

# Mapletree Commercial Trust

## 2Q & 1H FY14/15 Financial Results

24 October 2014

# Important Notice

This presentation 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 in Mapletree Commercial Trust (“MCT”) and units in MCT, (“Units”).

The past performance of the Units and MCT is not indicative of the future performance of MCT or Mapletree Commercial Trust Management Ltd. (“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 Manager 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 presentation 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 presentation should be construed as financial, investment, business, legal or tax advice and you should consult your own independent professional advisors. This presentation shall be read in conjunction with MCT’s financial results for 2Q & 1H FY14/15 in the SGXNET announcement dated 24 October 2014.

# Agenda

- Key Highlights
- Financial Performance
- Portfolio Update
- Outlook

## 2Q FY14/15<sup>1</sup> Key Highlights







- **Distribution per Unit (“DPU”) for 2Q FY14/15 up 9.4% year-on-year, to 1.97 cents**
- **Portfolio Gross Revenue (“GR”) and Net Property Income (“NPI”) for 2Q FY14/15 grew 6.3% and 8.8% year-on-year respectively**
- **Aggregate leverage ratio reduced to 38.0%**
- **Asset Enhancement Initiative (“AEI”) planned at VivoCity to create new retail space of about 15,000 square feet at basement 1**

1. The period from 1 July 2014 to 30 September 2014, referred to as “2Q FY14/15”

# Financial Performance









# 2Q FY14/15 Financial Scorecard

<b>S\$'000 unless otherwise stated</b>	<b>2Q FY14/15</b>	<b>2Q FY13/14<sup>1</sup></b>	<b>Change</b>
Gross Revenue	69,966	65,819	 6.3%
Property Operating Expenses	(17,819)	(17,870)	 0.3%
Net Property Income	52,147	47,949	 8.8%
Net Finance Costs	(8,593)	(8,742)	 1.7%
Income Available for Distribution	41,418	37,315	 11.0%
Distribution per Unit (cents)	1.97	1.801	 9.4%

1. The period from 1 July 2013 to 30 September 2013, referred to as "2Q FY13/14"

# 1H FY14/15 Financial Scorecard

S\$'000 unless otherwise stated	1H FY14/15 <sup>1</sup>	1H FY13/14 <sup>2</sup>	Change
Gross Revenue	138,627	130,211	 6.5%
Property Operating Expenses	(34,811)	(35,176)	 1.0%
Net Property Income	103,816	95,035	 9.2%
Net Finance Costs	(17,299)	(17,530)	 1.3%
Income Available for Distribution	82,391	73,604	 11.9%
Distribution per Unit (cents)	3.92	3.554	 10.3%

1. The period from 1 April 2014 to 30 September 2014, referred to as "1H FY14/15"

2. The period from 1 April 2013 to 30 September 2013, referred to as "1H FY13/14"

# Balance sheet

<b>(S\$'000 unless otherwise stated)</b>	<b>As at 30 Sep 2014</b>	<b>As at 31 Mar 2014</b>
Investment Properties	4,035,133	4,034,000
Other Assets	45,046	75,628
<b>Total Assets</b>	<b>4,080,179</b>	<b>4,109,628</b>
Borrowings	1,546,847	1,587,475
Other Liabilities	90,960	96,505
<b>Net Assets</b>	<b>2,442,372</b>	<b>2,425,648</b>
Units in Issue ('000)	2,098,213	2,082,825
<b>Net Asset Value per Unit (S\$)</b>	<b>1.16</b>	<b>1.16</b>



# Key Financial Indicators

	As at 30 Sep 2014	As at 31 Mar 2014
Total Debt Outstanding	<b>S\$1,550.5m</b>	<b>S\$1,590.5m</b>
% Fixed Debt	<b>70.6%</b>	<b>64.3%</b>
Gearing Ratio	<b>38.0%</b>	<b>38.7%</b>
Interest Coverage Ratio	<b>5.4 times</b>	<b>5.0 times</b>
Average Term to Maturity of Debt	<b>3.1 years</b>	<b>2.5 years</b>
Weighted Average All-In Interest Cost (p.a.)	<b>2.17%<sup>1</sup></b>	<b>2.17%<sup>2</sup></b>
Unencumbered Assets as % of Total Assets	<b>100%</b>	<b>100%</b>
MCT Corporate Rating (by Moody's)	<b>Baa2 (Positive)</b>	<b>Baa2 (Positive)</b>

