FINANCIAL REVIEW
AND CAPITAL MANAGEMENT

OVERVIEW OF STATEMENT OF TOTAL RETURN AND DISTRIBUTION STATEMENT

	FY17/18 (S$'000)	FY16/17 (S$'000)	Variance % Positive/(Negative)
Gross Revenue[1]	355,030	350,629	1.3
Property Operating Expenses	(67,880)	(65,049)	(4.4)
Net Property Income	**287,150**	**285,580**	**0.5**
Manager's Management Fees			
- Base Fee	(21,092)	(20,463)	(3.1)
- Performance Fee	(956)	(490)	(95.1)
Finance Costs (Net)	(67,691)	(73,037)	7.3
Net Foreign Exchange Gain	5,317	6,980	(23.9)
Trustee's Fee	(651)	(641)	(1.6)
Other Trust Expenses	(1,469)	(1,395)	(5.3)
Total Non-operating Expenses	**(86,542)**	**(89,046)**	**2.8**
Net Change in Fair Value of Investment Properties	417,122	218,882	90.6
Net Change in Fair Value of Financial Derivatives	522	(2,837)	NM
Income Tax Expenses	(43,911)	(40,080)	(9.6)
Total Return for the Year	**574,341**	**372,499**	**54.2**
Distribution Adjustments[2]	(363,419)	(167,872)	NM
Income Available for Distribution to Unitholders	**210,922**	**204,627**	**3.1**

NM – Not Meaningful

1 Gross revenue is presented net of Value Added Tax ("VAT") applicable to China properties from May 2016 onwards (previously, Business Tax) as VAT is a tax collected on behalf of the relevant tax authorities.

2 Distribution adjustments mainly include the Manager's management fees and Property Manager's ("Mapletree Greater China Property Management Limited") management fees which are payable in the form of Units, financing fees on borrowings, foreign exchange gain on capital item, as well as change in the fair value of financial derivatives and investment properties (net of deferred tax).

GROSS REVENUE

MGCCT achieved gross revenue of S$355.0 million from 1 April 2017 to 31 March 2018 ("FY17/18"). The increase of 1.3% compared to the same period last year ("FY16/17") was mainly due to higher rental income from Festival Walk and Gateway Plaza, partially offset by the lower average rate of Hong Kong Dollar ("HKD") and Renminbi ("RMB") against Singapore Dollar ("SGD") during FY17/18. The respective contributions from Festival Walk, Gateway Plaza and Sandhill Plaza to the portfolio gross revenue in FY17/18 were consistent with those in FY16/17, at 69% (FY16/17: 70%), 24% (FY16/17: 23%) and 7% (FY16/17: 7%).

PROPERTY OPERATING EXPENSES

Property operating expenses for FY17/18 was 4.4% higher at S$67.9 million, compared to FY16/17, largely due to increased property tax[1] incurred by Gateway Plaza as a result of the change in the basis of assessment of property tax, as well as a corresponding increase in property tax due to higher revenue.

NET PROPERTY INCOME

NPI was S$287.2 million in FY17/18, which was 0.5% higher compared to S$285.6 million in FY16/17. The percentage contribution by asset to portfolio NPI in FY17/18 remained the same as FY16/17, with Festival Walk, Gateway Plaza and Sandhill Plaza accounting for 69%, 23% and 8% respectively.

