



# **Mapletree Commercial Trust**

1Q FY18/19 Financial Results

26 July 2018



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# **Agenda**

- Key Highlights
- Financial Performance
- Portfolio Updates
- Outlook







## **Key Highlights**



### **Financial Performance**

- Gross revenue for 1Q FY18/19 grew 0.7% from 1Q FY17/18. NPI for the same period grew 2.1% year-on-year driven by higher contribution from VivoCity, Bank of America Merrill Lynch HarbourFront ("MLHF"), PSA Building and Mapletree Business City ("MBC I")
- DPU for 1Q FY18/19 held steady at 2.23 Singapore cents in spite of downtime from the ongoing asset enhancement initiatives ("AEI") at VivoCity

## **Portfolio Performance**

- VivoCity achieved 0.4% growth in shopper traffic. Tenant sales temporarily affected by spaces vacated to make way for public library on Level 3, and to create concept stores on Level 1
- Basement 1 extension launched in June 2018, adding 24,000 square feet of new retail space that houses 10 exciting lifestyle and athleisure brands
- New and larger format concept stores by Zara, Superdry and Pull & Bear opened in 1Q FY18/19, further defining VivoCity's position as a key destination mall

## **Key Highlights**



## **Capital Management**

- Entered into committed revolving credit facilities totalling S\$150.0 million, and increased Multicurrency Medium Term Note ("MTN") Programme limit from S\$1.0 billion to S\$3.0 billion in June 2018 to enhance financial flexibility
- Secured term loan facilities aggregating S\$260.0 million in July 2018 for refinancing
- Maintained ample debt headroom. Debt maturity profile remained well-distributed with no more than 20% of debt due for refinancing in any financial year.







## 1Q FY18/19 DPU held steady at 2.23 Singapore cents Led by higher NPI contribution from VivoCity, MLHF, PSA Building and MBC I

S\$'000 unless otherwise stated	1Q FY18/19	1Q FY17/18	Variance
Gross Revenue	108,533	107,766	0.7%
Property Operating Expenses	(22,595)	(23,585)	4.2%
Net Property Income	85,938	84,181	2.1%
Net Finance Costs	(16,895)	(15,460)	9.3%
Income Available for Distribution	64,610	64,375	0.4%
Distribution per Unit (cents)	2.23	2.23	-

## **Balance Sheet**



## Maintained robust balance sheet through prudent and active capital management

S\$'000 unless otherwise stated	As at 30 June 2018	As at 31 March 2018
Investment Properties	6,685,844	6,682,000
Other Assets	68,942	58,813
Total Assets	6,754,786	6,740,813
Net Borrowings	2,347,418	2,329,431
Other Liabilities	117,116	128,009
Net Assets	4,290,252	4,283,373
Units in Issue ('000)	2,885,761	2,880,156
Net Asset Value per Unit (S\$)	1.49	1.49

## **Key Financial Indicators**



## Debt headroom of ~S\$1.2 bil based on 45% gearing limit Every 25 bps change in Swap Offer Rate estimated to impact DPU by 0.05 cents

	As at 30 June 2018	As at 31 March 2018	As at 30 June 2017
Total Debt Outstanding	S\$2,345.6 mil	S\$2,327.6 mil	S\$2,327.6 mil
% Fixed Rate Debt	75.3%	78.9%	73.7%
Gearing Ratio	34.7% <sup>1</sup>	34.5%	36.4%
Interest Coverage Ratio (YTD)	4.6 times	4.8 times	4.9 times
Average Term to Maturity of Debt	3.6 years	3.9 years	3.8 years
Weighted Average All-In Cost of Debt (p.a.)	2.91%²	2.75% <sup>3</sup>	2.67%4
Unencumbered Assets as % of Total Assets	100%	100%	100%
MCT Corporate Rating (by Moody's)	Baa1	Baa1	Baa1

<sup>1.</sup> Based on total gross borrowings divided by total assets. Correspondingly, the ratio of total gross borrowings to total net assets is 54.7%

