



## Mapletree Greater China Commercial Trust

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Financial Results for the Period from  
1 April 2017 to 31 December 2017

25 January 2018

# Disclaimer

This presentation shall be read in conjunction with Mapletree Greater China Commercial Trust's ("MGCCT") financial results for the period from 1 April 2017 to 31 December 2017 in the SGXNET announcement dated 25 January 2018.

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# Key Highlights



Festival Walk, Hong Kong SAR

# Key Highlights: YTD FY17/18 vs YTD FY16/17

	Change	YTD FY17/18
Gross Revenue	▲ 3.8%	S\$265.5m
Net Property Income (NPI)	▲ 3.0%	S\$214.3m
NPI Margin	▼ 0.6ppts	80.7%
Distributable Income (DI)	▲ 4.8%	S\$157.1m
Available Distribution per Unit (DPU) <sup>1</sup>	▲ 3.6%	5.582 cents
Annualised Distribution Yield	▼ 1.5ppts	6.0%

Unit Price: S\$1.230 on 29/12/17  
vs S\$0.950 on 30/12/16

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

- 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.
- Value Added Tax (“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. Clarification was obtained in March 2017
- 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

## • Stable Financial Performance

- Increase in DI mainly due to higher average rental rates from the three assets, and lower accrued revenue<sup>2</sup> for GW in YTD FY16/17
- Partially offset by higher property tax<sup>3</sup> incurred at GW and a lower average rate of HKD and RMB against SGD

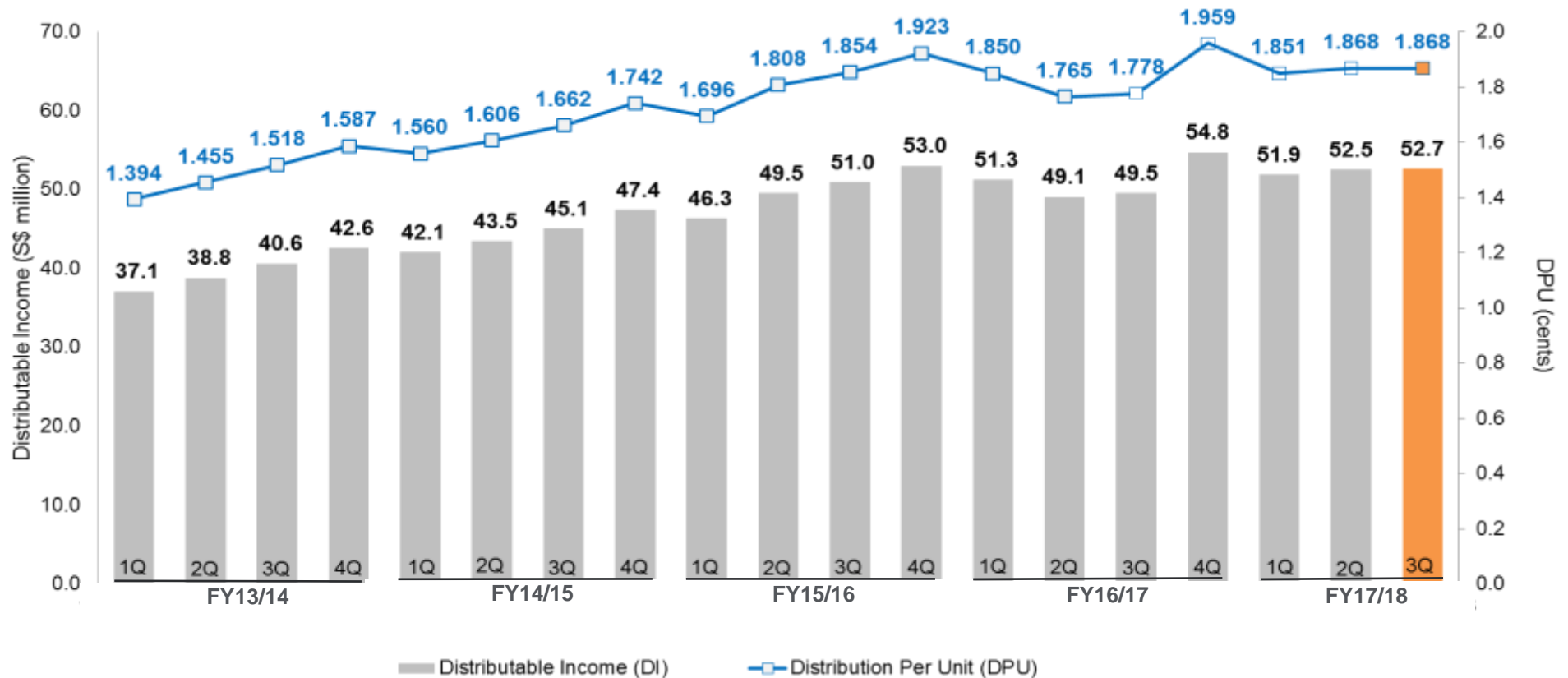
## • Resilient Portfolio (as of 31 Dec 2017)

- ~**93%** of expired/expiring leases in FY17/18 renewed or re-let
- Rental reversions: FW **10%**, GW **9%**, SP **16%**
- Portfolio occupancy of **96.9%**

## • Prudent Capital Management (as of 31 Dec 2017)

- Interest cost for ~**75%** of debt is fixed
- Annualised effective interest rate for 3Q FY17/18: **2.69% p.a.**
- Average term to maturity for debt: **3.65 years**
- Gearing ratio: **39.3%**
- Hedged ~**78%** of FY17/18 expected DI into SGD