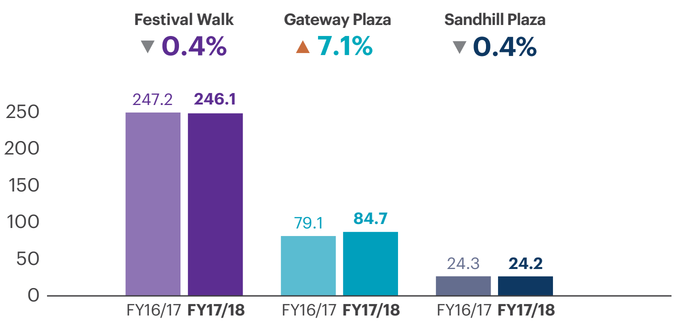
FINANCE COSTS (NET) AND FOREIGN EXCHANGE GAIN (NET)

Finance costs (net) for FY17/18 decreased 7.3% or S$5.3 million to S$67.7 million compared to last year mainly due to lower financing fees (S$3.5 million) as there were less refinancing activities, the refinancing of certain bank debts resulting in a lower average cost of debt post-refinancing (S$2.5 million) and a lower average rate of HKD against SGD (S$1.8 million). The decrease in interest costs was offset by the effect of rising interest rate on floating rate debt (S$2.6 million).

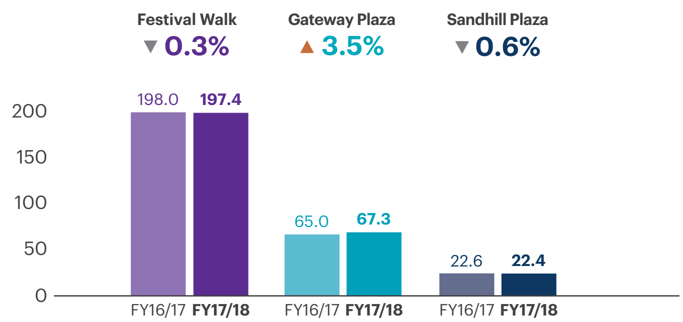
The net foreign exchange gain of S$5.3 million in FY17/18 (FY16/17: S$7.0 million) was mainly due to exchange gain

1 The revised property tax is assessed at a tax rate of 12% of revenue with effect from 1 July 2016 while it was previously assessed at a tax rate of 1.2% of 70% of the cost of property.

GROSS REVENUE BY ASSET
(S$ million)



NPI BY ASSET
(S$ million)



of S$3.2 million (FY16/17: S$6.9 million) from the partial settlement of inter-company loans, which are capital in nature and not distributable, as well as realised exchange gain of S$1.6 million (FY16/17: S$0.2 million) from the settlement of currency forward contracts undertaken to hedge HKD and RMB income.

NET CHANGE IN FAIR VALUE OF INVESTMENT PROPERTIES AND NET CHANGE IN FAIR VALUE OF FINANCIAL DERIVATIVES

CBRE Limited has performed an independent valuation of the investment properties as at 31 March 2018 and the net change in fair value of investment properties of S$417.1 million (FY16/17: S$218.9 million) represents the total fair value gain recognised for the three properties. Festival Walk, Gateway Plaza and Sandhill Plaza contributed S$338.4 million (FY16/17: S$161.7 million), S$65.9 million (FY16/17: S$38.9 million) and S$12.8 million (FY16/17: S$18.3 million) respectively. The fair value gain is unrealised and has no impact on the distribution to Unitholders.

Net change in fair value of financial derivatives of S$0.5 million in FY17/18 (FY16/17: S$2.8 million) relates to the mark-to-market movement of currency forward contracts entered into to hedge foreign currency exposures for future HKD and RMB distributable income. As these contracts are not due to be settled, they will not have an impact on current year income available for distribution to Unitholders. These forward contracts are entered into to limit the impact of currency volatility on future distributable income streams.

INCOME AVAILABLE FOR DISTRIBUTION AND DPU

Consequently, income available for distribution to Unitholders for FY17/18 was S$210.9 million, 3.1% higher than last financial year. The Manager continues to pay out 100.0% of the income available for distribution to Unitholders in FY17/18.

During FY17/18, MGCCT issued 30,886,272 new units, in respect of the payment of management fees to the Manager and the Property Manager. This brings the total number of units in issue as of 31 March 2018 to 2,826,267,943.

DPU[1] paid for FY17/18 was 7.481 cents, 1.9% more compared to the DPU paid for FY16/17 of 7.341 cents.