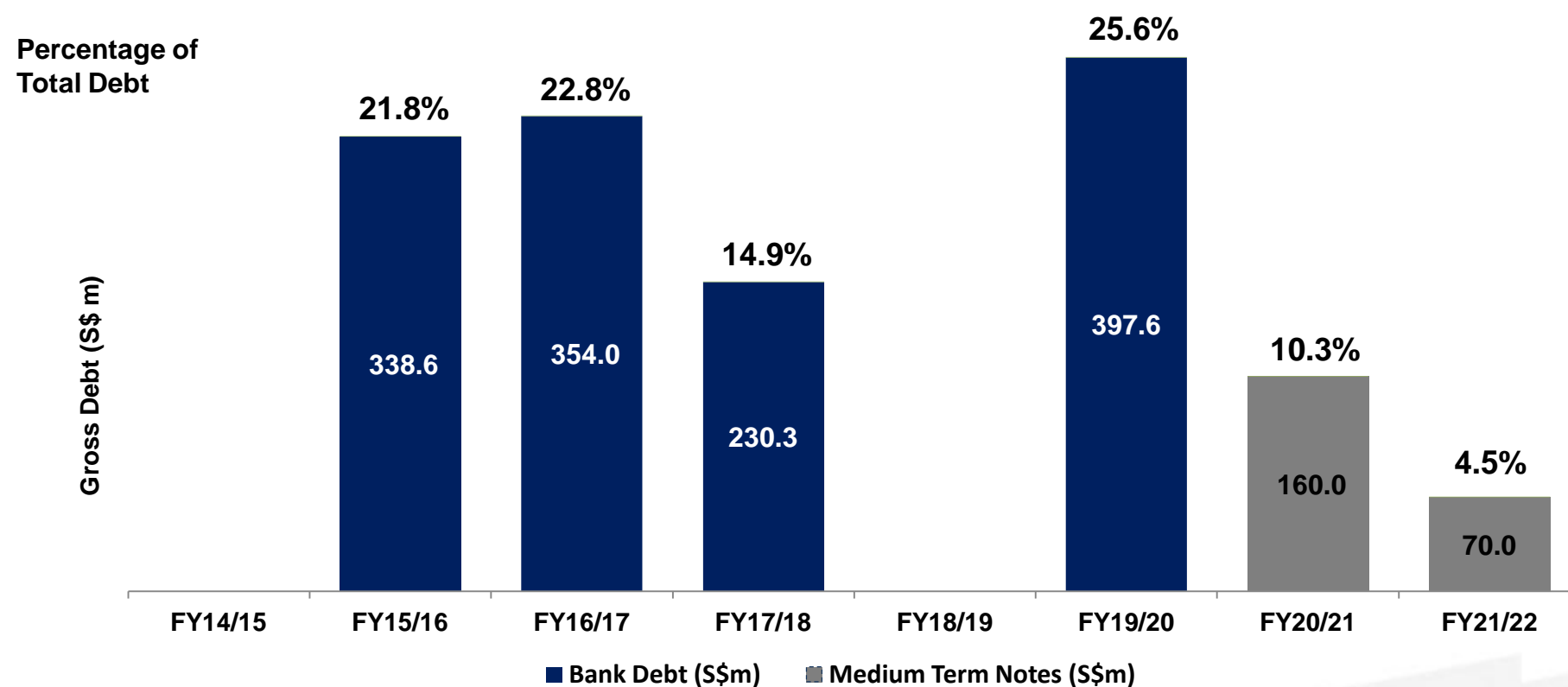
1. Annualised based on the half year ending 30 September 2014

2. For the financial year ending 31 March 2014

# Debt Maturity Profile

(as at 30 September 2014)

Total gross debt: S\$1,550.5 million



Note: Percentages may not add up to 100% due to rounding differences

# Distribution Details

Distribution Period	1 July 2014 – 30 September 2014
Distribution Amount	1.97 cents per unit

## Distribution Timetable

Notice of Books Closure Date	Friday, 24 Oct 2014
Last Day of Trading on “cum” Basis	Wednesday, 29 Oct 2014
Ex-Date	Thursday, 30 Oct 2014
Books Closure Date	5:00 pm, Monday, 3 Nov 2014
Cash Distribution Payment Date	Thursday, 4 Dec 2014

