Manager's management fees paid in units	-	9,075	-	9,075
Balance as at 30 Jun 2019	1,599,717	3,019,804	(3,796)	4,615,725
Profit after tax for the financial period	367,264	-	-	367,264
Distributions to Unitholders	(66,864)	-	-	(66,864)
Movements in hedging reserve	-	-	(1,250)	(1,250)
Manager's management fees paid in units	-	2,213	-	2,213
Balance as at 30 Sep 2019	1,900,117	3,022,017	(5,046)	4,917,088

	MCT			
	Operations (S\$'000)	Unitholders' Contribution (S\$'000)	Hedging Reserve (S\$'000)	Total (S\$'000)
Balance as at 1 Apr 2019	1,603,894	3,010,729	1,314	4,615,937
Profit after tax for the financial period	62,531	-	-	62,531
Distributions to Unitholders	(66,752)	-	-	(66,752)
Movements in hedging reserve	-	-	(5,110)	(5,110)
Manager's management fees paid in units	-	9,075	-	9,075
Balance as at 30 Jun 2019	1,599,673	3,019,804	(3,796)	4,615,681
Profit after tax for the financial period	367,263	-	-	367,263
Distributions to Unitholders	(66,864)	-	-	(66,864)
Movements in hedging reserve	-	-	(1,250)	(1,250)
Manager's management fees paid in units	-	2,213	-	2,213
Balance as at 30 Sep 2019	1,900,072	3,022,017	(5,046)	4,917,043

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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
Profit after tax for the financial 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
Profit after tax for the financial 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

MAPLETREE COMMERCIAL TRUST UNAUDITED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR THE SECOND QUARTER AND FINANCIAL PERIOD FROM 1 APRIL 2019 TO 30 SEPTEMBER 2019

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

	MCT			
	2Q FY19/20 ('000)	2Q FY18/19 ('000)	1H FY19/20 ('000)	1H FY18/19 ('000)
Units at beginning of financial period	2,894,546	2,885,761	2,889,690	2,880,156
- Manager's management fees paid in units	1,085	1,356	5,941 ¹	6,961 ²
Total issued Units at end of financial period³	2,895,631	2,887,117	2,895,631	2,887,117

Footnotes:

- ¹ On 7 May 2019 and 7 August 2019, new units were issued at an issue price of S\$1.8687 and S\$2.0402 per unit respectively as part payment of Manager's base fees for the period from 1 January 2019 to 30 June 2019 and Manager's performance fees for FY18/19.
- ² 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 part 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.
- ³ There were no convertibles, treasury units and units held by its subsidiaries as at 30 September 2019 and 30 September 2018.

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 2019.

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

MCT Group adopted the new and revised SFRS(I) and SFRS(I) Interpretations ("SFRS(I) INT") that are mandatory for application for the financial year beginning 1 April 2019. The adoption of these new and revised SFRS(I) and SFRS(I) INT do not result in material changes to MCT Group's accounting policies and has no material effect on the amounts reported for the current financial period.

MAPLETREE COMMERCIAL TRUST UNAUDITED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR THE SECOND QUARTER AND FINANCIAL PERIOD FROM 1 APRIL 2019 TO 30 SEPTEMBER 2019

6. Earnings Per Unit and Distribution Per Unit

Earnings Per Unit ("EPU")

	2Q FY19/20	2Q FY18/19	1H FY19/20	1H FY18/19
Weighted average number of units	2,895,195,285	2,886,557,362	2,893,917,513	2,885,028,308
EPU¹ (cents)				
- basic and diluted²	12.69	2.10	14.85	4.22

Footnotes:

- ¹ In computing the EPU, profit after tax for the financial period and the weighted average number of units at the end of the financial 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 FY19/20	2Q FY18/19	1H FY19/20	1H FY18/19
Number of units in issue at end of financial period	2,895,631,555	2,887,117,550	2,895,631,555	2,887,117,550
DPU (cents)	2.32	2.27	4.63	4.50

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

	MCT Group		MCT	
	30 Sep 2019	31 Mar 2019	30 Sep 2019	31 Mar 2019
Number of units in issue at end of financial period/year	2,895,631,555	2,889,690,723	2,895,631,555	2,889,690,723
NAV and NTA per unit¹ (S\$)	1.70	1.60	1.70	1.60

Footnote:

- ¹ NAV and NTA per unit are the same as there is no intangible asset as at 30 September 2019 and 31 March 2019.

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8. Review of the Performance

2Q FY19/20 vs 2Q FY18/19

Gross revenue was 1.9% higher at S\$112.0 million for 2Q FY19/20 compared to 2Q FY18/19. This was largely driven by higher year-on-year contribution from all properties except Mapletree Anson.