1 Full-year DPU is the sum of the first-half and second-half DPU paid to the Unitholders for the financial year based on the number of issued units as at the end of the respective half-year periods.

UNITS ISSUED IN FY17/18

Type of Fees[1]	For Period	Issued Date	Number of Units	Issued Price[2] (S$)
Base Fee & Property Manager's Fees	1 January to 31 March 2017	29 May 2017	8,640,728	0.9955
Performance Fee	1 April 2016 to 31 March 2017	29 May 2017	491,749	0.9955
Base Fee & Property Manager's Fees	1 April to 30 June 2017	24 August 2017	7,651,344	1.0837
Base Fee & Property Manager's Fees	1 July to 30 September 2017	20 November 2017	7,238,706	1.1475
Base Fee & Property Manager's Fees	1 October to 31 December 2017	23 February 2018	6,863,745	1.2112
		Total:	**30,886,272**	

1 The Property Manager's Management Fees relate only to Festival Walk and Gateway Plaza. For Sandhill Plaza, the Manager has elected to pay the Property Manager's Management Fees in cash. Base Fee and Performance Fee are payable to the Manager.

2 The issued prices were determined based on the volume weighted average price ("VWAP") for all trades done on SGX-ST in the ordinary course of trading for the last 10 business days of the relevant quarter on which the fees were accrued.

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SEMI-ANNUAL DISTRIBUTIONS

	Period	Payment Date	Distributable Income for the Period S$'000	Number of Issued Units as at End Period[1]	DPU (Paid) cents
FY17/18	**1 April to 30 September 2017 ("1H FY17/18")**	**20 November 2017**	**104,445**	**2,812,165,492**	**3.714**
	1 October 2017 to 31 March 2018 ("2H FY17/18")	**25 May 2018**	**106,477**	**2,826,267,943**	**3.767[2]**
FY16/17	1 April to 30 September 2016 ("1H FY16/17")	25 November 2016	100,327	2,779,439,018	3.610
	1 October 2016 to 31 March 2017 ("2H FY16/17")	29 May 2017	104,300	2,795,381,671	3.731

1 The number of issued units at the end of the period. There were no convertibles, treasury units and subsidiary holdings as of 31 March 2018 and 31 March 2017.

2 In addition to the 3.767 cents for 2H FY17/18 distribution, Unitholders received the Advanced Distribution of 0.764 cents for the period from 1 April 2018 to 7 May 2018, which was the day immediately prior to the date on which the New Units were issued pursuant to the Private Placement (refer to SGX-ST announcement dated 25 April 2018 titled "Launch of Private Placement to Raise Gross Proceeds of Approximately S$325.0 million" and SGX-ST announcement dated 7 May 2018 titled "Details of Cumulative Distribution in Connection with the Private Placement by MGCCT"). The Advanced Distribution was paid on 25 May 2018.

ANALYSIS OF QUARTERLY DPU[1]

(cents)	1Q	2Q	3Q	4Q
FY17/18	**1.851**	**1.868**	**1.868**	**1.904**
FY16/17	1.850	1.765	1.778	1.959
% Change Year-on-year	0.1	5.8	5.1	(2.8)

1 The DPU per quarter is calculated based on the income available for distribution for the quarter over the number of issued units as at the end of the quarter.

The reported number of units in issue as at the end of the first quarter and the third quarter does not include the payment of Manager's Base Fee and the Property Manager's Management Fees ("Fees") in units for the quarter. The payment of Fees in units are issued in the months of August and February for the first quarter and the third quarter respectively. These units issued in August and February are included in the computation of the DPU payable (on a semi-annual basis) for the first-half and second-half of the financial year respectively.