# Quarterly Distributable Income and Available DPU Since IPO

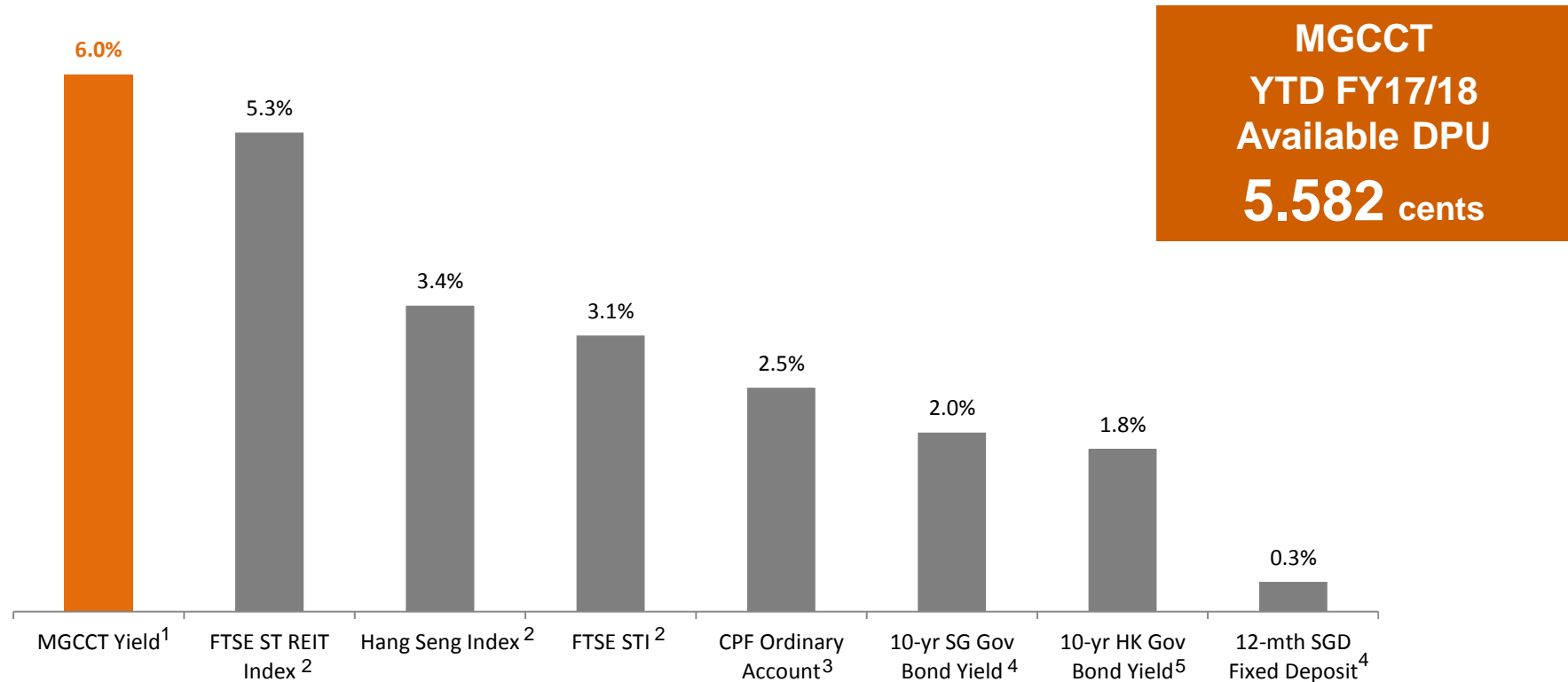


- 3Q FY17/18 Available DPU of **1.868 cents** is **5.1%** higher than 3Q FY16/17, mainly due to the lower translated average cost of debt (post re-financing) and the realised exchange gain

Note:

- The reported number of Units in issue as at the end of 1Q and 3Q does not include the payment of Fees ("Manager's base fee and the Property Manager's management fees") in Units for the quarter. The Units for payment of Fees are issued in the months of August and February for 1Q and 3Q 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
- 4Q FY16/17 Available DPU is higher than 1Q FY17/18 mainly due to reversal of VAT payable after clarification was obtained
- 1Q FY13/14 excludes stub period from 7 to 31 March 2013

# Higher Yield versus Other Comparable Instruments



1. Annualised DPU yield based on YTD FY17/18 Available DPU of 5.582 cents and closing unit price of S\$1.230 on 29 Dec 2017
2. Trailing Twelve Months (“TTM”) gross dividend yield as of 29 Dec 2017, Bloomberg
3. Central Provident Fund (“CPF”) Website
4. Monetary Authority of Singapore (“MAS”) website as of 31 Dec 2017
5. Hong Kong Government Bond Programme website as of end Dec 2017