Revenue for VivoCity was S\$2.7 million higher than 2Q FY18/19 driven mainly by higher rental income from new and renewed leases, achieved together with the asset enhancement initiatives completed to-date, the effects of the step-up rents in existing leases and higher other revenue.

Revenue for PSA Building was S\$0.6 million higher than 2Q FY18/19 mainly due to higher rental income from renewed leases offset by lower occupancy.

Revenue for MBC I was higher by S\$0.2 million mainly due to higher rental income from new leases and the effects of the step-up rents in existing leases, partially offset by compensation sums received in 2Q FY18/19.

Revenue for MLHF was marginally higher than 2Q FY18/19 mainly due to the effects of the step-up rents in existing leases.

Revenue for Mapletree Anson was S\$1.4 million lower than 2Q FY18/19 mainly due to lower occupancy.

Property operating expenses were 2.8% higher at S\$24.3 million compared to 2Q FY18/19 mainly due to higher staff costs, utilities expenses and property taxes. The higher property taxes were mainly due to higher annual values assessed.

Accordingly, net property income increased by 1.7% to S\$87.7 million for 2Q FY19/20.

The higher net property income was offset by higher finance expenses and higher manager's management fees.

Finance expenses were 1.9% higher at S\$17.9 million for 2Q FY19/20 compared to 2Q FY18/19 mainly due to higher interest rates on floating rate borrowings and higher quantum of fixed rate debt.

The unrealised foreign exchange loss arose from the translation of the JPY MTN into MCTTC's functional currency in Singapore dollar and the net change in fair value of financial derivative relates to the revaluation of CCIRS entered into to hedge against any foreign exchange movements in respect to the JPY MTN. There is therefore no net foreign exchange exposure on the principal and interest payments on the JPY MTN. The unrealised foreign exchange loss and net change in fair value of financial derivative have no impact on income available for distribution to Unitholders.

As a result of the above, profit before tax and fair value change in investment properties of S\$61.9 million for 2Q FY19/20 was 1.8% higher compared to 2Q FY18/19.

Income available for distribution of S\$66.8 million for 2Q FY19/20 was 1.9% higher compared to S\$65.6 million for 2Q FY18/19, after taking into account the effect of the non-tax deductible items and other adjustments.

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1H FY19/20 vs 1H FY18/19

Gross revenue was 2.6% higher at S\$224.2 million for 1H FY19/20 compared to 1H FY18/19. This was largely driven by higher year-on-year contribution from all properties except Mapletree Anson.

Revenue for VivoCity was S\$5.3 million higher than 1H FY18/19 driven mainly by higher rental income from new and renewed leases, achieved together with the asset enhancement initiatives completed to-date, the effects of the step-up rents in existing leases and higher other revenue.

Revenue for MBC I was higher by S\$1.4 million mainly due to higher rental income from new leases and the effects of the step-up rents in existing leases, partially offset by compensation sums received in 1H FY18/19.

Revenue for PSA Building was S\$0.7 million higher than 1H FY18/19 mainly due to higher rental income from renewed leases offset by lower occupancy and compensation sum received in 1H FY18/19.

Revenue for MLHF was S\$0.2 million higher than 1H FY18/19 mainly due to the effects of the step-up rents in existing leases.

Revenue for Mapletree Anson was S\$1.9 million lower than 1H FY18/19 mainly due to lower occupancy and compensation sums received in 1H FY18/19.

Property operating expenses were 4.0% higher at S\$48.1 million compared to 1H FY18/19 mainly due to higher staff costs, utilities expenses, property management fees and property taxes. The higher property taxes were mainly due to higher annual values assessed.

Accordingly, net property income increased by 2.2% to S\$176.1 million for 1H FY19/20.

The higher net property income was offset by higher finance expenses and higher manager's management fees.

Finance expenses were 3.0% higher at S\$35.6 million for 1H FY19/20 compared to 1H FY18/19 mainly due to higher interest rates on floating rate borrowings and the additional loans drawn down during 1H FY18/19 for working capital requirements. This was partially offset by lower interest costs from early refinancing of S\$197.6 million term loan facility in 2Q FY18/19.

The unrealised foreign exchange loss arose from the translation of the JPY MTN into MCTTC's functional currency in Singapore dollar and the net change in fair value of financial derivative relates to the revaluation of CCIRS entered into to hedge against any foreign exchange movements in respect to the JPY MTN. There is therefore no net foreign exchange exposure on the principal and interest payments on the JPY MTN. The unrealised foreign exchange loss and net change in fair value of financial derivative have no impact on income available for distribution to Unitholders.

As a result of the above, profit before tax and fair value change in investment properties of S\$124.4 million for 1H FY19/20 was 2.2% higher compared to 1H FY18/19.

Income available for distribution of S\$134.1 million for 1H FY19/20 was 3.0% higher compared to S\$130.2 million for 1H FY18/19, after taking into account the effect of the non-tax deductible items and other adjustments.

