

## Mapletree Greater China Commercial Trust

Financial Results for the Period  
from 1 April 2016 to 31 March 2017

mapletree  
greater china commercial

# Disclaimer

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This presentation shall be read in conjunction with Mapletree Greater China Commercial Trust's ("MGCCT") financial results for the period from 1 April 2016 to 31 March 2017 in the SGXNET announcement dated 26 April 2017.

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# Highlights: FY16/17 vs FY15/16

**Gross Revenue**    ↑ 4.2%    S\$350.6m

**Net Property Income (NPI)**    ↑ 2.9%    S\$285.6m

**Distributable Income (DI)**    ↑ 2.4%    S\$204.6m

**Distribution per Unit<sup>2</sup>**    ↑ 1.0%    7.320 cents

**Distribution Yield<sup>3</sup>**    ↓ 0.4 pts    7.2%

FW: Festival Walk; GW: Gateway Plaza; SP : Sandhill Plaza;  
VAT: Value Added Tax

## • Financial Performance

- Higher rental income from FW, and an enlarged portfolio with SP acquisition, partly offset by higher property tax for GW effective July 2016 and higher finance costs
- Clarification obtained from local tax authorities on applicable VAT rate and implementation process at GW in March 2017

## • Portfolio Management Update<sup>1</sup>

- Portfolio value up **5.1%** to S\$6,226.3m
- **97%** of leases in FY16/17 renewed or re-let
- Rental reversions: FW **12%**, GW **10%**, SP **16%**
- Portfolio occupancy of **98.6%**

## • Capital Management Update<sup>1</sup>

- Higher finance costs due to refinancing of maturing debt with medium-term notes and bank borrowings, borrowings for working capital and SP acquisition, and rising interest rate on floating rate debt
- Effective interest rate for FY16/17 is **2.72% p.a.**
- Interest cost for **71%** of debt is fixed
- Average term to maturity for debt of **3.73** years
- Hedged **~65%** of 1H FY17/18 expected DI into SGD

<sup>1</sup> As of 31 March 2017

<sup>2</sup> Available DPU for the financial year is calculated based on the income available for distribution for the year over the number of issued units at the end of the year

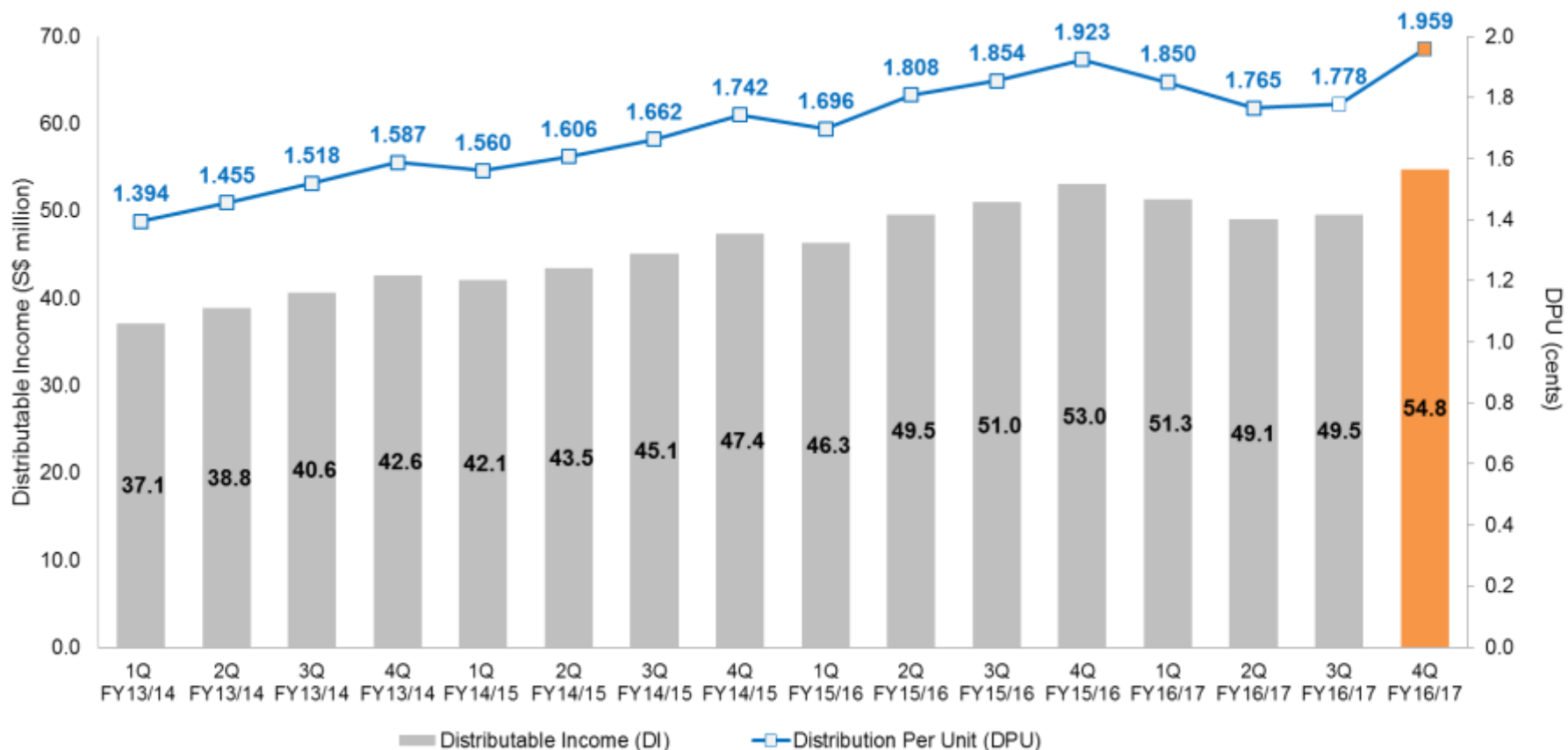
<sup>3</sup> Percentage of DPU over closing unit price of S\$1.020 on 31 March 2017

