

*For Immediate Release*

## Mapletree Commercial Trust Achieves Robust Operating Performance in 1Q FY16/17

- Gross Revenue and Net Property Income (“NPI”) for 1Q FY16/17<sup>1</sup> grew 5.2% and 3.7% respectively from 1Q FY15/16<sup>2</sup>
- Distribution per Unit (“DPU”) for 1Q FY16/17 was 2.03 Singapore cents, up 1.0% year-on-year
- VivoCity Basement 2 asset enhancement works on track for completion
- Obtained Unitholders’ approval for the proposed acquisition of Mapletree Business City (Phase 1) (the “Property”) on 25 July 2016
- The acquisition of the Property is expected to be DPU accretive

**Singapore, 26 July 2016** – Mapletree Commercial Trust Management Ltd. (“MCTM” or the “Manager”), the manager of Mapletree Commercial Trust (“MCT”), is pleased to announce that MCT has achieved another quarter of healthy operating performance, recording DPU of 2.03 Singapore cents for 1Q FY16/17, up 1.0% against 1Q FY15/16.

Ms Sharon Lim, Chief Executive Officer of MCTM, said, “We are pleased to report a fruitful first quarter for FY16/17. In spite of persisting weaknesses in the retail and office market as well as heightened economic and financial volatilities, our continued focus on active asset management has yielded good results. We closed the quarter with a 5.2% and 3.7% growth in gross revenue and NPI respectively.”

Ms Lim added, “The proposed acquisition of Mapletree Business City (Phase 1) was approved by Unitholders on 25 July 2016. This will be an accretive and strategic addition to our portfolio. As

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<sup>1</sup> The period from 1 April 2016 to 30 June 2016, referred to as 1Q FY16/17

<sup>2</sup> The period from 1 April 2015 to 30 June 2015, referred to as 1Q FY15/16

**Mapletree Commercial Trust Management Ltd.**

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illustrated in the Circular<sup>3</sup>, the acquisition is expected to enhance DPU by 3.2%<sup>4</sup> at an assumed cost of debt of 3.25% per annum. If the current low interest rates environment holds till the completion of the transaction, every 0.25% savings in cost of debt will improve DPU accretion by approximately 0.9%.”

### Summary of MCT’s Results

	1Q FY16/17	1Q FY15/16	Variance %
Gross revenue (S\$’000)	73,377	69,727	5.2
Property operating expenses (S\$’000)	(17,093) <sup>5</sup>	(15,463)	(10.5)
Net property income (S\$’000)	56,284	54,264	3.7
Income available for distribution (S\$’000)	43,446	42,536	2.1
Distribution per unit (cents)	2.03	2.01	1.0

### STRONG OPERATIONAL PERFORMANCE

Overall portfolio NPI rose 3.7% for 1Q FY16/17, with NPI margin sustained at a healthy level of 76.7%.

### VivoCity Continues Outstanding Performance, AEI on Track for Completion

VivoCity continued to deliver outstanding performance. Given the continued support from our tenants, more than half of the leases expiring in FY16/17<sup>6</sup> have been renewed and relet. Driven by renewals of anchor tenants at VivoCity, the weighted average lease expiry of MCT’s retail leases has been extended to 2.2 years.

<sup>3</sup> Refers to the Circular on the Proposed Acquisition of Mapletree Business City (Phase 1) dated 5 July 2016

<sup>4</sup> Based on the forecast for the 6-month period from 1 October 2016 to 31 March 2017, assuming a drawdown of S\$860 million from the Loan Facilities, gross proceeds of S\$989.6 million raised from the Equity Fund Raising, the issuance of the New Units and Acquisition Fee Units at the Illustrative Issue Price of S\$1.40, the issue date of the New Units and Acquisition Fee Units is 1 October 2016, and completion of the Acquisition on 1 October 2016

<sup>5</sup> Due largely to higher staff costs, operations and property maintenance expenses and higher advertising and promotion expenses and one-off adjustments made in 1Q FY15/16

<sup>6</sup> The Period from 1 April 2016 to 31 March 2017, referred to as FY16/17

Notwithstanding some trading downtime from tenants affected by the Asset Enhancement Initiative (“AEI”) on Basement 2, VivoCity recorded growth of 4.6% and 1.8% in gross revenue and NPI year-on-year respectively. The increase is mainly attributed to higher rental income from positive rental reversion and the effects of the rental step ups in existing leases.

VivoCity’s second AEI, aimed at strengthening the mall’s food & beverage (“F&B”) offerings on Basement 2, is on track for completion by end-July 2016. The enhancement works will bring the total number of F&B kiosks from 13 to 21, which have been fully committed. The AEI will further introduce 18 new-to-mall F&B kiosks and outlets. These tenants have progressively commenced business from April 2016. The return on investment of the AEI is expected to be in excess of about 20% on a stabilised basis.

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As at 30 June 2016, the overall committed occupancy rate for VivoCity remained high at 99.9%.

### **Office Assets Performance**

PSA Building and Mapletree Anson registered committed occupancy rates of 98.5% and 100% respectively. As a result of our active leasing approach and discipline in managing operational efficiencies, gross revenue and NPI from the office portfolio rose 6.4% and 7.1% respectively year-on-year.

### **Acquisition of Office and Business Park Components of Mapletree Business City (Phase 1)**

On 5 July 2016, the Manager announced the proposed acquisition of the office and business components of Mapletree Business City (Phase 1). Mapletree Business City is one of the largest office and business park complexes in Singapore. Located in the Alexandra Precinct<sup>7</sup> and with building specifications comparable to Grade-A offices in the CBD, the Property stands out as a premier office and business park space. The acquisition is expected to DPU and Net Asset Value (“NAV”) accretive without any income support.