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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 advanced GDP estimates, the Singapore economy grew by 0.1% on a year-on-year basis in the third quarter of 2019, the same pace as the previous quarter. On a quarter-on-quarter seasonally-adjusted annualised basis, the economy expanded by 0.6%, a turnaround from the 2.7% contraction in the preceding quarter.

According to CBRE, the retail leasing market showed signs of slowing in tandem with retail sales. Consumer confidence turned slightly more pessimistic on persisting concerns over job prospects and the economy. While Q2 2019 saw an easing of leasing activity, prime rents in Orchard Road and Suburban markets remained resilient at \$31.70 per square foot per month and \$29.15 per square foot per month respectively. CBRE does not expect any major movements in prime rents for the second half of 2019, and the limited upcoming supply will help cushion the extent of any potential rental decline.

The office market showed mixed signals in Q2 2019. There was positive net absorption contributed by healthy take-up in recently completed buildings. The technology and co-working sectors remained active with sporadic growth seen in other industries such as the life insurance industry. However, there was generally more caution portrayed by firms as they ascertain the full impact of the trade war. Economic uncertainty and occupiers' resistance to landlords' rental expectations weighed on new leasing enquiries, which resulted in leasing deals taking a longer time to conclude and a deceleration of Grade A (Core CBD) rental growth from 3.2% quarter-on-quarter (Q1 2019 increase from Q4 2018) to 1.3% in Q2 2019 (Q2 2019 increase from Q1 2019). In the wake of heightened economic headwinds, the outlook looks increasingly clouded. While the current supply situation is relatively tight, pre-commitments of pipeline projects have slowed considerably. These factors are expected to dampen rental growth prospects over the medium term.

It was a subdued Q2 2019 for the business park market. Factors contributing to the slowdown in overall leasing volumes were tight vacancies in higher quality buildings, as well as the lack of new supply in the horizon. The two-tier market continued to diverge as highlighted by the lower vacancy in the City Fringe submarket where Mapletree Business City is located. Average rents maintained at the same level of \$5.80 per square foot per month and \$3.80 per square foot per month for the City Fringe and Rest of Island submarkets respectively. CBRE expects rents and vacancy to be relatively unchanged and maintain at current levels over the moderate term.

In spite of the above, MCT's portfolio is expected to remain resilient given VivoCity's strong positioning and consistent performance, as well as the manageable lease expiries in MCT's office/business park properties.

Sources:

The Singapore Ministry of Trade and Industry Press Release, 14 October 2019
CBRE MarketView Singapore Q2 2019

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11. Distributions

(a) Current financial period

Any distributions declared for the current financial period? Yes

Name of distribution: 34th distribution for the period from 1 July 2019 to 30 September 2019

Distribution type: Income

Distribution rate: Taxable Income – 2.32 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 and qualifying non-resident funds 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: 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,

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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%.

- (c) Books closure date: Notice of books closure date and payment date for the quarterly distribution for the period from 1 July 2019 to 30 September 2019 will be announced in due course.
- (d) Date Payable: will be announced in due course.

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

Not applicable.

13. Segmental Revenue and Results

	2Q FY19/20		2Q FY18/19		1H FY19/20		1H FY18/19	
	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%
<u>Gross Revenue</u>								
VivoCity	55,543	49.6	52,863	48.1	108,870	48.5	103,568	47.4
MBC I	32,352	28.9	32,163	29.2	65,153	29.1	63,758	29.2
PSA Building	12,584	11.2	11,990	10.9	25,399	11.3	24,674	11.3
Mapletree Anson	6,574	5.9	7,995	7.3	14,737	6.6	16,625	7.6
MLHF	4,988	4.4	4,907	4.5	10,010	4.5	9,826	4.5
	112,041	100.0	109,918	100.0	224,169	100.0	218,451	100.0

	2Q FY19/20		2Q FY18/19		1H FY19/20		1H FY18/19	
	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%
<u>Net Property Income</u>								
VivoCity	42,515	48.5	40,519	47.0	83,329	47.3	79,673	46.3
MBC I	26,782	30.5	26,486	30.7	54,010	30.7	52,578	30.5
PSA Building	9,503	10.8	9,090	10.5	19,272	10.9	18,842	11.0
Mapletree Anson	4,934	5.6	6,300	7.3	11,435	6.5	13,285	7.7
MLHF	3,990	4.6	3,866	4.5	8,025	4.6	7,821	4.5
	87,724	100.0	86,261	100.0	176,071	100.0	172,199	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 assumptions, risks and uncertainties. Actual 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 risks, uncertainties and assumptions include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of property rental income, changes in operating expenses (including employee wages, benefits and training costs), 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

15 October 2019