# FY16/17 & 4Q FY16/17 Financials

(S\$'000)	FY 16/17	FY 15/16	Variance %	4Q 16/17	4Q 15/16	Variance %
Gross Revenue <sup>1</sup>	350,629	336,638	4.2	94,777	87,834	7.9
Property Operating Expenses	(65,049)	(59,172)	(9.9)	(17,297)	(14,818)	(16.7)
<b>Net Property Income</b>	<b>285,580</b>	<b>277,466</b>	<b>2.9</b>	<b>77,480</b>	<b>73,016</b>	<b>6.1</b>
<i>NPI Margin (%)</i>	<i>81.4%</i>	<i>82.4%</i>	<i>(1.2)</i>	<i>81.7%</i>	<i>83.1%</i>	<i>(1.7)</i>
Manager's Management Fees	(20,953)	(24,871)	15.8	(5,966)	(7,234)	17.5
Foreign Exchange Gain/(Loss)	6,980	32,340	(78.4)	(1,000)	1,153	NM
Finance Costs (Net)	(73,037)	(64,451)	(13.3)	(19,333)	(17,270)	(11.9)
<b>Distributable Income</b>	<b>204,627</b>	<b>199,874</b>	<b>2.4</b>	<b>54,753</b>	<b>53,028</b>	<b>3.3</b>
<b>Available DPU (cents)</b>	<b>7.320</b>	<b>7.248</b>	<b>1.0</b>	<b>1.959</b>	<b>1.923</b>	<b>1.9</b>
Annualised Distribution Yield (%)	7.2%	7.6%	(5.4)	7.8%	8.1%	(3.6)
Closing Unit Price	S\$1.020	S\$0.955	6.8	S\$1.020	S\$0.955	6.8

<sup>1</sup> Revenue is presented net of Value Added Tax from May 2016 onwards (previously, Business Tax).

# Quarterly Distributable Income and DPU Since IPO



4Q FY16/17 DPU is higher than 4Q FY15/16 mainly due to reversal of VAT payable, previously assumed at a higher rate, following clarification from local tax authorities on applicable VAT rate and implementation process at GW in March 2017, offset by additional property tax for GW arising from the change in computation basis effective July 2016.

- DPU per quarter is calculated based on DI over the number of issued units as at the end of the quarter
- 1Q FY13/14 excludes the stub period from 7 to 31 March 2013. For the period from 7 March 2013 to 30 June 2013, DI = S\$46.1m and DPU = 1.7337 cents.