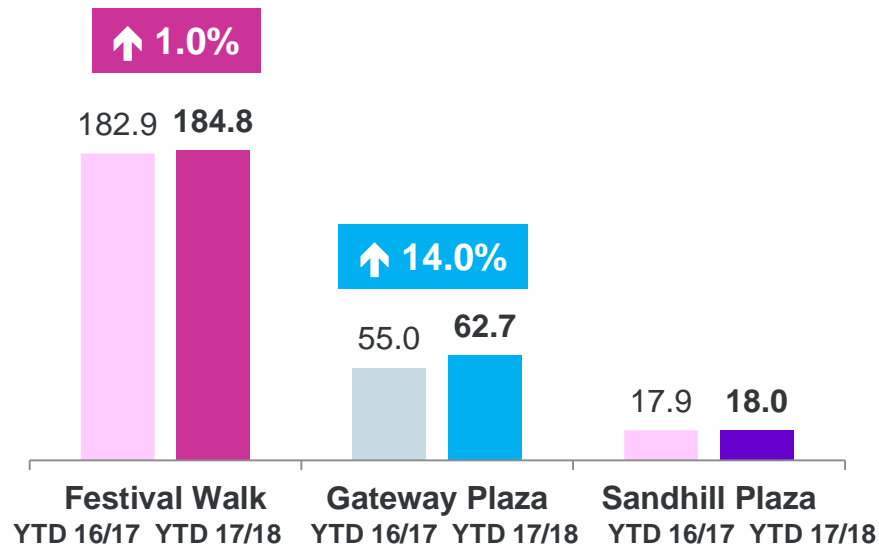


# Financial & Capital Management Highlights

# Gross Revenue & NPI by Assets: YTD FY17/18 vs YTD FY16/17

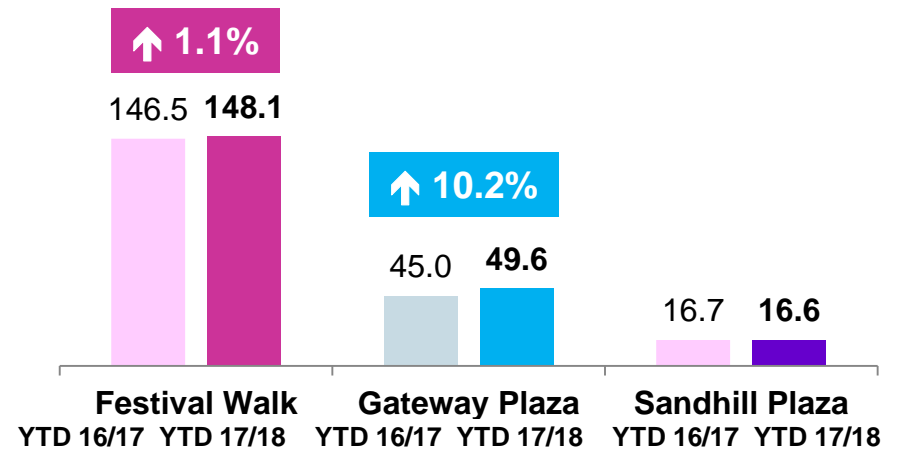
## Gross Revenue by Asset

(S\$ million)



## Net Property Income (NPI) by Asset

(S\$ million)



- Slightly higher NPI for FW mainly due to higher average rental rate, partially offset by lower average rate of HKD against SGD
- Higher NPI for GW mainly due to higher average rental rate and occupancy level, and lower accrued revenue in YTD FY16/17 due to the uncertainty in the applicable VAT rate then, partially offset by higher property tax expense in YTD FY17/18
- NPI for SP remained stable mainly due to a higher average rental rate, partially offset by a lower average occupancy rate



## Balance Sheet Update

(S\$'million)	As at 31 Dec 2017	As at 31 Mar 2017	Variance %
Investment Properties	5,978.9	6,226.3	▼ 4.0
Total Assets	6,135.7	6,528.9	▼ 6.0
Borrowings	2,410.1	2,556.2	▼ 5.7
Total Liabilities	2,674.7	2,892.6	▼ 7.5
Net Assets	3,461.0	3,636.3	▼ 4.8
Net Asset Value ("NAV") per Unit (S\$)	1.228	1.301	▼ 5.6

# Prudent Capital Management

	As of 31 Dec 2017	As of 31 Mar 2017
Gearing Ratio <sup>1</sup> (%)	39.3	39.2
Average Term to Maturity for Debt (years)	3.65	3.73
MGCCT Corporate Rating by Moody's <sup>2</sup>	Baa1 Stable	Baa1 Stable

	3Q FY17/18	2Q FY17/18
Interest Cover Ratio <sup>3</sup> (times)	3.9	3.9
Effective Interest Rate (% p.a.)	2.69	2.71

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

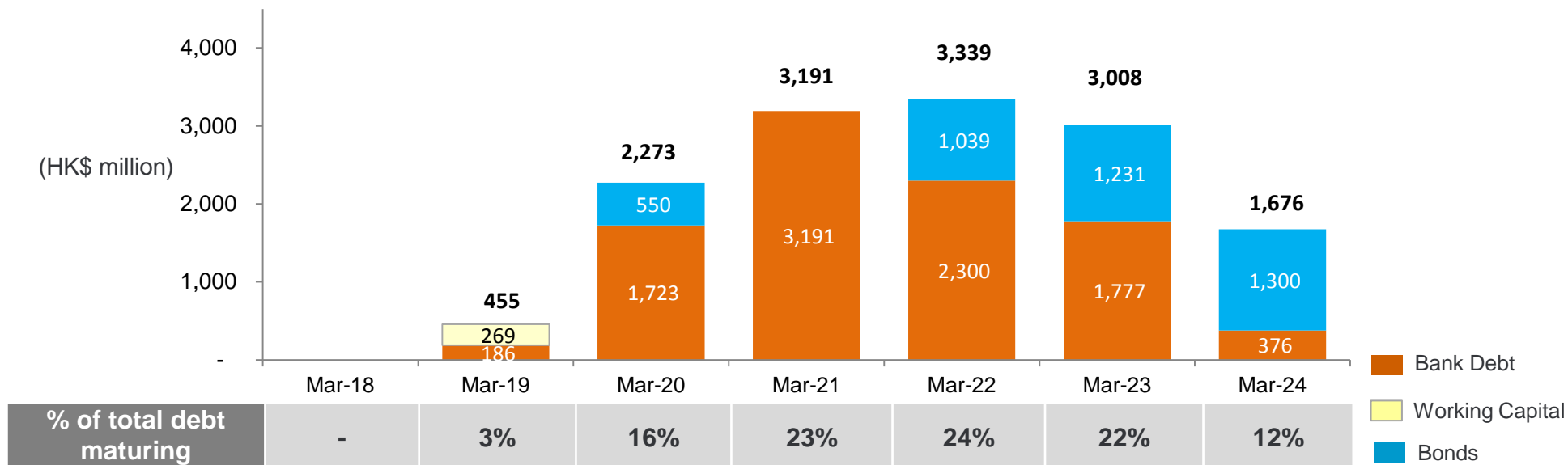
2. Moody's reaffirmed MGCCT's Baa1 issuer rating with a Stable Outlook on 21 Dec 2017