First quarter FY17/18 DPU was 0.1% higher compared to the same quarter a year ago mainly due to higher average rental rates from all three properties, and a lower Value Added Tax[1] ("VAT") rate at Gateway Plaza in 1Q FY17/18 compared to a higher VAT rate accrued in 1Q FY16/17. This was partially offset by higher property tax incurred by Gateway Plaza as a result of the change in the basis of assessment of property tax that was effective from 1 July 2016 (refer to footnote 1 on page 16).

2Q FY17/18 DPU saw an increase of 5.8% mainly due to higher average rental rates from Festival Walk and Gateway Plaza, and lower accrued revenue for Gateway Plaza in 2Q FY16/17 due to the uncertainty in the applicable VAT[1] rate then.

While NPI for 3Q FY17/18 was comparable to 3Q FY16/17, DPU for the quarter rose 5.1% mainly due to the lower translated average cost of debt (post re-financing) and the realised exchange gain from the settlement of currency forward contracts undertaken to hedge the HKD & RMB income.

4Q FY17/18 DPU declined by 2.8% mainly due to the reversal[1] in 4Q FY16/17 of VAT payable previously assumed at a higher rate for Gateway Plaza and a weaker average rate of HKD, partially offset by revenue growth from Festival Walk and Gateway Plaza, the lower translated average cost of debt (post re-financing) and the realised exchange gain from the settlement of currency forward contracts undertaken to hedge the HKD & RMB income.

DISTRIBUTION POLICY FROM FY18/19

Commencing from the financial quarter ending 30 June 2018, MGCCT has changed its distribution policy[2] to make distributions on a quarterly basis. MGCCT made its final semi-annual distribution to Unitholders on 25 May 2018 for the period from 1 October 2017 to 31 March 2018 before commencing with the quarterly distributions.

VALUATION OF PROPERTIES

As of 31 March 2018, MGCCT's properties were valued at S$6,292.0 million by CBRE Limited, 1.1% or S$65.7 million higher compared to 31 March 2017. The increased portfolio value was mainly due to fair valuation gain for all three properties of S$417.1 million and net translation loss of S$356.4 million from weaker HKD against SGD, offset by stronger RMB against SGD. DBS Trustee Limited, in its capacity as trustee of MGCCT, had appointed CBRE Limited as the valuer.

1 The VAT regime applicable to the real estate industry in China was implemented on 1 May 2016 (replacing the previous Business Tax regime). A higher VAT rate was assumed for Gateway Plaza from the first quarter to the third quarter of FY16/17 until clarification on the applicable VAT rate and implementation process was obtained from the local authorities in March 2017, which resulted in the reversal of VAT payable in the fourth quarter of FY16/17.

2 Please refer to MGCCT's SGX-ST Announcement dated 25 April 2018 "Change from Semi-annual Distribution to Quarterly Distribution".

VALUATION OF PROPERTIES

($ million)	Valuation (Local Currency/S$) As of 31 March 2018[1]	Valuation (Local Currency/S$) As of 31 March 2017[2]	Valuation Cap Rate (Gross) As of 31 March 2018	Valuation Cap Rate (Gross) As of 31 March 2017
Festival Walk	HK$26,840 **S$4,514**	HK$24,870 S$4,549	**4.25%**	4.50%
Gateway Plaza	RMB6,442 **S$1,340**	RMB6,120 S$1,258	**6.25%**	6.50%
Sandhill Plaza	RMB2,103 **S$438**	RMB2,040 S$419	**5.50%**	5.75%
Portfolio	**S$6,292**	S$6,226		

1 Valuation methodologies used as of 31 March 2018 by CBRE Limited include: Income Capitalisation Analysis, Discounted Cash Flow Analysis and Direct Comparison Analysis (for Gateway Plaza and Sandhill Plaza). Based on exchange rates S$1 = HK$5.9457 and S$1 = RMB4.8065.