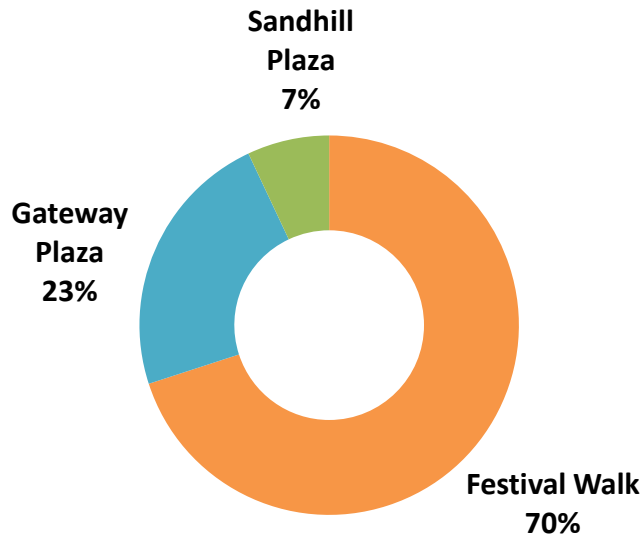
# Financial Highlights



# Portfolio Composition (FY16/17)

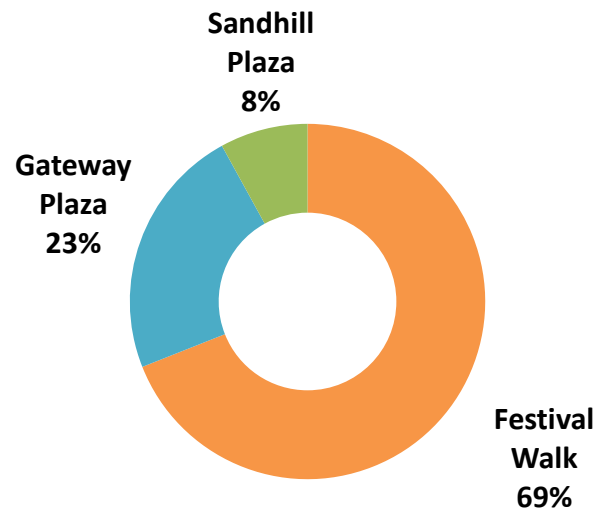
## By Gross Revenue

FY16/17: S\$350.6m



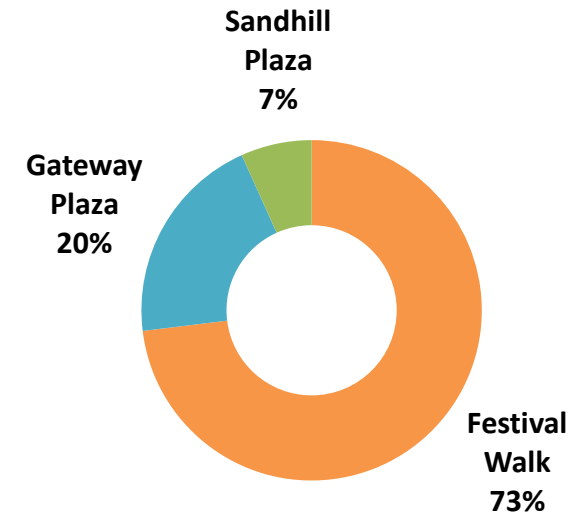
## By Net Property Income

FY16/17: S\$285.6m



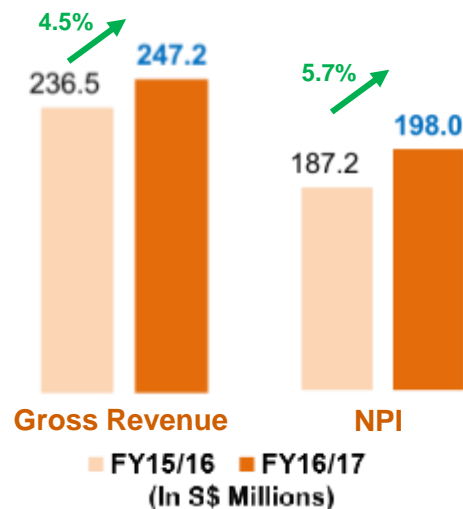
## By Asset Valuation

FY16/17: S\$6,226.3m

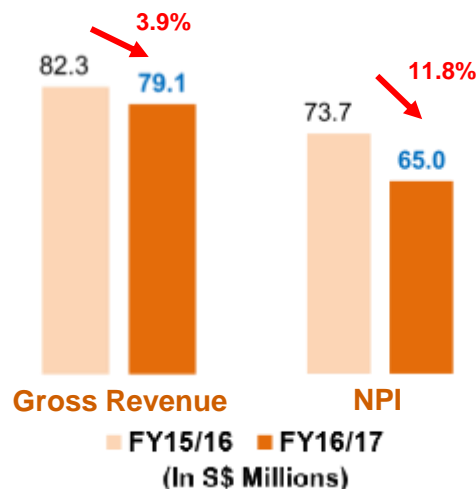


# FY16/17 Gross Revenue & NPI by Asset

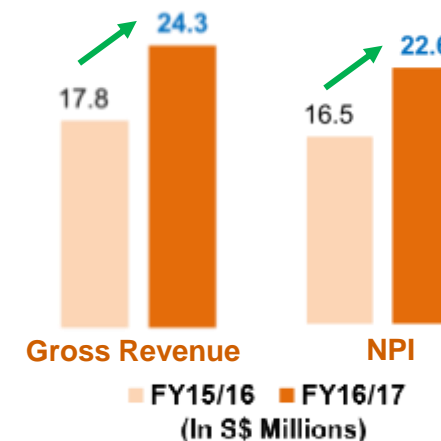
## Festival Walk



## Gateway Plaza



## Sandhill Plaza



Higher NPI mainly due to:

- higher rental income

Lower NPI mainly due to:

- additional property tax of S\$5.4m as a result of the change in computation basis effective July 2016
- lower average rate of RMB against SGD
- partially offset by higher rental income

Higher NPI mainly due to:

- full year of revenue in FY16/17 compared to about nine months of revenue in FY15/16 as well as higher average rental and occupancy rates
- partially offset by lower average rate of RMB against SGD

# Healthy Balance Sheet

S\$'million	As at 31 Mar 2017	As at 31 Mar 2016	Variance %
Investment Properties ("IP")	6,226.3	5,922.5	5.1
Other Assets <sup>1</sup>	302.6	231.0	31.0
Total Assets	6,528.9	6,153.5	6.1
Borrowings	2,556.2	2,422.3	(5.5)
Other Liabilities <sup>1</sup>	336.4	315.0	(6.8)
Total Liabilities	2,892.6	2,737.3	(5.7)
Net Assets	3,636.3	3,416.2	6.4
Net Asset Value per Unit (S\$)	<b>1.301</b>	1.239	5.0

↑ Increase in IP mainly due to fair valuation gain of S\$218.9m and net translation gain of S\$78.1m from stronger HKD against SGD, offset by weaker RMB against SGD

↑ Increase in trade and other receivables mainly relating to rentals outstanding as a result of VAT implementation. With clarification obtained, this will expedite the billing and collection

↑ Increase in cash balances mainly due to net cash from operations, additional borrowings and additional cash receipt<sup>1</sup>, reduced by interest payments and payment of distributions

↑ Increase in borrowings mainly due to additional loan drawn down for working capital

<sup>1</sup> Includes cash receipt of RMB264.9m, equivalent to S\$54.4m (2016: RMB213.4m equivalent to S\$45.2m), released from the PRC courts to a subsidiary company HK Gateway Plaza Company Limited ("HKGW"). This relates to the resolution of the Litigation Action in the PRC courts between Beijing Bestride Real Estate Development Co. Ltd. and HKGW in favour of HKGW. This cash amount is due to be repaid to a related party, Mapletree India China Fund Ltd, and is recorded under "trade and other payables" in the Statement of Financial Position.