3. Interest cover ratio is calculated based on net income before net finance costs, foreign exchange gain and depreciation over net finance costs

# Maintaining a Well-Staggered Debt Maturity Profile

No more than 24% of debt due in any year

Total Gross Debt: HK\$13,942 mil



- During 3Q FY17/18: MGCCT early refinanced ~**HK\$1,853.4m** of debt due in FY18/19 through four loan facility transactions announced between September and December 2017<sup>1</sup>



Bond Issuances To Date: **HK\$4,120m**



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

1. MGCCT's Singapore Exchange Securities Trading Limited ("SGX-ST") Announcements on 29 September 2017, 17 October 2017, 19 October 2017 and 8 December 2017

# Interest Rate & Forex Risk Management

	As of 31 Dec 2017	As of 31 Mar 2017
Total Debt Outstanding (Denomination: ~98% HKD <sup>1</sup> , ~2% RMB <sup>2</sup> )	HK\$13,942 m	HK\$14,133 m
Percentage of Debt with Fixed Interest Cost	~75%	~71%

Every 25 bps    
in interest rate

~ 0.011 cents    
in expected  
FY17/18 DPU

1. MGCCT Group has entered into cross currency interest rate swaps to swap SGD denominated medium-term notes and USD denominated bank loans to HKD
2. Based on exchange rate of S\$1: RMB4.8936 and S\$1: HK\$5.7707 as of 31 December 2017. Relates to onshore debt from Sandhill Plaza acquisition

Portfolio Level (as of 31 Dec 2017)	FY17/18
% of Distributable Income (comprising HKD & RMB) that has been hedged into SGD	~78%

1. More than half of the expected distributable income has been hedged using forward contracts and secured in SGD terms

# Portfolio Update



Sandhill Plaza, Zhangjiang Hi-tech Park, Shanghai

## Resilient Portfolio Performance

YTD Reversion by Quarter %	As at 31 Dec 17	As at 30 Sep 17	As at 30 June 17	As at 31 Mar 17	As at 31 Dec 16
<b>Festival Walk</b>					
- Retail	10	11	9	12	14
<b>Gateway Plaza</b>	9	10	10	10	10
<b>Sandhill Plaza</b>	16	14	13	16	16

Achieved moderate reversions for all assets

*Note: 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 the contracted 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)*

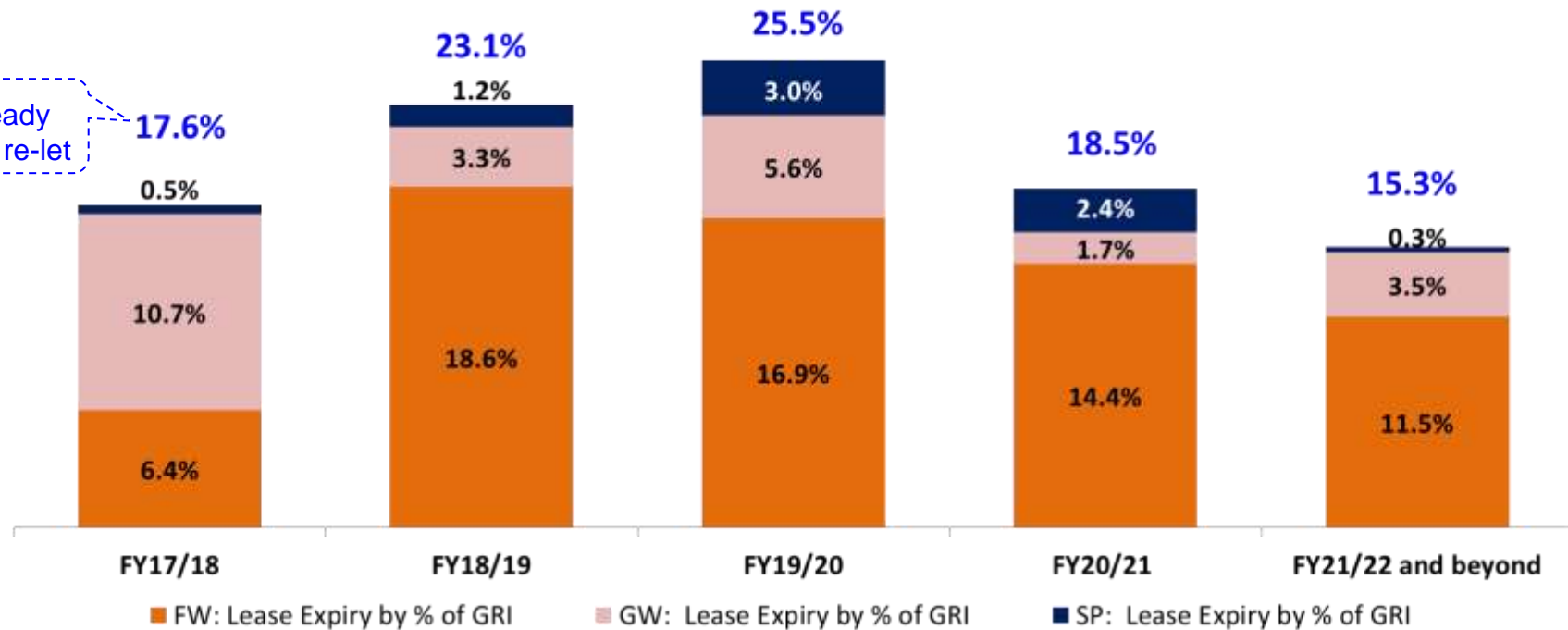
Occupancy %	As at 31 Dec 17	As at 30 Sep 17	As at 30 June 17	As at 31 Mar 17	As at 31 Dec 16
<b>Festival Walk</b>	100	100	100	100	100
<b>Gateway Plaza</b>	94.0	95.8	98.8	96.9	96.9
<b>Sandhill Plaza</b>	98.3	100	97.5	100	100
<b>Portfolio</b>	96.9	98.2	98.8	98.6	98.6

