

For Immediate Release

## MGCCT Achieves 5.582 cents in Available DPU for YTD FY17/18

- YTD FY17/18 Available Distribution per Unit (“DPU”)<sup>1</sup> grew 3.6% compared to YTD FY16/17
- 92.5% of FY17/18 expired/expiring leases<sup>2</sup> at the portfolio level have been renewed or re-let as of 31 December 2017

**25 January 2018** – Mapletree Greater China Commercial Trust Management Ltd. (“MGCCTM” or the “Manager”), the Manager of Mapletree Greater China Commercial Trust (“MGCCT”), announced today an Available DPU<sup>1</sup> of 5.582 cents for the period from 1 April 2017 to 31 December 2017 (“YTD FY17/18”), 3.6% higher than that for the period from 1 April 2016 to 31 December 2016 (“YTD FY16/17”).

### Summary of MGCCT’s Results

Financial Highlights	YTD FY17/18	YTD FY16/17	Variance %	3Q FY17/18	3Q FY16/17	Variance %
Gross Revenue (S\$'000)	265,480	255,852	3.8	88,464	87,833	0.7
Net Property Income (“NPI”) (S\$'000)	214,288	208,100	3.0	71,406	71,402	0.0
Distributable Income (S\$'000)	157,103	149,874	4.8	52,658	49,547	6.3
Available Distribution per Unit (cents) <sup>1</sup>	5.582	5.388	3.6	1.868	1.778	5.1
Annualised Distribution Yield <sup>3</sup>	6.0%	7.5%	(20.0)	6.0%	7.4%	(18.9)
Closing Unit Price for the period	S\$1.230	S\$0.950	29.5	S\$1.230	S\$0.950	29.5

The 3.0% rise in NPI for YTD FY17/18 was largely driven by higher average rental rates at all three assets, and lower accrued revenue<sup>4</sup> for Gateway Plaza for YTD FY16/17 due to the uncertainty in the applicable Value Added Tax (“VAT”) rate prior to obtaining clarification in March 2017. This was partially offset by a lower average rate of HKD and RMB against SGD, higher property tax incurred at Gateway

<sup>1</sup> Available DPU for YTD is the sum of the first-half DPU paid to Unitholders and 3Q Available DPU. The 3Q DPU is calculated based on the income available for distribution for the quarter over the number of units in issue as at the end of the quarter.

The number of units in issue as at the end of 3Q does not include the payment of Fees (“Manager’s base fee and the Property Manager’s management fees”) in units of 6,863,745 for 3Q. The units for payment of Fees for 3Q, to be issued in February 2018, will be included in the computation of the DPU payable (on a semi-annual basis) for the second-half of the financial year

<sup>2</sup> By lettable area

<sup>3</sup> Percentage of annualised DPU over unit price at the end of the respective period

<sup>4</sup> VAT was implemented in China with effect from 1 May 2016. Revenue is presented net of VAT. Due to the uncertainty in the applicable VAT rates then, a higher accrued VAT amount was recorded against the revenue for Gateway Plaza in YTD FY16/17

Plaza as a result of the change in the basis of assessment of property tax<sup>1</sup>, and a corresponding increase in property tax due to higher revenue.

For the quarter from 1 October 2017 to 31 December 2017 (“3Q FY17/18”), NPI of S\$71.4 million was comparable to the same quarter last year mainly due to higher rent at all three assets and lower accrued revenue<sup>2</sup> for Gateway Plaza, offset by the increased maintenance, marketing and promotion costs at Festival Walk as well as a weaker average exchange rate of HKD and RMB. Available DPU increased 5.1% to 1.868 cents, compared to the same quarter last year, mainly due to the lower translated average cost of debt (post re-financing) and the realised exchange gain.

Ms. Cindy Chow, Chief Executive Officer of the Manager, said, “We are pleased to report that MGCCT has recorded steady DPU growth in 3Q FY17/18. With our proactive portfolio management efforts, we have maintained a high portfolio occupancy rate of 96.9%, as well as healthy average rental reversion<sup>3</sup> for each asset. In addition, as we have fixed interest costs for about 75% of MGCCT’s debt and hedged about 78% of FY17/18 expected distributable income to SGD as of 31 December 2017, these have lessened the impact of interest rate increase and exchange rate volatility on DPU. As announced on 16 January 2018, MGCCT is broadening its investment mandate to include the Japan market. We will continue to evaluate acquisition opportunities to drive further growth of MGCCT, diversify its income source and portfolio geographically, and provide stable long-term returns to our Unitholders.”