# Appreciation in Portfolio Valuation as at 31 March 2017

	Local Currency		SGD Currency		Gross Cap Rate	
\$ million	Valuation as at 31 Mar 17	Valuation as at 31 Mar 16	Valuation as at 31 Mar 17 <sup>1</sup>	Valuation as at 31 Mar 16 <sup>2</sup>	As at 31 Mar 17	As at 31 Mar 16
Festival Walk	<b>HK\$ 24,870</b> (+ 3.9% yoy)	HK\$ 23,930	<b>S\$ 4,549</b> (+ 7.0% yoy)	S\$ 4,253	4.5%	4.5%
Gateway Plaza	<b>RMB 6,120</b> (+ 3.2% yoy)	RMB 5,930	<b>S\$ 1,258</b> (+ 0.2% yoy)	S\$ 1,256	6.5%	6.5%
Sandhill Plaza	<b>RMB 2,040</b> (+ 4.6% yoy)	RMB 1,950	<b>S\$ 419</b> (+ 1.5% yoy)	S\$ 413	5.75%	5.75%

**Portfolio**

**S\$ 6,226**

S\$ 5,922

**↑ 5.1% (y-o-y)**

Portfolio valuation increased mainly due to fair valuation gains for all three properties of S\$218.9 million, and net translation gain of S\$78.1 million from stronger HKD against SGD, offset by weaker RMB against SGD

<sup>1</sup> Valuation methodologies used as of 31 March 2017 by independent valuer include: Direct Comparison (for GW and SP), Term & Reversion and Discounted Cash Flow. Based on exchange rates S\$1 = HK\$5.4669 and S\$1 = RMB4.8655

<sup>2</sup> Based on exchange rates S\$1 = HK\$5.6265 and S\$1 = RMB4.7203

# Capital Management



# Capital Management Update

	As at 31 Mar 2017	As at 31 Mar 2016
Total Debt Outstanding	HK\$14,133 m	HK\$13,733 m
Gearing Ratio	39.2%	39.5%
Interest Cover Ratio	3.6 x	3.9 x
Average Term to Maturity for Debt	3.73 yrs	3.01 yrs
Effective Interest Rate (p.a.) <sup>1</sup>	2.72%	2.43%
MGCCT Corporate Rating by Moody's	Baa1 Stable	Baa1 Stable

- Gearing decreased to **39.2%** mainly due to fair valuation gain on investment properties offset by additional loan drawn down

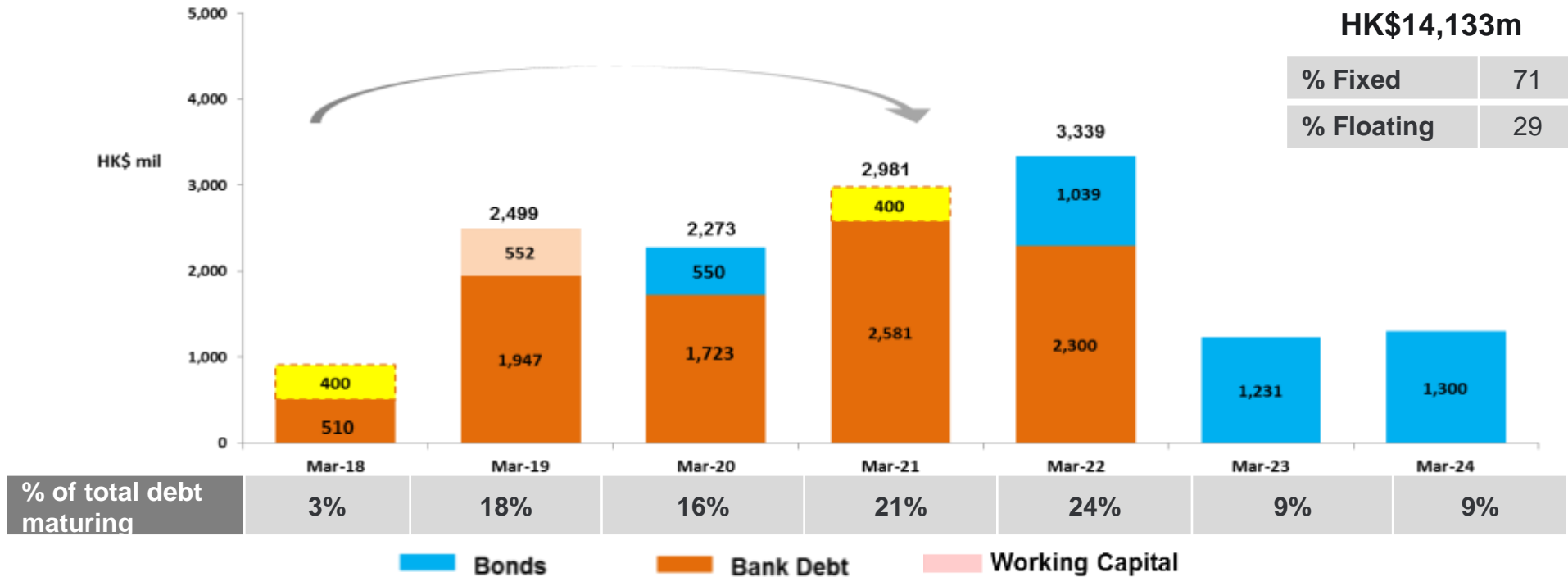
<sup>1</sup> Effective interest rates for FY16/17 and FY15/16 respectively.

