

*For Immediate Release*

## **MGCCT Delivers Stable DPU of 7.320 cents for FY16/17**

- FY16/17 Available DPU at 7.320 cents, 1.0% higher compared to 7.248 cents for FY15/16
- Underpinned by resilience of the three assets in MGCCT's portfolio

**26 April 2017** – Mapletree Greater China Commercial Trust Management Ltd. (“MGCCTM” or the “Manager”), the Manager of Mapletree Greater China Commercial Trust (“MGCCT”), announced today an Available Distribution per Unit (“DPU”) of 7.320 cents for the period from 1 April 2016 to 31 March 2017 (“FY16/17”), 1% higher than FY15/16.

The Available DPU for the quarter from 1 January 2017 to 31 March 2017 (“4Q FY16/17”) was 1.959 cents, an increase of 1.9% over the DPU of 1.923 cents for the same quarter last year. The increase is mainly due to the reversal of Value Added Tax (“VAT”) payable previously assumed at a higher rate, following the clarification obtained from the local tax authorities on the applicable VAT rate and implementation process at Gateway Plaza in March 2017, offset by additional property tax for Gateway Plaza arising from the change in computation basis effective July 2016.

MGCCT's distribution policy is to distribute on a semi-annual basis. Its distribution for the period from 1 October 2016 to 31 March 2017 (“2H FY16/17”) is 3.731 cents<sup>1</sup>. Unitholders can expect to receive the distribution on Monday, 29 May 2017. The closure of MGCCT's Transfer Books and Register of Unitholders is on Friday, 5 May 2017 at 5.00pm.

Ms. Cindy Chow, Chief Executive Officer of the Manager, said, “Our proactive portfolio management and prudent capital management have yielded stable DPU returns in FY16/17 despite the challenging business environment. The three properties continued to demonstrate resilience, achieving positive rental reversions and high occupancies.

For FY17/18, we remain committed to driving organic growth and extracting operational efficiencies, as well as to carry out asset enhancement works to maintain the prime positioning of our assets. In addition to a disciplined capital management approach to mitigate the impact of interest rate and foreign exchange volatilities, we will also continue to seek out opportunities to enhance and add to the value of our portfolio.”

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<sup>1</sup> Second distribution for FY16/17 of 3.731 cents is calculated based on the total distributable income for the period from 1 October 2016 to 31 March 2017 over 2,795,381,671 units representing issued units as of 31 March 2017

## Summary of MGCCT's Results

	FY16/17	FY15/16	Variance %	4Q FY16/17	4Q FY15/16	Variance %
Gross Revenue (S\$'000)	350,629	336,638	4.2	94,777	87,834	7.9
Net Property Income ("NPI") (S\$'000)	285,580	277,466	2.9	77,480	73,016	6.1
Distributable Income (S\$'000)	204,627	199,874	2.4	54,753	53,028	3.3
Available Distribution per Unit (cents) <sup>1</sup>	7.320	7.248	1.0	1.959	1.923	1.9
Annualised Distribution Yield <sup>2</sup>	7.2%	7.6%		7.8%	8.1%	
Closing Unit Price	S\$1.020	S\$0.955		S\$1.020	S\$0.955	

## Portfolio Update

Notwithstanding a soft retail market in Hong Kong<sup>3</sup>, Festival Walk's performance remained healthy in FY16/17. Gross Revenue and NPI rose 4.5% and 5.7% respectively compared to the preceding year. All retail leases that expired during the year were renewed or re-let with a rental reversion<sup>4</sup> averaging 12%. While FY16/17 retail sales decreased 8.8% compared to a year ago, the mall remained fully occupied and attracted a steady stream of shoppers with annual footfall maintained at about 40.4 million. During the quarter, Festival Walk welcomed new brands and continued to organise innovative events including the "Festival Walk • PlayStation® Sports Arena", which featured sports apparel and gear from tenants, virtual reality games, a treasure hunt and an indoor six-metre rock climbing wall.

At Gateway Plaza, occupancy level was maintained at 96.9% as of 31 March 2017. While leasing demand from foreign companies was further weakened amidst global economic uncertainty, demand from domestic companies remained firm. About 92% of the leases with expiries in FY16/17 have been renewed or re-let at an average rental reversion of 10%. However, the lower average rate of RMB against SGD and the change in property tax basis effective July 2016, resulted in a 11.8% year-on-year decline in NPI for FY16/17. In addition to active leasing efforts, the Manager will carry out asset enhancement works to maintain and further improve the marketability of the building.

Sandhill Plaza, which was acquired on 17 June 2015, continued to add to the growth and diversification of our portfolio. Enjoying full occupancy, the property made a full-year contribution of S\$24.3 million and S\$22.6 million to the portfolio's FY16/17 Gross Revenue and NPI respectively, as compared to Gross Revenue of S\$17.8 million and NPI of S\$16.5 million in FY15/16. All leases with

<sup>1</sup> Available DPU for the financial period is calculated based on the income available for distribution for the period over the number of issued units as at the end of the period

<sup>2</sup> Percentage of annualised DPU over unit price at the end of the respective period

<sup>3</sup> Hong Kong refers to the Hong Kong SAR (Special Administrative Region).

<sup>4</sup> Rental reversion for each asset is computed based on the weighted average effective base rental rate for expired leases vs. the weighted average effective base rental rate of leases that were renewed or re-let over the lease term

expiries in FY16/17 have been renewed or re-let at an average rental reversion of 16%.

### **Increased Portfolio Valuation at S\$6,226.3 million**

MGCCT's assets were valued by Colliers International (Hong Kong) Limited at S\$6,226.3 million as of 31 March 2017, resulting in fair valuation gain of S\$218.9 million compared to that as of 31 March 2016. Over the same period, the Net Asset Value ("NAV") per Unit grew from S\$1.239 to S\$1.301<sup>1</sup>.