Maintained high portfolio occupancies

# Well-Staggered Lease Expiry Profile (as of 31 Dec 2017)

17.6% of FY17/18 leases by GRI will expire in 4Q; ~17% already renewed or re-let

~17% already renewed or re-let



- Based on all leases renewed or re-let as of 31 Dec 2017, Portfolio WALE is **2.7 years**

<p><b>Weighted Average Lease Expiry (WALE) by Gross Rental Income (GRI)</b></p> <p><b>Portfolio: 2.7 years</b></p>	<p><b>Festival Walk:</b> 2.4 years</p>
	<p><b>Gateway Plaza:</b> 3.5 years</p>
	<p><b>Sandhill Plaza:</b> 2.1 years</p>

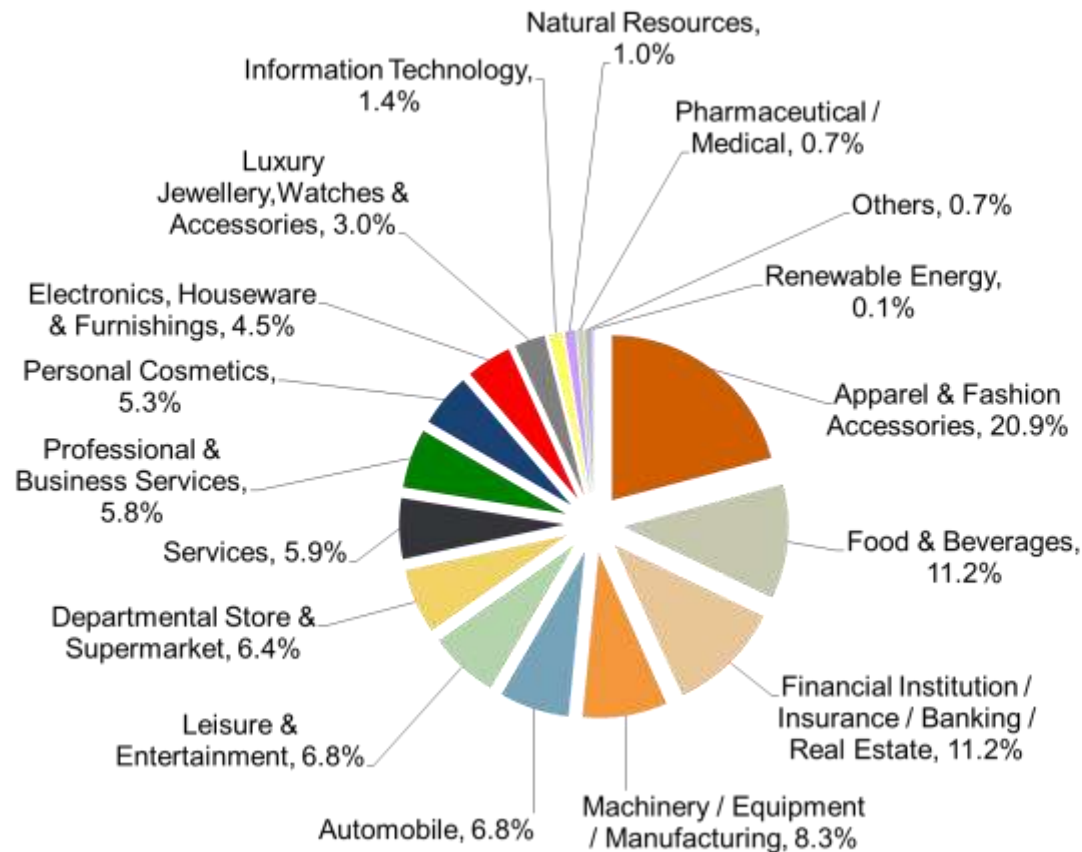
Note:

- Lease Expiry Profile: shows the remaining leases to be renewed or re-let as of quarter end
- WALE is based on the expiry dates of committed leases

# Diversified Portfolio Tenant Mix (as of 31 Dec 2017)

## Trade Sector by Gross Rental Income

No single trade sector comprises more than 20.9% of GRI



## Top 10 Tenants by Gross Rental Income

Accounted for 29.6% 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.	Uniqlo	FW
10.	Marks & Spencer	FW