# Well-Staggered Debt Maturity Profile

No Refinancing Requirement Till March 2018

Total Gross Debt :  
HK\$14,133m

% Fixed	71
% Floating	29



- Debt due in March 2018: Refinanced **HK\$400m** ahead of maturity, **HK\$510m** remaining
- Average term to maturity for debt extended to **3.73 years**

## Bond Issuances To Date

<b>2014</b>	SGD	\$75m	7-yr	3.20%	Due 2021	<b>2016</b>	SGD	\$120m	7-yr	3.50%	Due 2023
<b>2015</b>	HKD	\$550m	5-yr	2.80%	Due 2020		HKD	\$600m	7-yr	3.25%	Due 2023
	SGD	\$100m	7-yr	3.43%	Due 2022		HKD	\$700m	7-yr	3.00%	Due 2023
	SGD	\$100m	7-yr	3.96%	Due 2022						

# Interest Rate Risk Management

	As at 31 Mar 2017	As at 31 Mar 2016
Total Debt Outstanding (Denomination: ~97% HKD <sup>1</sup> , ~3% RMB <sup>2</sup> )	HK\$14,133 m	HK\$13,733 m
Percentage of Debt with Fixed Interest Cost	<b>71%</b>	77%

- Interest rate volatility largely mitigated as interest cost for 71% of total debt outstanding has been fixed as of 31 March 2017
- For FY16/17, a 50 bps increase in interest rate may result in reduction in DPU by an estimated 0.080 cents

<sup>1</sup> MGCCT Group has entered into cross currency interest rate swaps to swap SGD denominated medium-term notes and USD denominated bank loans to HKD

<sup>2</sup> Based on exchange rate of S\$1: RMB4.8655 and S\$1: HK\$5.4669 as of 31 March 2017. Relates to onshore debt from Sandhill Plaza acquisition

# Forex Risk Management

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Portfolio Level (Comprising HKD & RMB)	1H FY17/18
% Distributable Income Hedged into SGD	~65%

- A large proportion of rental income received from overseas assets has been hedged using forward contracts and secured in SGD terms
- The Manager will continue to monitor the markets and enter into income hedges progressively to ensure stability of distributions to Unitholders

# MGCCT 2H FY16/17 Distribution Details

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## Distribution Details

Distribution Period	1 October 2016 – 31 March 2017
Distribution Amount	<b>3.731</b> cents per unit

## Distribution Timetable

Notice of Books Closure Date	Wednesday, 26 April 2017
Ex-Date	Wednesday, 3 May 2017
Books Closure Date	Friday, 5 May 2017, 5:00pm
Cash Distribution Payment Date	Monday, 29 May 2017

# Portfolio Highlights

*Sandhill Plaza*



# Portfolio Occupancy as at 31 March 2017

Occupancy Rate By Qtr	As at 31 Mar 2016	As at 30 Jun 2016	As at 30 Sep 2016	As at 31 Dec 2016	As at 31 Mar 2017
<b>Festival Walk</b> 	100.0%	100.0%	100.0%	100.0%	<b>100.0%</b>
<b>Gateway Plaza</b> 	96.8%	95.0%	90.5%	96.9%	<b>96.9%</b>
<b>Sandhill Plaza</b> 	100.0%	100.0%	99.6%	100.0%	<b>100.0%</b>
<b>Portfolio</b>	98.6%	97.8%	95.7%	98.6%	<b>98.6%</b>

# Rental Reversion by Asset

YTD Rental Reversion By Qtr <sup>1</sup>	As at 31 Mar 2016	As at 30 Jun 2016	As at 30 Sep 2016	As at 31 Dec 2016	As at 31 Mar 2017
<b>Festival Walk</b>					
- Retail	37%	13%	15%	14%	<b>12%</b>
- Office	n.a. <sup>2</sup>	11%	7%	7%	<b>7%</b>
<b>Gateway Plaza</b>	25%	6%	8%	10%	<b>10%</b>
<b>Sandhill Plaza</b>	n.a. <sup>3</sup>	28%	23%	16%	<b>16%</b>

- **97%**<sup>4</sup> of expired leases at portfolio level in FY16/17 have been renewed/re-let

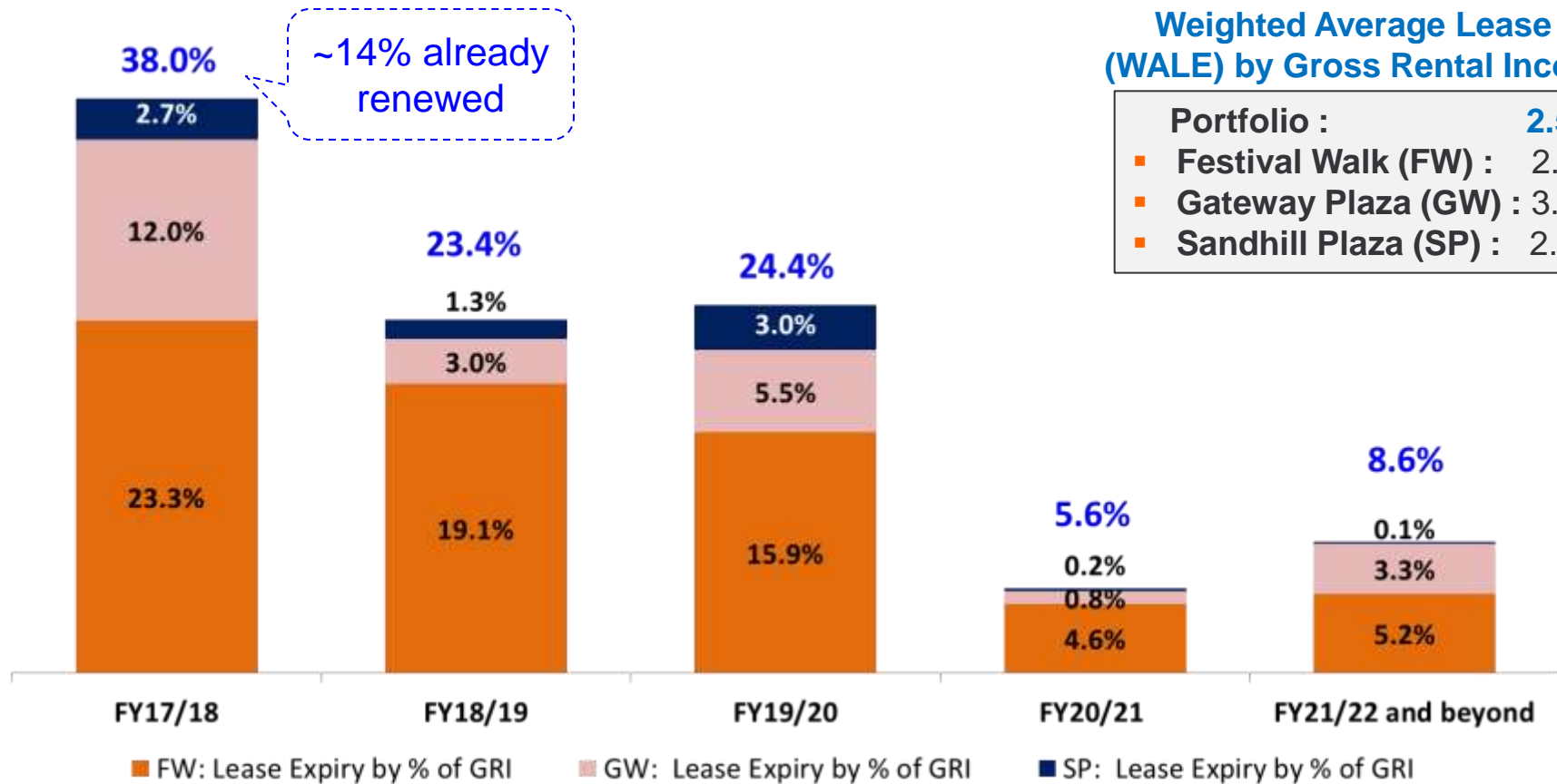
<sup>1</sup> Rental reversion is computed based on the weighted average effective base rental rate for expired leases vs. the weighted average effective base rental rate of leases that were renewed or re-let over the lease term