2 Based on exchange rates S$1 = HK$5.4669 and S$1 = RMB4.8655.

NET ASSETS AND NAV

Total Group assets as of 31 March 2018 decreased by 0.1% or S$6.2 million compared to 31 March 2017, as a result of the decreases in cash balances by S$56.9 million mainly due to distribution payments to Unitholders, net repayment of bank loans, interest payments and full repayment of S$54.4 million to a related party from cash amount previously released from the People's Republic of China courts to HK Gateway Plaza Company Limited relating to the resolution of the Litigation Action[1]. These cash payments were partially offset by net cash from operating activities.

There was also the decrease of S$45.8 million in trade and other receivables following the collection of accrued rentals from the tenants of Gateway Plaza after clarification from the local tax authorities on the applicable VAT rate and implementation process was obtained in March 2017. The decrease in total Group assets was partially offset by an increase in the value of investment properties of S$65.7 million.

Total Group liabilities was 8.9% or S$258.6 million lower mainly due to a decrease in borrowings of S$195.1 million arising from the weaker HKD against SGD and net repayment of bank loans. There was also a decrease in trade and other payables of S$59.4 million mainly from the full repayment of S$54.4 million to a related party relating to the Litigation Action[1]. The decreases were offset by an increase in deferred tax liabilities of S$21.1 million, mainly arising from the fair value gain on investment properties.

STATEMENT OF FINANCIAL POSITION HIGHLIGHTS

	As of 31 March 2018 (S$ million)	As of 31 March 2017 (S$ million)	Variance %
Total Assets	**6,522.7**	6,528.9	(0.1)
Total Liabilities	**2,634.0**	2,892.6	(8.9)
Net Assets Attributable to Unitholders	**3,888.8**	3,636.3	6.9
NAV per Unit (S$)	**1.376**	1.301	5.8

Correspondingly, net assets attributable to Unitholders increased by 6.9% over the previous financial year, to S$3,888.8 million, and NAV per Unit was higher at $1.376[2] as at 31 March 2018.

During the financial year, Beijing Mapletree Huaxin Management Consultancy Co. Ltd, a subsidiary of the Sponsor, was contracted to carry out project management[3] for the corridor and toilet refurbishment works[4] at Gateway Plaza at an estimated project management fee of RMB982,716 (approximately S$201,604). The estimated project management fee represents approximately 3% of the total construction costs of the project, which is within market norms and reasonable range as assessed by an independent quantity surveyor, Arcadis Consultancy (Shanghai) Co., Ltd. The fee and disclosure are in accordance with the Manager's undertaking as disclosed in the MGCCT IPO prospectus.

CASH FLOWS AND LIQUIDITY

As of 31 March 2018, cash and bank balances of MGCCT Group stood at S$178.0 million, compared with S$234.9 million as of 31 March 2017. Net cash provided by operating activities for FY17/18 was higher at S$306.4 million compared with S$226.8 million for FY16/17, mainly due to the collection of accrued rentals from the tenants of Gateway Plaza after clarification from the local tax authorities on the applicable VAT rate and implementation process was obtained in March 2017.

Net cash used in investing activities mainly comprised payments for additions to investment properties and plant and equipment, offset by interest income received. Net cash used in investing activities for FY17/18 was S$4.7 million, compared to S$7.0 million last financial year.

1 Details of the Litigation Action can be found on pages 53-55 and 237 of MGCCT's IPO Prospectus dated 27 February 2013.

2 After taking into account distribution payments to Unitholders on 29 May 2017 and 25 May 2018, NAV per Unit would be S$1.264 and S$1.338 respectively.

3 The project management fee will be paid out from Gateway Plaza's property management reserve fund.

4 The corridor and toilet refurbishment works are expected to be completed in FY20/21.

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Net cash used in financing activities in FY17/18 was about S$304.1 million, mainly comprising distribution payments to Unitholders, net repayment of bank loans and interest payments, compared to about S$198.9 million in FY16/17.

CAPITAL MANAGEMENT

The Manager continues to adopt a proactive capital management strategy and a disciplined approach to address funding requirements, mitigate exposure to interest rate and foreign exchange volatilities, as well as diversify sources of funding.