<sup>2.</sup> Annualised based on the quarter ended 30 June 2018

<sup>3.</sup> For the year ended 31 March 2018

<sup>4.</sup> Annualised based on the quarter ended 30 June 2017

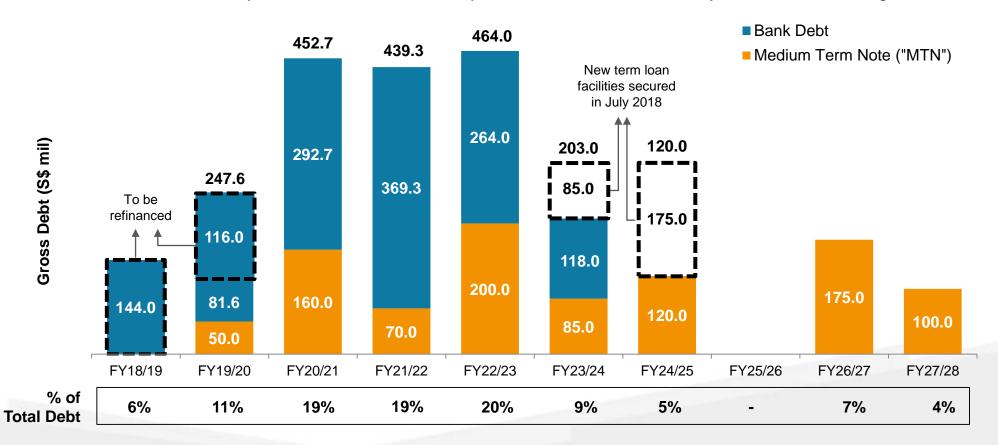
## **Debt Maturity Profile** (as at 30 June 2018)



### Well-distributed with no more than 20% of debt due for refinancing in any financial year

### Total gross debt: S\$2,345.6 mil

- Entered into committed revolving credit facilities totalling S\$150.0 mil
- Increased MTN Programme limit from S\$1.0 bil to S\$3.0 bil
- Secured S\$85.0 mil 5-year and S\$175.0 mil 5.75-year term loan facilities in July 2018 for refinancing



## **Distribution Details**



Distribution Period	1 April 2018 – 30 June 2018
Distribution Amount	2.23 Singapore cents per unit

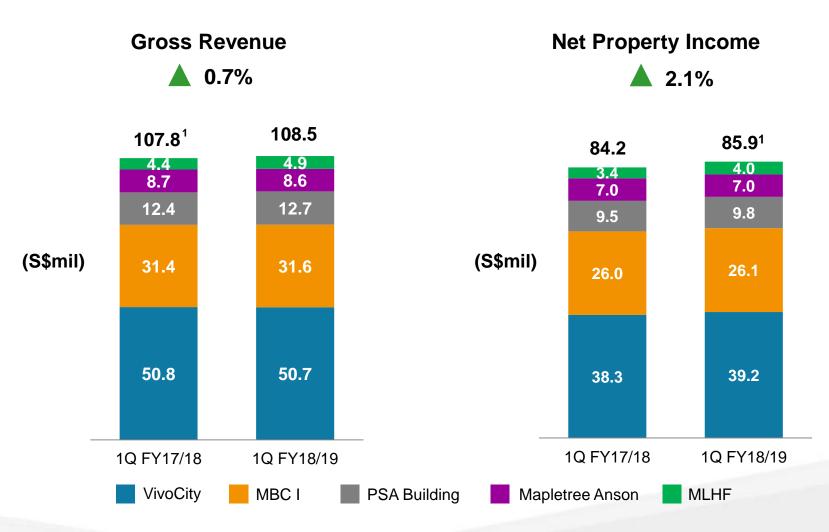
Distribution Timetable	
Notice of Books Closure Date	Thursday, 26 July 2018
Last Day of Trading on "cum" Basis	Tuesday, 31 July 2018
Ex-Date	Wednesday, 1 August 2018
Books Closure Date	5:00 pm, Friday, 3 August 2018
Distribution Payment Date	Friday, 31 August 2018