Timeline reflects application of DRP on 2Q FY14/15 distribution

# Portfolio Update



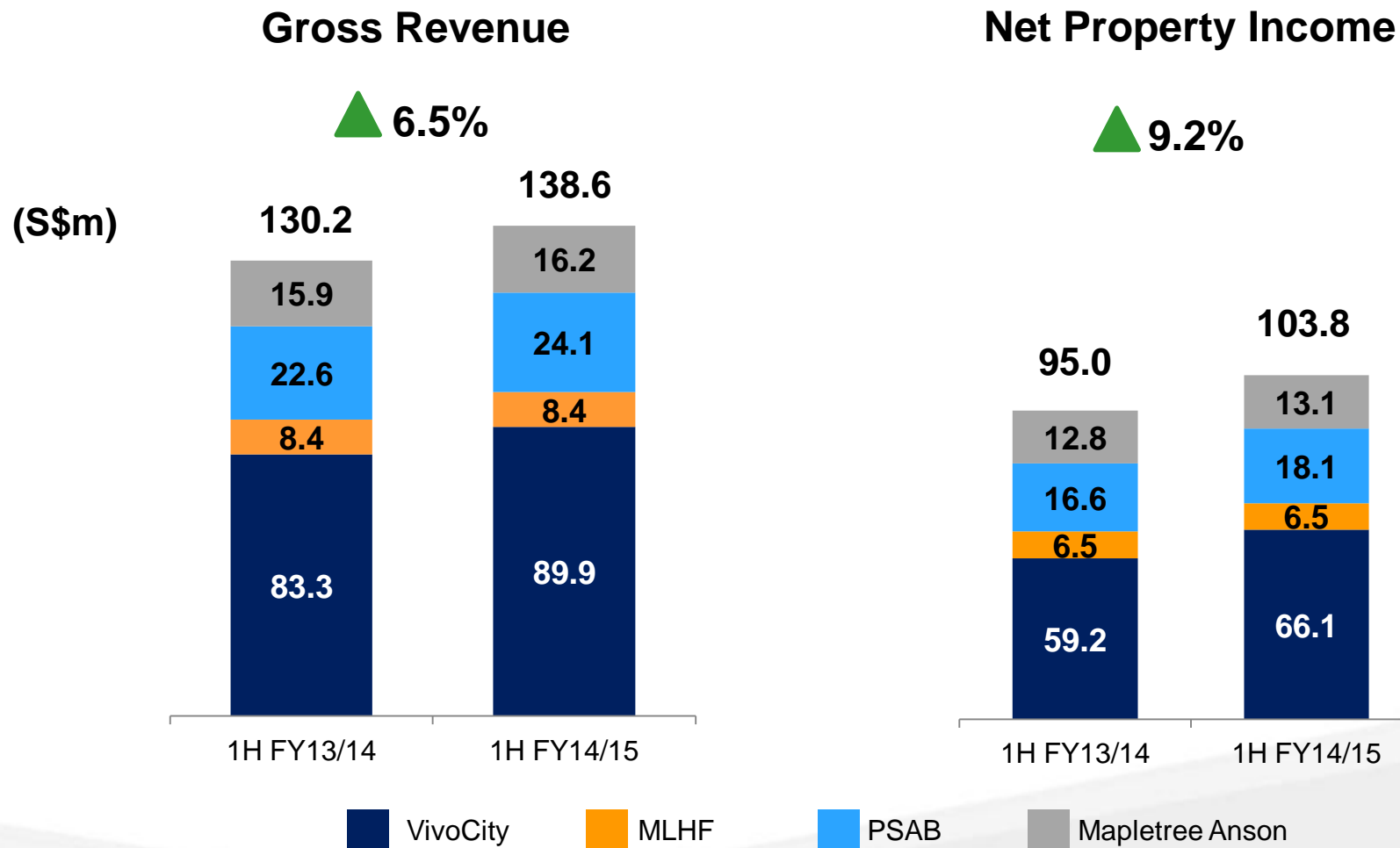
maple tree  
commercial



ARC

# Portfolio Revenue and Net Property Income

- Robust organic growth from VivoCity and PSA Building



Note: total may not add up due to rounding differences

# MCT Portfolio Occupancy

- Occupancy levels remain high

	As at 31 Mar 2013	As at 31 Mar 2014	As at 30 Sep 2014
VivoCity	99.0%	98.7%	97.2% <sup>1</sup>
MLHF	100.0%	100.0%	100.0%
PSA Building <sup>2</sup>	93.1%	99.4%	99.6%
Mapletree Anson	99.4%	93.8%	100%
<b>MCT Portfolio</b>	<b>97.7%</b>	<b>98.2%</b>	<b>98.5%</b>