FW - Festival Walk; GW - Gateway Plaza



# Active Asset Management



Festival Walk, Hong Kong SAR

# Festival Walk: New Shops in 3Q FY17/18

## Food & Beverage



Japanese F&B *On-Yasai & Gyu-Kaku*



Chinese F&B *Chee Kei*

## Apparel, Jewellery



Jewellery *Chow Tai Fook*



Apparel *COS*



Fashion Accessories *ibility*

# Festival Walk: New Shops in 3Q FY17/18 (cont'd)

Pop-up Stores



Cosmetics **MAC**



Cosmetics **Sabon**



Kids' Apparel **mides**



Shoes **UGG**

# Festival Walk: Exciting Events Drive Footfall & Sales



'Joyeux Noël' Christmas Celebrations at Festival Walk: Louis Koo as Guest-of-Honour, performances, ice-skating shows, promotions and many other exciting events and treats



# Festival Walk: Exciting Events Drive Footfall & Sales (cont'd)



L'Occitane Beauty Roadshow



Car shows including Mini, Land Rover and Nissan



Opening of Charles K. Kao Foundation Charity event by two Hong Kong celebrities



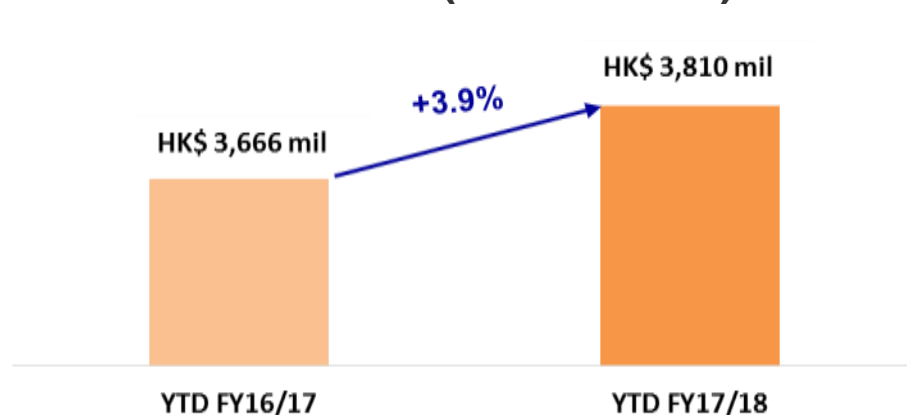
FW won 10 awards comprising four Gold, four Silver and two Bronze

2017 International Business Awards, The Stevie Awards in Barcelona, Spain

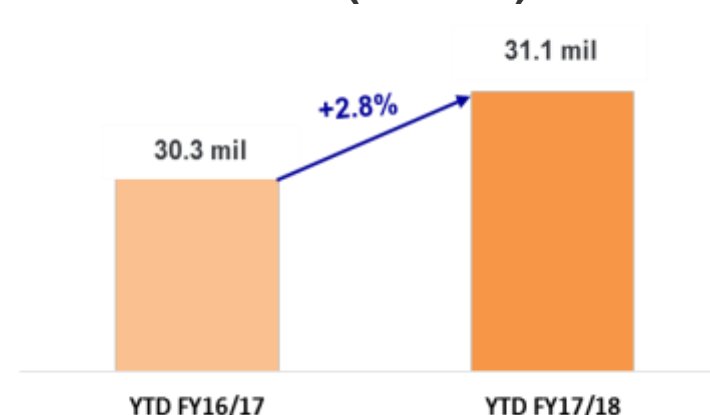
## Festival Walk: Retail Sales & Footfall YTD FY17/18

YTD FY17/18 retail sales and footfall increased 3.9% and 2.8% respectively year-on-year

### Tenant Sales (HK\$ million)



### Footfall (million)



- Retail sales and footfall were up **3.9%** and **2.8%** respectively year-on-year in YTD FY17/18, mainly due to resilient domestic demand on the back of favourable labour market conditions and improving retail sentiments
- For 3Q FY17/18, retail sales and footfall increased **6.4%** and **4.2%** respectively year-on-year

Note:

- Hong Kong refers to the Hong Kong SAR (Special Administrative Region)
- Festival Walk's retail sales do not include figures from the Apple Store

## Opportunities & Outlook

- **Expansion of Investment Mandate** (announced on 16 Jan 2018): MGCCT is broadening its investment mandate beyond Greater China to include the Japan market. We are of the view that this will better diversify our portfolio and provide balanced and long-term returns for Unitholders

### Hong Kong

**GDP Growth<sup>1</sup>**  
**YTD 2017:**  
**3.9%**

**HK Retail Sales<sup>2</sup>**  
**11 months 2017 yoy:**  
**1.8%**

*Domestic consumption is expected to continue to improve, underpinned by favourable job and income conditions*

- **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

### China

**GDP growth<sup>3</sup>**  
**2017:**  
**6.9%**

**Beijing Office<sup>4</sup>:**  
*Upcoming new office supply likely to put upward pressure on city-wide vacancy rate longer term*

**Shanghai Business Park<sup>5</sup>:**  
*Demand for office space in business parks in Shanghai remains steady*

- **Gateway Plaza:** Average rental reversion for FY17/18 leases expected to grow modestly
- **Sandhill Plaza:** Expected to continue to benefit from healthy rental reversion for FY17/18

1. The Government of the Hong Kong SAR, "Third Quarter Economic Report 2017", 10 November 2017
2. Hong Kong Census and Statistics Department's "Provisional Statistics of Retail Sales for November 2017"
3. China's National Bureau of Statistics
4. Savills World Research, Beijing (November 2017)
5. Colliers International, Shanghai Office (3Q 2017)

# Appendix



Gateway Plaza, Beijing



# Overview of Mapletree Greater China Commercial Trust (“MGCCT”)

First commercial REIT with assets in China & Hong Kong (listed since 7 March 2013)