## Portfolio Update

Portfolio Update by Asset	Festival Walk	Gateway Plaza	Sandhill Plaza
Average rental reversion <sup>3</sup> for expired leases renewed or re-let in YTD FY17/18	10% (retail)	9%	16%
Occupancy level as of 31 December 2017	100.0%	94.0%	98.3%
Percentage of leases expired or expiring in FY17/18 (by lettable area) that were renewed or re-let as of 31 December 2017	99%	88%	96%

Festival Walk maintained full occupancy and steady growth, with gross revenue and NPI for the first nine months of FY17/18 improving 1.0% and 1.1% respectively over the prior corresponding period. Riding on improving retail sentiments, retail sales and footfall in YTD FY17/18 increased 3.9% and 2.8% respectively against the same period last year.

<sup>1</sup> 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

<sup>2</sup> Refer to footnote 4 on page 1

<sup>3</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. For example, a new three-year lease that was contracted with an average rental rate per square feet per month of HK\$110 over the three years, as compared to the expired three-year lease with an average rental rate of HK\$100 over the three years, will have an average rental reversion rate of 10%. (Turnover rent is not included in the computation of rental reversion)

During the quarter, we continued to widen the array of options to dine and shop at Festival Walk with the addition of Chow Tai Fook (jewellery), and COS (fashion), as well as two new food & beverage outlets, namely On-Yasai & Gyu-Kaku, and Chee Kei. The mall also welcomed Ibility – an up-and-coming fashion brand which combines traditional crochet techniques with contemporary aesthetics.

Whilst occupancy at Gateway Plaza eased from 95.8% as of 30 September 2017 to 94.0% as of 31 December 2017 mainly due to softer demand for both new and renewal spaces, the property continued to register a healthy average rental reversion of 9% for YTD FY17/18. Gross revenue and NPI for YTD FY17/8 rose 14.0% and 10.2% respectively compared to the same period last year.

Occupancy at Sandhill Plaza dipped from 100% as of 30 September 2017 to 98.3% as of 31 December 2017 due to the pre-termination of a lease<sup>1</sup>. Gross revenue and NPI for YTD FY17/18 was stable as compared to YTD FY16/17.

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

As a popular lifestyle retail destination in Hong Kong, Festival Walk continues to be well-recognised both locally and abroad. During the quarter, the mall received ten awards, comprising four Gold, four Silver and two Bronze, for various corporate social responsibility, marketing and promotion events at the 2017 International Business Awards in Barcelona, Spain organised by The Stevie Awards. In Hong Kong, Festival Walk also won the “Mall’s Cartoon Character Themed Events Award” at the 2017 Brand Awards organised by Smart Parents.

### **Capital Management**

In line with the Manager’s prudent approach to capital management, MGCCT early refinanced HK\$1,853.4 million of debt due in FY18/19 through four loan facility transactions announced between September and December 2017<sup>2</sup>.

For 3Q FY17/18, MGCCT closed the quarter with an interest cover ratio of 3.9 times (2Q FY17/18: 3.9 times), while annualised effective interest rate was slightly lower at 2.69% p.a. (2Q FY17/18: 2.71% p.a.). As of 31 December 2017, the gearing ratio was 39.3% (31 March 2017: 39.2%), while the average term to maturity for debt was 3.65 years (31 March 2017: 3.73 years).

To mitigate the impact of foreign exchange and interest rate fluctuations on distribution, interest cost for approximately 75% of MGCCT’s debt has been fixed, and about 78% of MGCCT’s FY17/18 expected distributable income hedged into SGD as of 31 December 2017.

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<sup>1</sup> Post 31 Dec 2017, the Manager has back-filled part of the vacant space, thus bringing committed occupancy close to 100%.