1. Committed occupancy for VivoCity is 99.9% as at 30 September 2014

2. Includes both PSAB Office & Alexandra Retail Center

# 1H FY14/15 Leasing Update

- 61% of portfolio leases expiring in FY14/15 have been committed

## FY14/15 leasing status

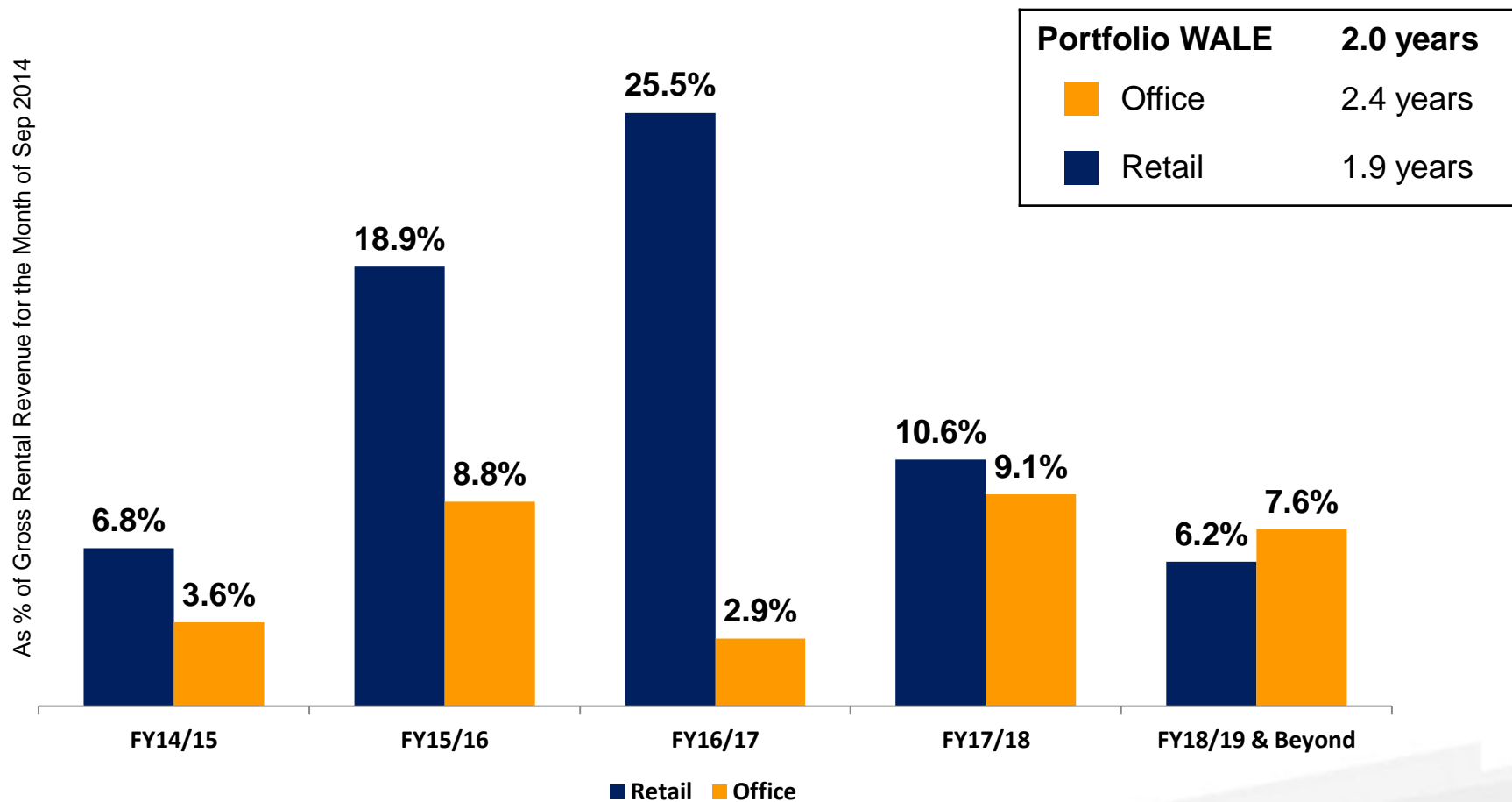
	Number of Leases Committed	Retention Rate (by NLA)	% Change in Fixed Rents <sup>1</sup>
Retail	79	78.8%	16.5% <sup>2</sup>
Office	9	100%	9.8%

1. Based on average of the fixed rents over the lease period of the new/renewed leases (including leases with more than 3 years tenure) divided by the preceding fixed rents of the expiring leases.