**S\$6.0 bil**

Portfolio Value<sup>1</sup>

**S\$3.5 bil**

Market Capitalisation<sup>2</sup>

**6.0%**

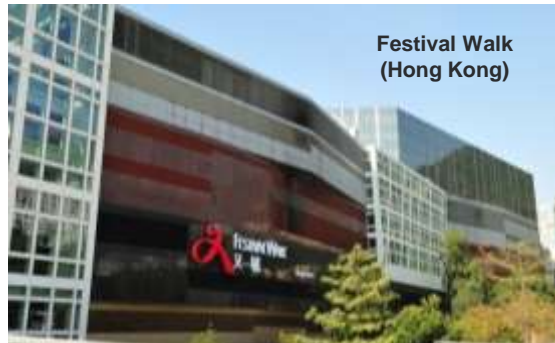
Annualised Distribution Yield<sup>3</sup>

**3 Properties**

Hong Kong • Beijing • Shanghai

**~2.6 mil sq ft**

Lettable area

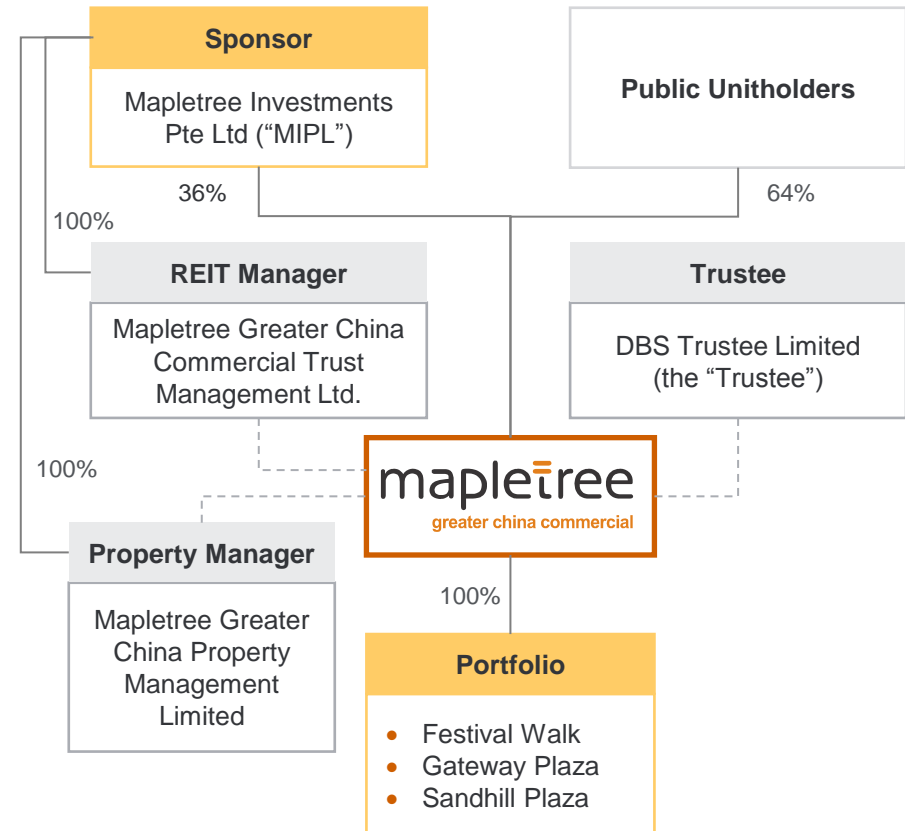


**36%**

Unitholdings held by sponsor

**Investment Mandate**

- To invest in a diversified portfolio of income-producing real estate in the Greater China region for commercial purposes
- Key markets include Hong Kong, Tier-1 cities in China (Beijing, Shanghai, Guangzhou and Shenzhen) and key Tier-2 cities in China



1. Based on exchange rate of S\$1: RMB4.8936 and S\$1: HK\$5.7707 as of 31 Dec 2017

2. As of 29 Dec 2017

3. Based on unit closing price of S\$1.230 on 29 Dec 2017

# YTD FY17/18 & 3Q FY17/18 Financials

(\$'000)	YTD 17/18	YTD 16/17	Variance %	3Q 17/18	3Q 16/17	Variance %
Gross Revenue <sup>1</sup>	265,480	255,852	▲ 3.8	88,464	87,833	▲ 0.7
Property Operating Expenses	(51,192)	(47,752)	▲ 7.2	(17,058)	(16,431)	▲ 3.8
Net Property Income	214,288	208,100	▲ 3.0	71,406	71,402	▲ 0.0
<i>NPI Margin (%)</i>	80.7%	81.3%	▼ 0.7	80.7%	81.3%	▼ 0.7
Manager's Management Fees	(16,206)	(14,987)	▲ 8.1	(5,465)	(4,954)	▲ 10.3
Net Foreign Exchange Gain	4,701	7,980	▼ 41.1	2,147	3,150	▼ 31.8
Finance Costs (Net)	(51,269)	(53,704)	▼ 4.5	(16,955)	(18,954)	▼ 10.5
Distributable Income	157,103	149,874	▲ 4.8	52,658	49,547	▲ 6.3
Available DPU (cents) <sup>2</sup>	5.582	5.388	▲ 3.6	1.868	1.778	▲ 5.1
Annualised Distribution Yield (%)	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

1. Gross revenue is presented net of Value Added Tax applicable to China properties from May 2016 onwards (previously, Business Tax).