<sup>2</sup> There was no office lease expiry at FW in FY15/16

<sup>3</sup> Sandhill Plaza was acquired on 17 June 2015. There were only two leases that were renewed or re-let in FY15/16 at 33%

<sup>4</sup> By lettable area

# Portfolio Lease Expiry Profile as of 31 March 2017



- **~14%** of leases expiring in FY17/18 have been renewed or re-let:
  - Percentage of leases expiring in FY20/21 will increase by ~5%
  - Percentage of leases expiring in FY21/22 and beyond will increase by ~9%

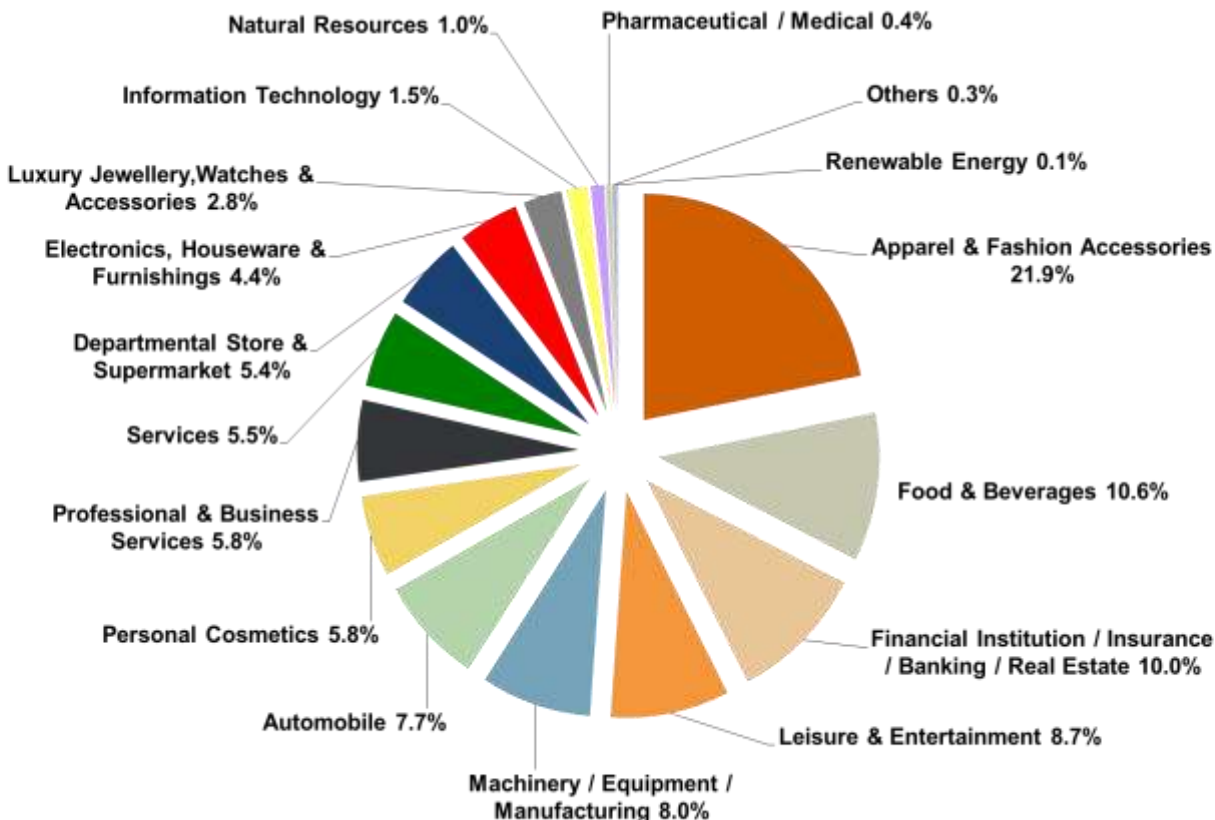
Note:

- Lease expiry profile is based on existing leases while WALE is based on committed leases

# Diversified Portfolio Tenant Mix as of 31 March 2017

## Trade Sector by Gross Rental Income

No single trade sector comprises more than 21.9% of GRI



## Top 10 Tenants by Gross Rental Income

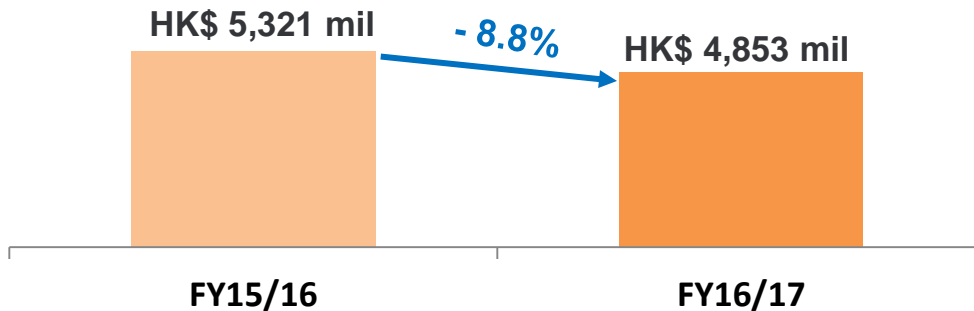
Top 10 tenants comprise 28.8% of GRI

1.	BMW	GW
2.	ARUP	FW
3.	CFLD	GW
4.	TASTE	FW
5.	FESTIVAL GRAND	FW
6.	APPLE	FW
7.	I.T	FW
8.	BANK OF CHINA	GW
9.	CUMMINS	GW
10.	Spreadtrum	SP

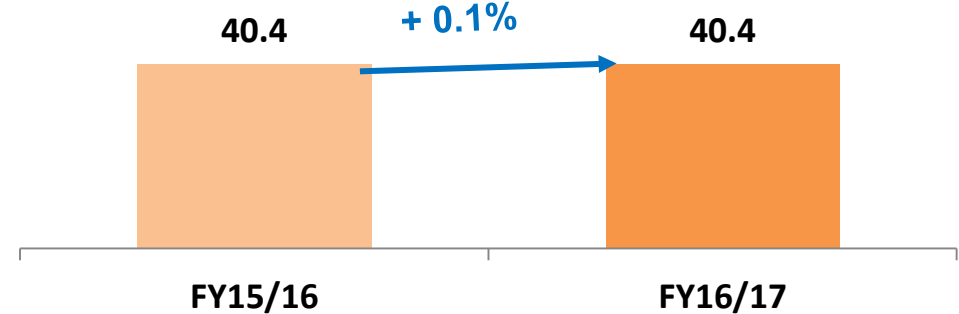
FW - Festival Walk; GW - Gateway Plaza; SP - Sandhill Plaza

# Festival Walk – Retail Sales & Footfall FY16/17

## Tenant Sales (HK\$ million)



## Footfall (million)



- Steady annual footfall at 40.4 million supported by year-long marketing activities
- Decline in tenant sales at FW largely due to weak retail sentiments
- Hong Kong's 12-month retail sales<sup>1</sup> from March 2016 to February 2017 declined by 6.1% y-o-y

<sup>1</sup> Source: Hong Kong Census and Statistics Department's "Report on Monthly Survey of Retail Sales" (February 2017)  
Hong Kong retail sales figures for March 2017 are not available as of MGCCT's announcement date on 26 April 2017

Hong Kong refers to the Hong Kong SAR (Special Administrative Region).

Note: Festival Walk's retail sales do not include figures from the Apple Store

# New Shops & Events at FW



# New Shops @ Festival Walk in 4Q FY16/17



Global Timepieces – post renovation



Petite House  
(dessert cafe)



More Exciting Stores and F&B Outlets Coming Up in FY17/18

# New Pop-up Stores @ Festival Walk in 4Q FY16/17



Tom Ford



Canvas



Teva & Soludos

# Blossoming Year of the Rooster @ Festival Walk



Decorations



Opening ceremony on 18 Jan 2017 by Myolie Wu (胡杏兒), Hong Kong Celebrity



Blessings from God of Wealth



Shaolin Kung Fu Performance



Credit Card Redemption

# Festival Walk • PlayStation® Sports Arena (Mar 17 – Apr 2)



Exhibition of latest Sports Products and Indoor Rock Climbing Wall



- Treasure Hunt Game App •
- “iBeacons” Technology •
- Special Offers from Sports-related Tenants •
- Sales Redemptions •



Showcase of Hottest PlayStation®4 and PlayStation®VR Sports Games



**MCL Movie Premiere  
“The Yuppie Fantasia 3” (Jan 24)**



**China Hong Kong Youth Ice  
Hockey League (1 – 2 Jan 2017)**

## **More Events at Festival Walk in 4Q FY16/17**

- **Movie Premieres**
- **Car Shows**
- **Celebrities**
- **Product Launches**
- **Skating Events**



**Dyson Product Experience  
(Mar 24 - 26)**



**Maserati Car Show  
(Mar 11 – 12)**



**Nespresso (Mar 16- 19)**

# MGCCT's Corporate Social Responsibility Events in 4Q FY16/17



**Festival Walk - Green Council "Food Waste Reduction" Opening Ceremony by Charmaine Sheh (Jan 5)**



**Festival Walk - St. James Settlement Roses Charity Sales (Feb 4 – 14)**



**MGCCT Team at Willing Hearts Kitchen**

**Event  
Space  
Sponsor  
•  
Volunteer  
•  
Charity  
Donation**

# Awards & Accolades in 4Q FY16/17 – Festival Walk



## Ten 2017 Stevie® Awards for Sales and Customer Service (1 Gold, 5 Silver and 4 Bronze)

1. Inbound Marketing Program of the Year: “Christmas Secret Garden” **(Gold)**
2. Four **Silver** awards for “U Card App” Campaign, a Silver award for “Disney Tsum Tsum Walk N’ Roll Festival”
3. Three **Bronze** awards for “Secret Code Gift Surprises”, a Bronze award for “BATMAN v SUPERMAN: Dawn Of Justice”