2. Includes the effect from trade mix changes and units subdivided and/or amalgamated.

# Lease Expiry Profile

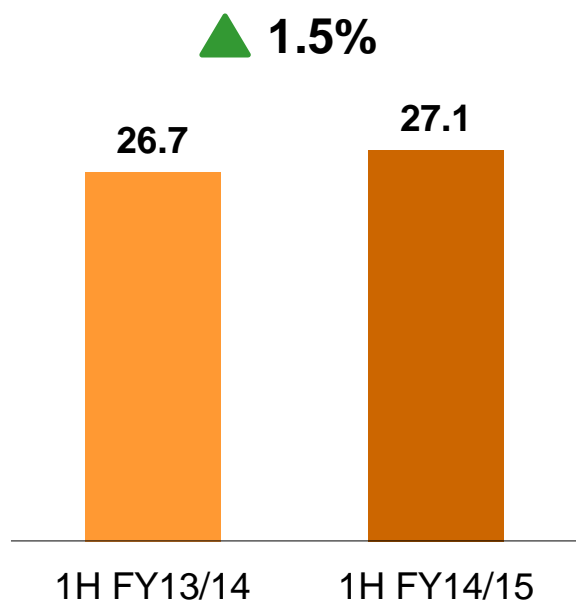
(as at 30 September 2014)



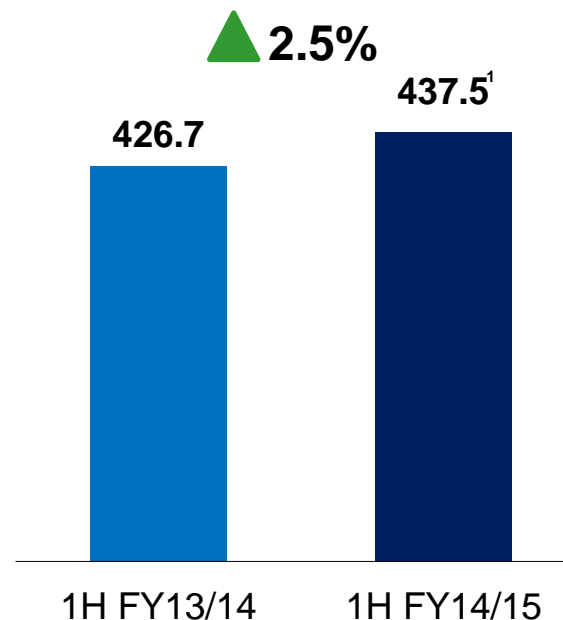


# VivoCity – Shopper Traffic and Tenant Sales

Shopper Traffic (million)



Tenant Sales (S\$ million)