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<sup>7</sup> The Alexandra Precinct spans 13.5 hectares and is located in the Queenstown Planning Area along Alexandra Road/Telok Blangah Road. It is approximately a 10-minute drive from the CBD. Mapletree Business City (Phase 1), together with PSA Building and the recently completed Mapletree Business City (Phase 2), make up the Alexandra Precinct, a location comprising high quality developments catering to a wide range of office and business park uses

As the acquisition is an "interested person transaction" under Chapter 9 of the Listing Manual and an "interested party transaction" under Paragraph 5 of the Property Funds Appendix, it is subject to approval by Unitholders. The proposed acquisition, amongst others, was approved by Unitholders at an Extraordinary General Meeting held on Monday, 25 July 2016.

## **CAPITAL MANAGEMENT**

MCT's balance sheet remains robust with aggregate leverage ratio maintained at a 35.0%. The average debt to maturity of MCT's gross borrowings was extended to 3.7 years (as at 30 June 2016) from 3.4 years (as at 31 March 2016). Of MCT's total debt of S\$1,550.5 million, about 77.9% has been fixed by way of fixed rate debt or interest rate swaps ("IRS"), higher than the 70.6% in 1Q FY15. The weighted average all-in cost of debt was 2.73%<sup>8</sup> p.a. compared to 2.41%<sup>9</sup> p.a. in the same period last year due mainly to higher hedge ratio and IRS rates. Despite the increase in the all-in cost of debt, MCT continued to maintain a good interest coverage ratio of 4.8 times for the quarter ended 30 June 2016.

On 5 July 2016, Moody's Investors Service re-affirmed MCT's Baa1 issuer rating with a stable outlook, following MCT's announcement on the same day on the planned acquisition of the office and business park component of Mapletree Business City Phase 1.

## **DISTRIBUTION TO UNITHOLDERS**

MCT's DPU for 1Q FY16/17 is 2.03 cents. Unitholders can expect to receive the distribution on Monday, 29 August 2016. The closure of MCT's Transfer Books and Register of Unitholders is 5.00pm on Wednesday, 3 August 2016.

**<End>**

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<sup>8</sup> Annualised based on the quarter ended 30 June 2016

<sup>9</sup> Annualised based on the quarter ended 30 June 2015

### **About Mapletree Commercial Trust**

MCT is a Singapore-focused REIT that invests on a long-term basis, directly or indirectly, in a diversified portfolio of income-producing real estate used primarily for office and/or retail purposes, whether wholly or partially, in Singapore, as well as real estate related assets. MCT's portfolio comprises VivoCity, Bank of America Merrill Lynch HarbourFront, PSA Building and Mapletree Anson. These four assets have a total NLA of 2.1 million square feet and are valued at S\$4,341.8 million in aggregate as at 31 March 2016.

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

### **About the Manager – Mapletree Commercial Trust Management Ltd.**

MCT is managed by Mapletree Commercial Trust Management Ltd., a wholly-owned subsidiary of Mapletree Investments Pte Ltd. The Manager's main responsibility is to manage MCT's assets and liabilities for the benefit of Unitholders. The Manager is also responsible for setting the strategic direction of MCT on the acquisition, divestment and/or enhancement of assets of MCT in accordance with its stated investment strategy. Some of the key financial objectives of the Manager are to provide Unitholders of MCT with an attractive rate of return on their investment through regular and stable distributions and to achieve long-term growth in DPU and NAV per Unit, while maintaining an appropriate capital structure for MCT.

### **About the Sponsor – Mapletree Investments Pte Ltd**

Mapletree Investments Pte Ltd ("Mapletree") is a leading real estate development, investment and capital management company headquartered in Singapore. Its strategic focus is to invest in markets and real estate sectors with good growth potential. By combining its key strengths as a developer, an investor and a capital manager, the Group has established a track record of award-winning projects in Asia, and delivers consistent and high returns across various real estate asset classes. Mapletree currently manages four Singapore-listed real estate investment trusts (REITs) and five private equity real estate funds, which hold a diverse portfolio of assets in Singapore and Asia Pacific. As at 31 March 2016, Mapletree owns and manages S\$34.7 billion of office, retail, logistics, industrial, residential, corporate lodging/serviced apartment and student housing properties. The Group's assets are located across 12 economies globally, namely Singapore, Australia, China, Germany, Hong Kong SAR, India, Japan, Malaysia, South Korea, the United Kingdom, the United States and Vietnam.

## **IMPORTANT NOTICE**

This release is for information only and does not constitute an offer or solicitation of an offer to sell or invitation to subscribe for or acquire any units (“Units”) in MCT.

The past performance of the Units and MCT is not indicative of the future performance of MCT or the Manager. The value of Units and the income from them may rise or fall. Units are not obligations of, deposits in or guaranteed by the Manger or any of its affiliates. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested. Investors have no right to request the Manager to redeem their Units while the Units are listed. It is intended that Unitholders may only deal in their Units through trading on the SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

This release may also 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 risks, uncertainties and assumptions. Representative examples of these factors include general industry and economic conditions, interest rate trends, cost of capital, occupancy rate, construction and development risks, changes in operating expenses (including employees’ wages, benefits and training costs), governmental and public policy changes and the continued availability of financing. You are cautioned not to place undue reliance on these forward-looking statements, which are based on current view of management on future events.

Nothing in this release should be construed as financial, investment, business, legal or tax advice and you should consult your own independent professional advisors. This release shall be read in conjunction with MCT’s financial results for 1Q FY16/17 in the SGXNET announcement dated 26 July 2016.

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