<sup>2</sup> MGCCT’s Singapore Exchange Securities Trading Limited (“SGX-ST”) Announcements on 29 September 2017, 17 October 2017, 19 October 2017 and 8 December 2017

On 21 December 2017, Moody's Investors Service reaffirmed MGCCT's 'Baa1' issuer rating, reflecting the trust's ability to generate stable operating performance together with proactive capital management.

As MGCCT's distribution policy is to distribute on a semi-annual basis, Available Distributable Income from 1 October 2017 to 31 December 2017 will be distributed together with Available Distributable Income from 1 January 2018 to 31 March 2018.

## Outlook

### Hong Kong<sup>1</sup>

Hong Kong attained a GDP growth rate<sup>2</sup> of 3.9% for the first nine months of 2017. Benefitting from a vibrant external trade and higher consumption, its economy is expected to be on track to achieve a revised full-year estimated growth of 3.7%<sup>2</sup> for 2017.

Total retail sales<sup>3</sup> in Hong Kong for the first 11 months of 2017 rebounded with an increase of 1.8% year-on-year, due to continued revival in inbound tourism and positive consumer sentiment. In the near term, domestic consumption<sup>2</sup> is expected to continue to improve under favourable job and income conditions. For Festival Walk, gross revenue is expected to remain stable. The average rental reversion rate for leases expiring in FY17/18 is expected to grow at a moderate pace.

### China

China's gross domestic product<sup>4</sup> ("GDP") expanded by 6.9% in 2017 compared to a year earlier, as the country progresses with ongoing reforms to restructure its economy.

Beijing's office market<sup>5</sup> fundamentals remained largely stable in the third quarter of 2017, resulting in an improvement in city-wide vacancy rate to 5.5%, from 6.5% a quarter ago. However, upcoming new office supply is likely to put upward pressure on the city-wide vacancy rate in the longer term. Average rental reversion at Gateway Plaza is expected to continue to grow modestly for leases expiring in FY17/18.

Demand for business park office space in Shanghai<sup>6</sup> was supported by new leases and relocation demand from technology and finance companies. In view of the stable demand for business park space in Shanghai in the near term, Sandhill Plaza is expected to continue to benefit from a healthy rental reversion for its leases expiring in FY17/18.

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<sup>1</sup> Hong Kong refers to the Hong Kong Special Administrative Region ("SAR")

<sup>2</sup> The Government of the Hong Kong SAR, "*Third Quarter Economic Report 2017*", 10 November 2017

<sup>3</sup> Hong Kong Census and Statistics Department's "*Provisional Statistics of Retail Sales for November 2017*"

<sup>4</sup> China's National Bureau of Statistics

<sup>5</sup> Savills World Research, Beijing (November 2017)

<sup>6</sup> Colliers International, Shanghai Business Parks (3Q 2017)

The Manager continues to remain focused on proactive asset management to stay ahead of changing market demands and preferences, and actively monitor and manage interest rates and foreign exchange exposure. As announced on 16 January 2018, MGCCT is broadening its investment mandate to include the Japan market. The Manager is of the view that broadening of the mandate beyond Greater China into Japan will allow MGCCT to better diversify its portfolio and to provide balanced and long-term returns for the Unitholders.

For further information, please contact:

**Mapletree Greater China Commercial Trust Management Ltd.**

Elizabeth Loo Suet Quan

Vice President, Investor Relations

Tel: +65 6377 6705

Email: [elizabeth.loo@mapletree.com.sg](mailto:elizabeth.loo@mapletree.com.sg)

Website: [www.mapletréegreaterchinacommercialtrust.com](http://www.mapletréegreaterchinacommercialtrust.com)

**About Mapletree Greater China Commercial Trust**

MGCCT is a Singapore real estate investment trust (“REIT”) established with the investment mandate 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 landmark territorial retail mall with an office component located in Hong Kong, Gateway Plaza, a premier Grade-A office building with a podium area in Beijing, and Sandhill Plaza, a premium quality business park development situated in Shanghai. The three properties cover a lettable area of approximately 2.6 million square feet, with a total book value of S\$6.0 billion as of 31 December 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.mapletréegreaterchinacommercialtrust.com](http://www.mapletréegreaterchinacommercialtrust.com).

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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.