As of 31 March 2018, MGCCT's borrowings was HK$13,998 million, comprising bank debt of HK$9,878 million and HK$4,120 million equivalent of fixed-rate notes issued. All borrowings continue to be unsecured and bear minimal financial covenants. In addition, MGCCT has an untapped balance of approximately US$964 million from its Euro Medium Term Securities Programme ("MTN Programme") established on 31 May 2013 as well as available committed bank facilities of approximately HK$856 million.

The financial position of MGCCT remained healthy. Aggregate gearing ratio was lowered by 3 percentage points to 36.2% as of 31 March 2018, compared with 39.2% as of 31 March 2017 largely due to lower translated borrowings. The gearing ratio is below the Monetary Authority of Singapore's ("MAS") regulatory limit of 45% and less than the Manager's target aggregate leverage limit of not more than 42.0%. As of 31 March 2018, average term to maturity for debt was 3.43 years.

For FY17/18, MGCCT's effective interest rate was maintained at 2.72% per annum compared to FY16/17, despite the effects of higher interest rates on the floating rate debt. Interest cover ratio increased from 3.6 times for FY16/17 to 3.9 times for FY17/18.

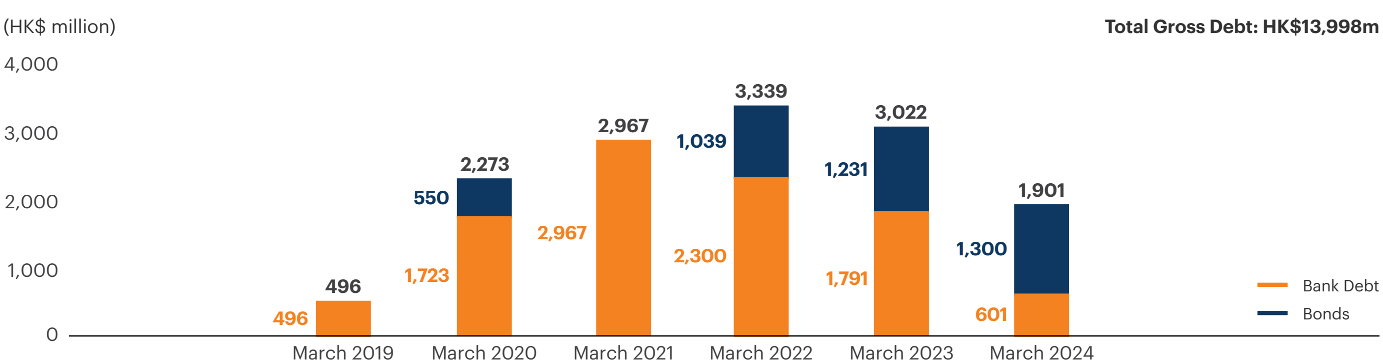
Moody's Investors Service reaffirmed MGCCT's 'Baa1' issuer rating with a stable outlook on 21 December 2017. The rating was maintained on 2 April 2018 following MGCCT's announcement[1] on the Proposed Acquisition of the Japan Portfolio, reflecting the improvement in MGCCT's post-acquisition operating profile given the geographical and income diversification benefits of expanding into the mature Japanese commercial real estate market.

During the financial year, MGCCT and its subsidiaries entered into five loan facility agreements[2]. As a result of MGCCT's proactive refinancing efforts, about HK$500 million of the debt due in March 2018, HK$1,576 million and RMB235.2 million of the debt due in March 2019, and HK$225 million of debt maturing in FY20/21 were refinanced during the financial year, ahead of their maturities, with only less than HK$500 million refinancing requirement due in March 2019.

1 Please refer to MGCCT's SGX-ST Announcement dated 28 March 2018 titled "Proposed Acquisition of a Portfolio of Six Freehold Office Properties in Greater Tokyo, Japan ("Proposed Acquisition")".