## Portfolio Revenue and Net Property Income



### Continued growth in portfolio gross revenue and NPI in spite of downtime at VivoCity



<sup>1.</sup> Total may not add up due to rounding differences

## **Portfolio Occupancy**



### Overall portfolio committed occupancy at 99.2%

	As at	As at 31 March 2018	As at As at as at		cupancy 30 June 2018	
	30 June 2017		Actual	Committed		
VivoCity	98.9%	93.1% <sup>1</sup>	94.2% <sup>1</sup>	99.9%		
MBC I	99.1%	99.4%	98.6%	98.6%		
PSA Building	95.5%	96.1%	95.4%	98.7%		
Mapletree Anson	99.2%	86.6%	90.8%	100.0%		
MLHF	91.6%	100.0%	100.0%	100.0%		
MCT Portfolio	98.1%	96.1%	96.4%	99.2%		

<sup>1.</sup> This actual occupancy is based on VivoCity's enlarged NLA of 1,077,191 square feet resulting from the added public library on Level 3 and bonus GFA (from the Community/Sports Facilities Scheme) deployed to extend Basement 1. The additional NLA on Level 3 and Basement 1 has been fully committed, but Basement 1 was opened only in June 2018 while Level 3 is currently undergoing fitting-out

# 1Q FY18/19 Leasing Update



## Achieved 1.2% portfolio rental reversion<sup>1</sup>

	Number of Leases Committed	Retention Rate (by NLA)	% Change in Fixed Rents <sup>2</sup>
Retail	105	79.4%	2.1% <sup>3</sup>
Office/Business Park	14	71.4%	-5.3%
■ Including rent review¹	-	-	-0.1%
MCT Portfolio	119	75.7%	0.3%
MCT Portfolio (including rent review¹)	-	-	1.2%

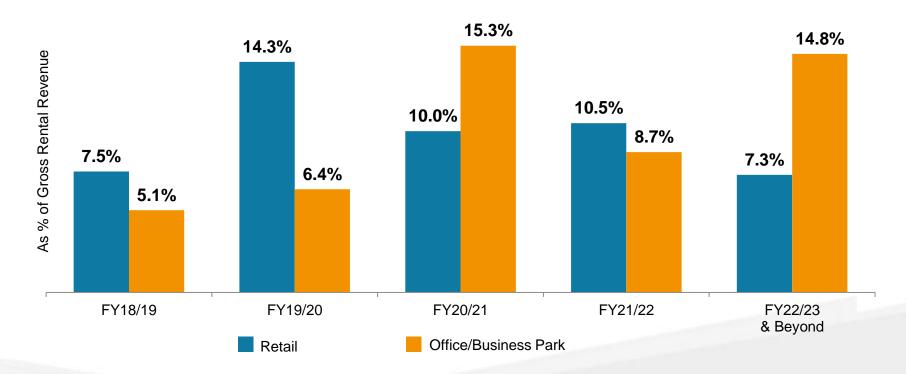
- 1. Includes the effect of rent review by a key tenant at MBC I for ~195,000 square feet of space
- 2. Based on the average of the fixed rents over the lease period of the new leases divided by the preceding fixed rents of the expiring leases
- 3. Includes the effect from trade mix changes and units subdivided and/or amalgamated

## Lease Expiry Profile (as at 30 June 2018)



### Portfolio resilience supported by manageable lease expiries

WALE	Committed Basis
Portfolio	2.6 years <sup>1</sup>
Retail	2.3 years
Office/Business Park	3.0 years