### **Awards & Accolades at Festival Walk**

Affirming its position as a leading shopping, dining and lifestyle destination, Festival Walk won 15 industry awards in the quarter:

- Ten awards at the 2017 Stevie® Awards for Sales & Customer Service comprising *'Inbound Marketing Program of the Year (Gold)'* for the *'Christmas Secret Garden'* event, five Silver and four Bronze Awards;
- *'Top 10 My Favourite Mall'* and *'Most Trendy Shopping Mall'* at the Best Mall Awards 2016 organised by Apple Daily;
- *'Top 10 Favourite Shopping Mall Award 2016 – 2017'* organised by Hong Kong Economic Times;
- *'Best Promotion Campaign Award'* for the *'Disney Tsum Tsum Walk N' Roll Festival'* at both Asian Licensing Awards 2016 and Hong Kong Licensing Awards 2016, organised by the Asian Licensing Association and presented by the Hong Kong Trade Development Council.

### **Capital Management**

The Manager continued to adopt a prudent and proactive approach towards capital management. Over the quarter, HK\$400 million of debt maturing in March 2018 was further refinanced. MGCCT's debt maturity profile remains well-staggered, with no refinancing requirements due by end 2017 and with HK\$510 million due in March 2018. As of 31 March 2017, approximately 71% of MGCCT's debt had been hedged into fixed rates, with average debt maturity of 3.73 years (from 3.01 years as of 31 March 2016). Interest coverage ratio remained healthy at 3.6 times. For FY16/17, the effective interest rate was 2.72% p.a. (compared to 2.43% for FY15/16). In addition, about 65% of the expected distributable income for 1H FY17/18 has been hedged into SGD, mitigating MGCCT's exposure to the HKD and RMB volatility.

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<sup>1</sup> After taking into account payment of distributions to Unitholders on 27 May 2016 and 29 May 2017, NAV per unit would be S\$1.201 and S\$1.264 respectively.

## Outlook

China's gross domestic product<sup>1</sup> (GDP) expanded 6.9% in the first quarter of 2017, up from 6.7% in the same quarter last year, and higher than the 6.7% growth in 2016. For Hong Kong, GDP growth<sup>2</sup> moderated from 2.4% in 2015 to 1.9% in 2016. Looking ahead<sup>2</sup>, China's GDP<sup>3</sup> is expected to maintain a steady growth of 6.6% supported by continued policy stimulus and rebalancing of the economy to services and consumption. Hong Kong's economy<sup>2</sup> is expected to grow by 2% to 3% given the recent rebound in visitor arrivals and regional trade flows.

Hong Kong's total retail sales<sup>4</sup> value decreased by 3.2% year-on-year for the first two months of 2017. This is an improvement compared to the decline in retail sales value by 13.6% year-on-year for the first two months of 2016. In the year ahead, domestic consumption<sup>2</sup> is expected to remain resilient given a stable labour market. For Festival Walk, gross revenue is expected to remain stable. The rental reversion rate for leases expiring in FY17/18 is expected to grow at a moderate pace.

At Gateway Plaza, leasing demand continued to be dominated by domestic companies in view of the weaker business sentiments especially among multinational corporations. Average rental reversion is expected to grow modestly for leases expiring in FY17/18, with downward pressure on occupancy rate.

Sandhill Plaza is expected to benefit from healthy rental reversions due to the continued trend towards decentralisation, where tenants benefit from significant cost savings, favourable tax incentives and improved accessibility.

The Manager will stay focused on proactive asset management to enhance and add to the value of our properties, pursue accretive acquisitions as well as actively monitor and manage interest rate and foreign exchange exposure to deliver long term, sustainable returns to Unitholders.

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<sup>1</sup> China's National Bureau of Statistics

<sup>2</sup> The Government of the Hong Kong Special Administrative Region, "2016 Economic Background and 2017 Prospects" and "Economic Outlook for 2017 and the Medium Term", 22 February 2017

<sup>3</sup> International Monetary Fund, "World Economic Outlook Update" (April 2017)

<sup>4</sup> Hong Kong Census and Statistics Department's "Report on Monthly Survey of Retail Sales" (February 2017 and February 2016)

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**About Mapletree Greater China Commercial Trust**

MGCCT is a Singapore real estate investment trust (“REIT”) established with the investment strategy of principally investing, directly or indirectly, in a diversified portfolio of income-producing real estate in the Greater China region, which is used primarily for commercial purposes (including real estate used predominantly for retail and/or offices), as well as real estate-related assets. MGCCT is the first commercial REIT with properties in both China and Hong Kong, and its portfolio comprises Festival Walk, a premier retail and office building in Hong Kong, Gateway Plaza, a premier Grade-A office development with a podium area in Beijing, and Sandhill Plaza, a premium quality business park property in Shanghai. The three properties cover a lettable area of approximately 2.6 million square feet, with a total book value of S\$6,226.3 million as of 31 March 2017. MGCCT’s investment mandate includes markets in Hong Kong, first tier cities in China (Beijing, Shanghai, Guangzhou and Shenzhen) and key second tier cities in China (Chengdu, Chongqing, Foshan, Hangzhou, Nanjing, Suzhou, Tianjin, Wuhan and Xi’an). MGCCT is managed by Mapletree Greater China Commercial Trust Management Ltd., a wholly owned subsidiary of Mapletree Investments Pte Ltd.

For more information, please visit [www.mapletreegreaterchinacommercialtrust.com](http://www.mapletreegreaterchinacommercialtrust.com).

**IMPORTANT NOTICE**

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This release may contain forward-looking statements that involve 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 factors 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, property expenses and 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 on future events.