2 Please refer to MGCCT's SGX-ST Announcements dated 31 May 2017, 29 September 2017, 17 October 2017, 19 October 2017 and 8 December 2017 on MGCCT's disclosures pursuant to Rule 704(31) of the Listing Manual of the SGX-ST.

WELL-STAGGERED DEBT MATURITY PROFILE
(As of 31 March 2018)



% of total debt maturing	3	16	21	24	22	14

KEY FINANCIAL INDICATORS

	As of 31 March 2018	As of 31 March 2017
Total Debt Outstanding (HK$ million)	**13,998**	14,133
Gearing Ratio[1] (%)	**36.2**	39.2
Average Term to Maturity for Debt (years)	**3.43**	3.73
Unencumbered Assets as % of Total Assets[2] (%)	**100**	100
MGCCT Corporate Rating by Moody's	**Baa1 Stable**	Baa1 Stable
	FY17/18	**FY16/17**
Interest Cover Ratio[3] (times)	**3.9**	3.6
Effective Interest Rate (% per annum)	**2.72**	2.72

1 Gearing ratio is calculated based on total debt outstanding over total assets.

2 Excludes the Japan Portfolio as completion of acquisition was in May 2018 (not within FY17/18).

3 Interest cover ratio is calculated based on net income before net finance costs, foreign exchange gain and depreciation over net finance costs. The gearing ratio and interest cover ratio are within the financial covenants stipulated in the unsecured debt facility agreements.

INTEREST RATE AND FOREIGN CURRENCY RISK MANAGEMENT

Almost all of the borrowings are denominated in HKD, providing a natural hedge up to the corresponding amount of borrowings for MGCCT's property in Hong Kong (Festival Walk). Only a small percentage of total borrowings is denominated in RMB. As of 31 March 2018, interest cost on 78% of borrowings was fixed using interest rate swaps, cross currency interest rate swaps and fixed-rate notes, providing certainty of interest costs and limiting MGCCT's exposure to rising interest rates.

To manage foreign currency exposure, the Manager uses currency forwards to hedge expected portfolio distributable income. As of 31 March 2018, about 73% of the expected distributable income for the period from 1 April 2018 to 30 September 2018 ("1H FY18/19") has been hedged into SGD. The Manager will continue to actively monitor the markets and progressively hedge to provide greater certainty over future distributions as appropriate.

ACCOUNTING POLICIES

The financial statements have been prepared in accordance with the Statement of Recommended Accounting Practice 7 ("RAP 7") "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants, the applicable requirements of the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore and the provisions of the Trust Deed[1]. RAP 7 requires that accounting policies adopted should generally comply with the recognition and measurement principles of Singapore Financial Reporting Standards.

SENSITIVITY ANALYSIS

As of 31 March 2018, interest cost on 78% of the total debt was fixed, minimising exposure to interest rate volatility. It is estimated that an increase of 50 basis points in interest rate is expected to result in a reduction in FY17/18 DPU by about 0.082 cents. MGCCT has a gearing ratio of 36.2% as of 31 March 2018. A 1.0% increase in portfolio valuation would decrease gearing by approximately 0.3 percentage point.

MGCCT's total return for FY17/18 will decrease or increase by S$3.0 million[2] if the average rate of HKD against SGD strengthened or weakened by 5%. In the case of RMB, total return will decrease or increase by $0.7 million[2].

1 MGCCT (now known as MNACT) is a REIT established in Singapore and constituted by the Trust Deed. A copy of the Trust Deed can be inspected at the registered office of the Manager, which is located at 10 Pasir Panjang Road, #13-01 Mapletree Business City, Singapore 117438, subject to prior appointment.

2 The foreign currency sensitivity analysis is performed using the similar methodology of FRS 107 disclosed in the financial statements page 145. This analysis includes financial assets and liabilities (but does not include investment properties), as well as "mark-to-market" losses/gains on currency forwards.