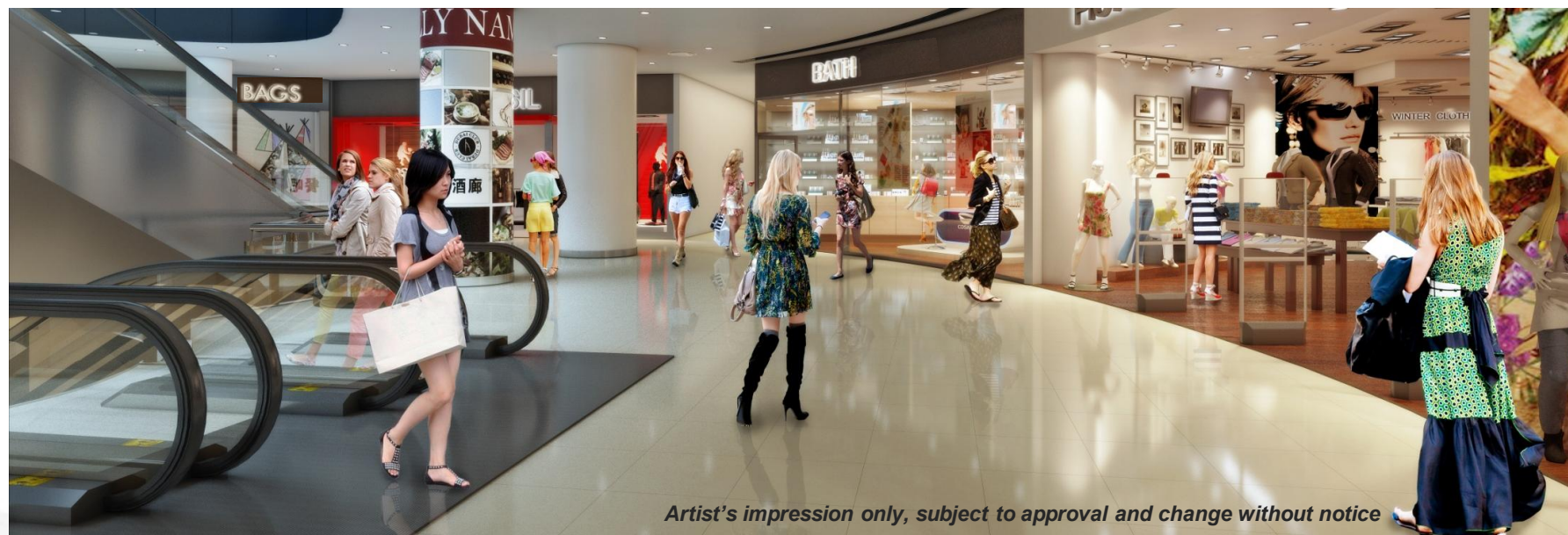
1. Includes estimates of Tenant Sales for a small portion of tenants



*Proposed Asset Enhancement  
at VivoCity*

# Planned Asset Enhancement at VivoCity

- Conversion of B1 car park space and lower yielding space into prime retail space
- Capitalise on the strong traffic from the direct connection to the MRT station
- Create about 15,000 sq ft of new retail space at basement 1
- Estimated commencement of works in 3Q FY14/15<sup>1</sup> and expected to be completed by the end of 1H FY15/16<sup>2</sup>
- Leases for majority of the space are being finalised



*Artist's impression only, subject to approval and change without notice*

1. The period from 1 October 2014 to 31 December 2014

2. The period from 1 April 2015 to 30 September 2015

# Value Enhancement

- Estimated return on investment of 17%

	Estimates <sup>1</sup>
<b>Incremental Gross Revenue per annum</b>	<b>\$1.35 million</b>
<b>Incremental Net Property Income per annum</b>	<b>\$0.95 million</b>
<b>Estimated Capital Expenditure</b>	<b>\$5.5 million</b>
<b>Return on Investment (on total costs)</b>	<b>17%</b>
<b>Capital Value of AEI (based on 5.15% capitalisation rate)</b>	<b>~\$18 million</b>
<b>Increase in Value (on total costs)</b>	<b>~\$12 million</b>

1. Based on estimated stabilised income and construction costs.

# Outlook



# Outlook

## Singapore economy

- Based on MTI's advanced estimates, GDP grew 2.4% year-on-year in the quarter ended September 2014, the same pace of growth as in the previous quarter
- On a quarter-to-quarter seasonally adjusted annualised basis, the economy expanded by 1.2%, a reversal from the 0.1% contraction in the previous quarter
- For 2014, MTI has narrowed its GDP growth forecast to 2.5% to 3.5%

## Retail market

- According to CBRE, more occupiers are facing tighter profit margins due to relatively flat or lower sales volume amidst rising costs and challenges faced in securing manpower.
- Despite the challenging operating conditions, there was still strong demand by new or expanding retailers for prime space in the quarter. The choice of store locations has become an even more important factor to such retailers.
- The outlook for the retail market is likely to remain challenging in the next 6-12 months.

# Outlook (Cont'd)

## Office market

- Office rents continued to rise in Q3 2014 with quarter-on-quarter increases ranging from 2.3% to 3.3%, led by better quality developments. CBRE expects rental growth for office to remain through the next few quarters, underpinned by low vacancy and steady demand.
- However, it is possible that the pace of rental growth may ease by as early as the second half of 2015 as the impact of impending supply from mid-2016 through 2017 is likely to result in a more competitive office leasing market.



# Thank You

For enquiries, please contact:

Jason Lim

Investor Relations

Tel: +65 6377 6836

Email: [jason.lim@mapletree.com.sg](mailto:jason.lim@mapletree.com.sg)