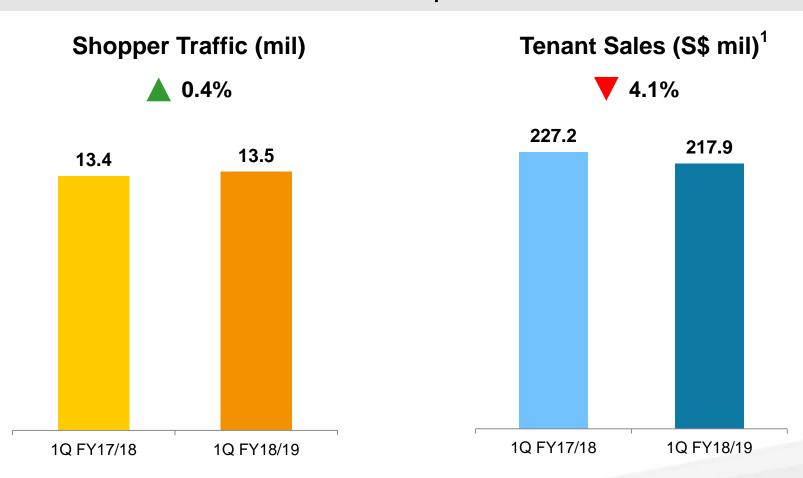
<sup>1.</sup> Portfolio WALE was 2.2 years based on the date of commencement of leases

## **VivoCity – Shopper Traffic and Tenant Sales**



**Shopper traffic grew 0.4%** 

Tenant sales temporarily affected by spaces vacated to make way for public library on Level 3, and to create concept stores on Level 1



1. Includes estimates of tenant sales for a small portion of tenants

## **VivoCity – Ongoing AEI**



### **Basement 1 extension opened in June 2018**

View from Lobby L on Basement 1



# NEW CURRENTS ARE FLOWING INTO

Endless explorations at Singapore's Largest Retail Destination

### **NOW OPEN**























# **VivoCity – Ongoing AEI** (continued)



## Exciting lifestyle and athleisure brands in Basement 1 extension



# **VivoCity – Ongoing AEI** (continued)

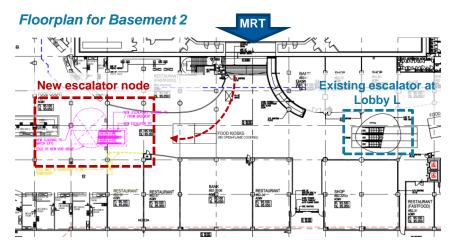


### Improving vertical connectivity and mobility within the mall with new escalator

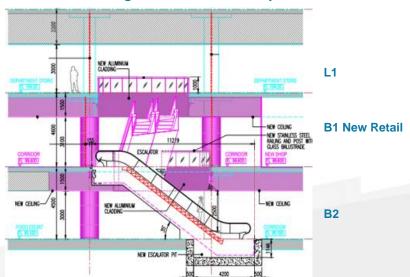








# Side Elevation of New Escalator Connecting Basement 2 and Level 1 through New Basement 1 Space



# **VivoCity – Ongoing AEI** (continued)



### Public library on Level 3 to open by 2H FY18/19

- Convert part of Level 3 to a 32,000 sq ft public library
- Bonus GFA¹ added 24,000 sq ft of contiguous retail space on Basement 1
- Entire AEI to deliver ROI of approximately 10% on a stabilised basis<sup>2</sup>





Photographs of library users are for reference only, courtesy of the National Library Board

- 1. Bonus GFA granted under the Community/Sports Facilities Scheme
- 2. Based on currently estimated capital expenditure of approximately S\$16 mil. This includes expenditure for related works such as addition of escalator and carpark deck, installation of solar panels on new carpark shelter and various M&E upgrading works

## **New and Larger Format Concept Stores**



## Further defines VivoCity's positioning as key destination mall

- Zara expanded from ~16,000 sq ft to ~33,000 sq ft
- Reopened in May 2018 and carries its complete collections for women, men and kids