Apple Daily Action News – Best Mall Awards: Top 10 My Favourite Mall & Most Trendy Shopping Mall



Asian Licensing Awards & Hong Kong Licensing Awards: Best Promotion Campaign Awards



Hong Kong Economic Times: Top 10 Favourite Shopping Mall

# Active Asset Enhancement



# Asset Enhancement Initiatives (AEI) at FW in FY16/17

- **To improve shoppers' experience:**
  - Conversion of apparel shop units to introduce more F&B options
  - Completed the upgrading of the foodcourt
  - Completed the refurbishment of all toilets in the mall and the babycare room



**New Japanese F&B outlet – ANA Gura**



**Upgraded ambience and added more seats at the foodcourt**



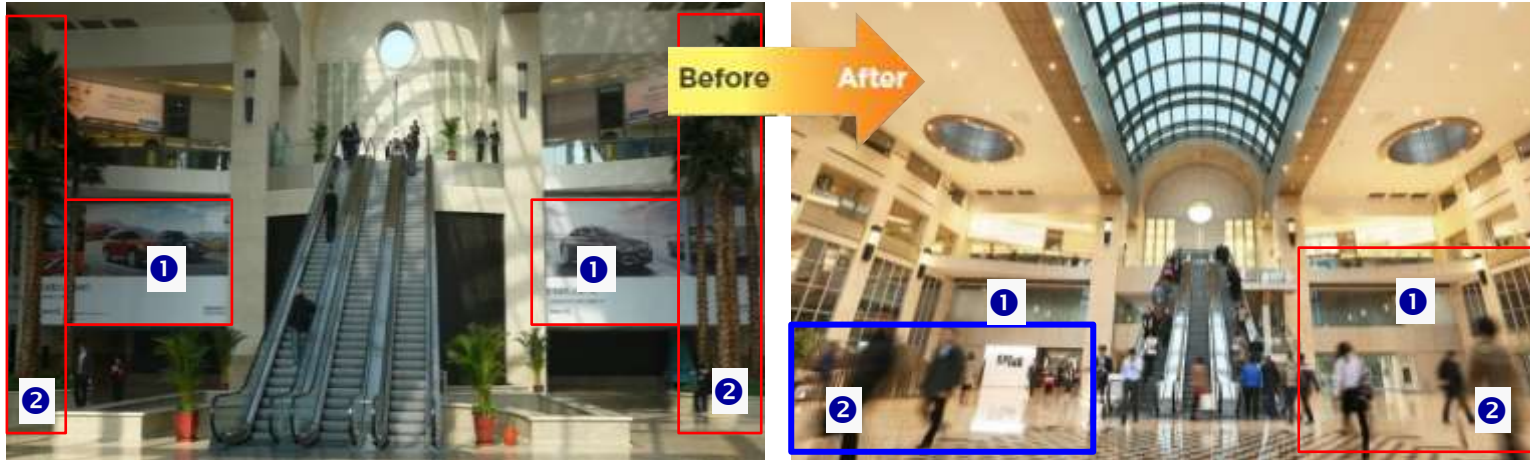
**Brightly lit toilets after the refurbishment**



**Refreshing new look for the baby care room**

# Completed AEI at Gateway Plaza

- Added F&B amenities at under-utilised podium area



Removed advertisement panels<sub>[1]</sub> and palm trees<sub>[2]</sub> and added F&B amenities at under-utilised podium area

New Western Restaurant, Cup One



# Outlook & Strategy



# Looking Forward for FY17/18

## Hong Kong & Festival Walk

- Domestic consumption is expected to remain resilient given a stable labour market
- **Festival Walk:** Gross revenue is expected to remain stable. Rental reversion rate for leases expiring in FY17/18 is expected to grow at a moderate pace

## Gateway Plaza & Sandhill Plaza

- **Gateway Plaza:**
  - Leasing demand to be dominated by domestic companies due to weaker business sentiments especially among multi-national corporations
  - Average rental reversion expected to grow modestly, with downward pressure on occupancy
- **Sandhill Plaza:**
  - Continues to benefit from healthy rental reversions due to decentralisation trend

## MGCCT

- The Manager will stay focused on proactive lease and asset management, and pursue accretive acquisitions
- Will actively monitor and manage interest rate and foreign exchange exposure to deliver long term, sustainable returns to Unitholders

# MGCCT Strategy

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## Resilient Portfolio

- **Festival Walk:** Rental reversions expected to moderate
- **Gateway Plaza:** Focus on improving occupancy level
- **Sandhill Plaza:** Healthy organic growth

## Active & Prudent Capital Management

- Maintain well staggered debt profile
- Diversify sources of funding
- Actively monitor, manage and balance cost of debt and duration
- Monitor and undertake hedging strategies to minimise interest rate and currency risks

## Proactive Asset Management

- Focus on cost management
- Enhancement of amenities
- Active lease management
- Increase retail sales and drive footfall to Festival Walk

## Growth Opportunities

- Explore asset enhancement initiatives for Festival Walk and Gateway Plaza
- Value-adding acquisitions of quality, well-located assets with focus on tier-1 cities in China



**Thank You**

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