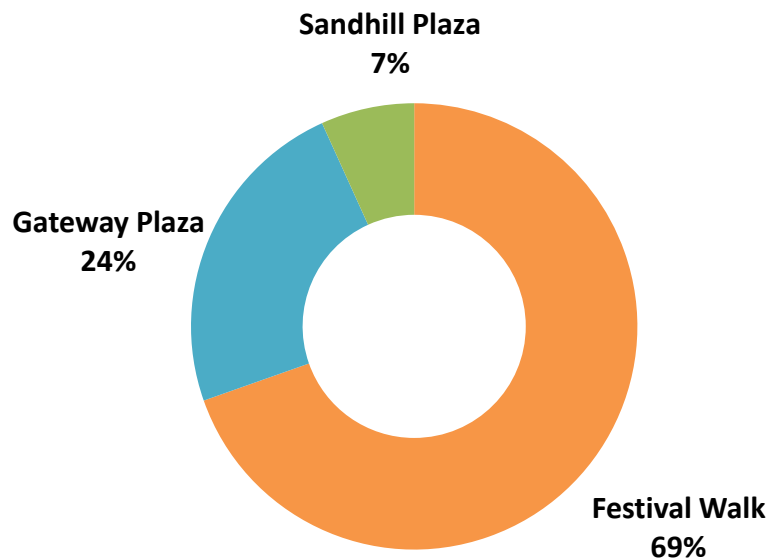
2. Refer to footnote 1 on slide 4

# Portfolio Composition (YTD FY17/18)

Hong Kong & China contribute ~70% and ~30% to NPI respectively

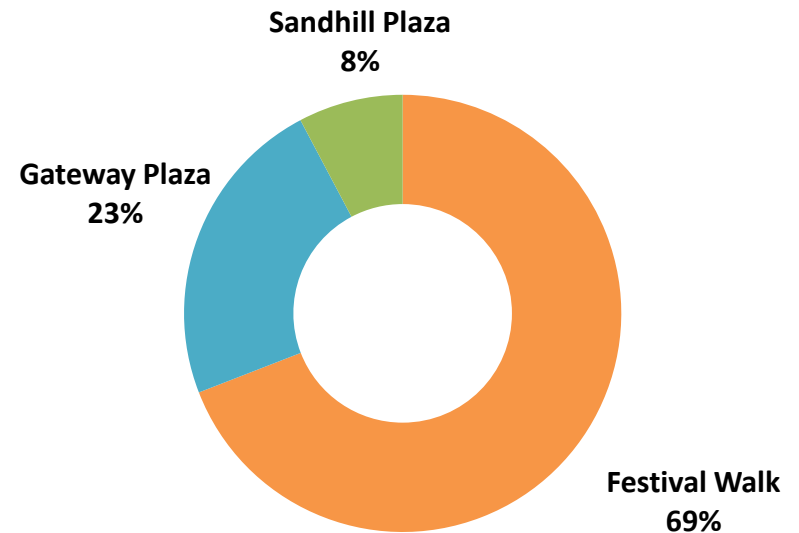
## By Gross Revenue

YTD FY17/18: **S\$265.5m**



## By Net Property Income

YTD FY17/18: **S\$214.3m**



# Festival Walk (又一城) – Best-in-Class Territorial Mall

Premier Shopping, Dining and Lifestyle Destination

Strategically Located in the Heart of Kowloon Tong, Hong Kong

100% Occupancy since Completion in 1998



Office

ARUP



Prudential

Retail



MARKS & SPENCER



NESPRESSO

seed fresh



ROLEX

MONT BLANC

TASTE



FORTRESS



Kiehl's

ck Calvin Klein



PIAGET

COACH NEW YORK

# Gateway Plaza (佳程广场) – Premier Grade-A Office Building

Premier Grade A Office Space  
in Beijing's Lufthansa Area

Excellent Connectivity  
between the CBD and Airport

Upgraded Podium Area with  
Retail Amenities



## Key Tenants



# Sandhill Plaza (展想广场) – Premium Quality Business Park

Premium Grade-A  
Building Specifications

Located in Shanghai's  
Zhangjiang Hi-tech Park, a  
Free Trade Zone

Established tenants  
including leading global  
companies



Comprises one 20-storey tower, seven blocks of 3-storey buildings<sup>1</sup> and two basement levels of carpark



Largely from IT, High Tech, Industrial and R&D sectors

1. Please note that there are eight blocks of low-rise (3-storey) buildings within the subject premises. However, one block is separately owned by a third party and does not form part of the acquisition.

# MGCCT Portfolio Summary



## Festival Walk

## Gateway Plaza

## Sandhill Plaza

	Festival Walk	Gateway Plaza	Sandhill Plaza
<b>Address</b>	80 Tat Chee Avenue, Kowloon Tong Kowloon, Hong Kong	18 Xiaguangli, East 3rd Ring North Road, Chaoyang District, Beijing	2290 Zuchongzhi Road, Zhangjiang Hi-tech Park, Pudong New Area, Shanghai
<b>Description</b>	7 floors (retail); 4 floors (office); 3 basement car park levels	Two 25 storey office towers; 3 storey podium area; 3 underground floors	One 20-storey tower; seven blocks of three-storey buildings; two basement car park levels
<b>Gross Floor Area</b>	1,208,754 sq ft • Retail (81%) Office (19%)	106,456 sqm • Office (89%), Podium (11%)	83,801 sq m
<b>Lettable Area</b>	798,372 sq ft • Retail (73%) Office (27%)	106,456 sqm • Office (89%), Podium (11%)	63,284 sq m • Office (97%), Amenities (3%)
<b>Car Park lots</b>	830	692	460
<b>Building completion</b>	November 1998	August 2005	December 2012
<b>Land Use Right Expiry</b>	30 June 2047	25 February 2053	3 February 2060
<b>Valuation as of 31 March 2017</b>	HK\$ 24,870m (S\$ 4,549m)	RMB 6,120m (S\$ 1,258m)	RMB 2,040m (S\$ 419m)



**Thank You**

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