# **New and Larger Format Concept Stores** (continued)



### Further defines VivoCity's positioning as key destination mall

### Pull & Bear

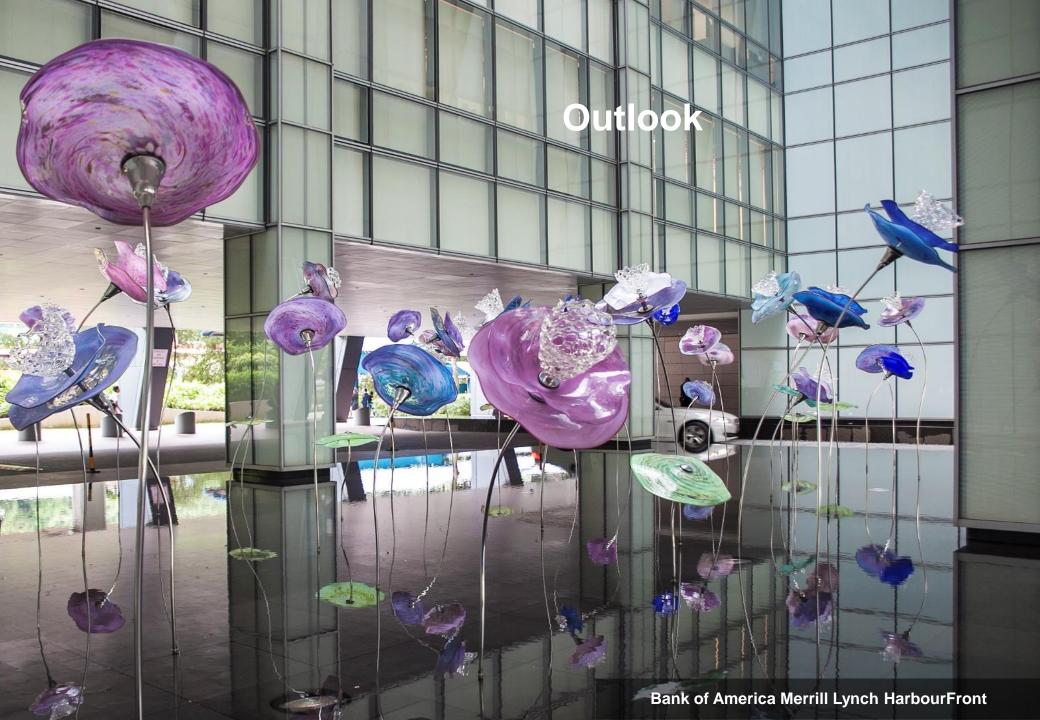




### Superdry







## Outlook



## **Singapore Economy**

The Singapore economy grew 3.8% year-on-year in the second quarter of 2018, moderating from the 4.3% growth in the previous quarter. On a quarter-on-quarter seasonally-adjusted annualised basis, the economy expanded at a slower pace of 1.0% compared to the 1.5% growth in the preceding quarter.

### Retail

- According to CBRE, retail leasing activity remained steady. The retail market sentiment is expected to remain upbeat in the mid-term given solid macro indicators underpinned by healthy consumer and business confidence. The tourism sector is also expected to perform well in 2018.
- In the mid- to long-term, CBRE expects a more stable and sustainable rental growth, even though key challenges arising from tight labour market conditions and high occupancy costs remain.

### Office

Islandwide vacancy remained healthy with strengthening market fundamentals. Grade A Core CBD rents registered a robust 4.1% quarter-on-quarter increase in Q2 2018, the fastest pace of growth since Q1 2014. Key demand drivers had thus far been concentrated in flexible space operators, technology firms and insurance companies.

Sources: The Singapore Ministry of Trade and Industry Press Release, 13 July 2018 and CBRE MarketView Singapore Q2 2018

## **Outlook**



## Office (cont'd)

The medium-term rental outlook remains positive especially for the Grade A segment, aided by a tapering supply pipeline. However, potential risks remain, particularly on the demand side in light of recent escalations in global trade disputes and their possible dampening effects on global economic growth. Both landlords and occupiers will need careful navigation through the next 6 to 12 months.

### **Business Park**

- After a relatively subdued past 12 months, the business park market registered an uptick in leasing activity and interest in Q2 2018 as islandwide vacancy rate fell. Rents for City Fringe business parks registered an increase of 0.9% quarter-on-quarter, its fourth consecutive quarter of growth while the Rest of Island submarket saw a slight uptick of 1.4% quarter-on-quarter.
- The future supply pipeline for business parks remains tight. Brighter prospects are possible for the market as a whole, although rental gains will be concentrated in the City Fringe submarket.

#### **Overall**

MCT's portfolio is expected to remain resilient, as we continue our proactive asset management effort and focus on retaining quality tenants to maintain portfolio stability.













# **Thank You**

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