



# Mapletree Greater China Commercial Trust

Financial Results for the Period  
from 1 April 2015 to 31 December 2015

mapletree  
greater china commercial



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This presentation shall be read in conjunction with Mapletree Greater China Commercial Trust’s financial results for the period from 1 April 2015 to 31 December 2015 in the SGXNET announcement dated 29 January 2016.

## 3Q FY15/16 – Steady Organic & New Acquisition Growth

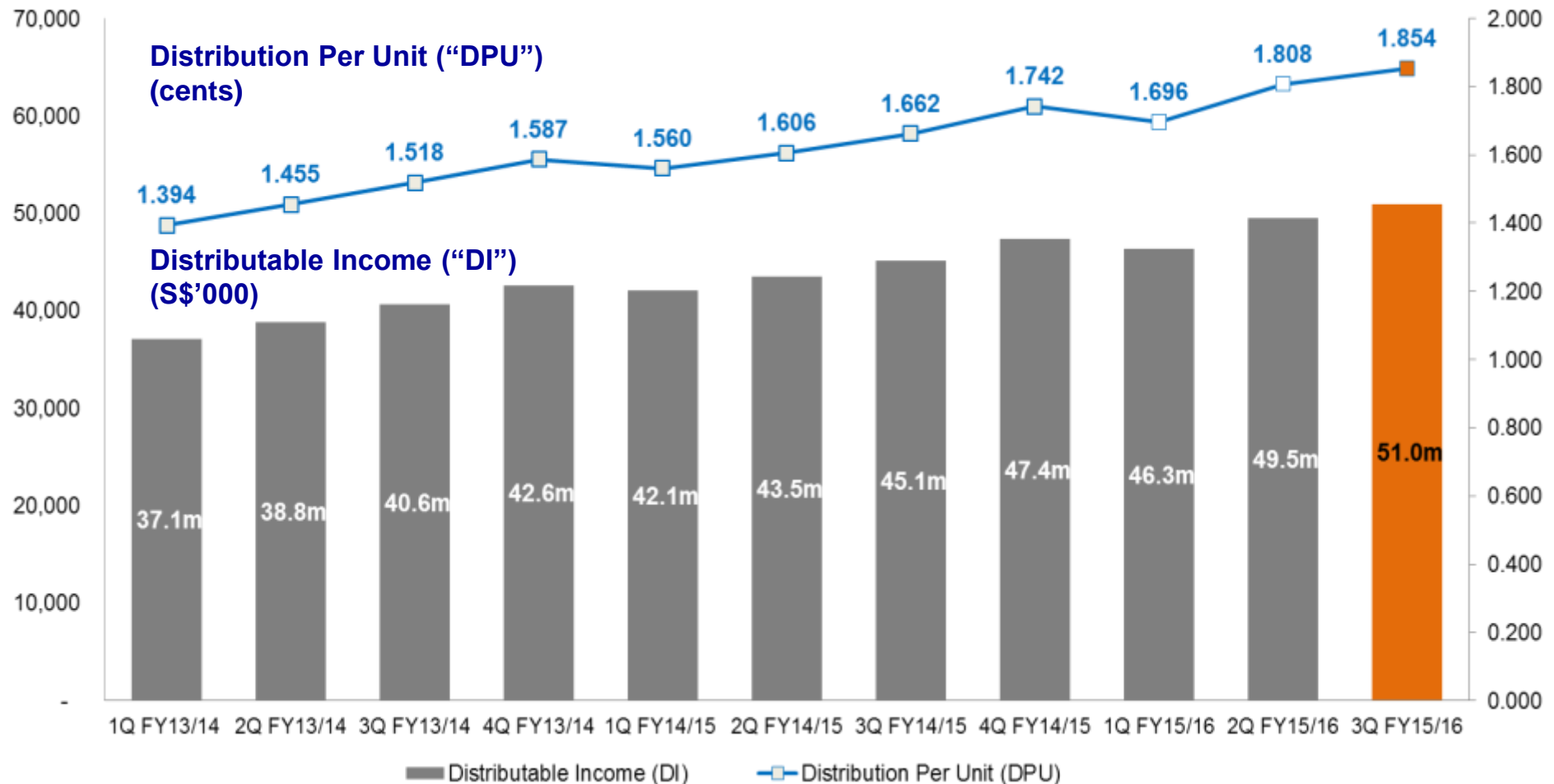
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- **3Q FY15/16 Available DPU of 1.854 cents<sup>1</sup> grew 11.6% yoy**
  - Accretive acquisition of Sandhill Plaza
  - Steady contribution from Festival Walk & Gateway Plaza
- **Proactive Asset Management of Quality Assets**
  - **92%** of expired/expiring leases<sup>2</sup> in FY15/16 committed
  - Rental uplifts of **42%** from Festival Walk and **29%** from Gateway Plaza
- **FX volatility mitigated as ~91% of expected distributable income in FY15/16 hedged**

1. Available DPU for the financial period is calculated based on the number of issued units as at the end of the period

2. By lettable area

# Consistent Growth in DI and DPU Since IPO



- Variances in DPU and DI in 1Q FY15/16 and 1Q FY14/15 due to seasonality in retail sales
- 1Q FY13/14 excludes stub period 7 to 31 March 2013. Including stub period, 1Q FY13/14 DI = S\$46.1m and DPU = 1.7337 cents.
- DPU per quarter is calculated based on number of issued units as at end of quarter.



# Financial Highlights



Xmas Celebrations at Festival Walk



# 3Q FY15/16 DPU Up 11.6% vs. 3Q FY14/15

(S\$'000)	3Q15/16	3Q14/15	Variance %
<b>Gross Revenue</b>	<b>88,234</b>	<b>73,639</b>	<b>19.8</b>
Property Expenses	(15,722)	(14,327)	(9.7)
<b>Net Property Income</b>	<b>72,512</b>	<b>59,312</b>	<b>22.3</b>
<i>NPI Margin (%)</i>	<i>82.2%</i>	<i>80.5%</i>	
Management Fees	(6,551)	(5,689)	(15.2)
Finance Costs (Net)	(17,018)	(10,249)	(66.0)
<b>Distributable Income</b>	<b>50,967</b>	<b>45,093</b>	<b>13.0</b>
<b>Available DPU (cents)</b>	<b>1.854</b>	<b>1.662</b>	<b>11.6</b>
<b>Annualised Distribution Yield (%)</b>	<b>8.0%</b>	<b>6.9%</b>	

↑ Strong rental uplifts, inclusion of SP, and appreciation of HKD and RMB against SGD

↑ Inclusion of SP, higher maintenance costs at FW, higher property & lease management fees in line with revenue growth, and appreciation of HKD & RMB against SGD

NPI Margin improved to 82.2%

↑ Higher interest cost of:

- S\$3.1m from borrowings for SP acquisition
- S\$1.4m due to interest rate swaps for hedging floating interest payments, and
- S\$1.3m for MTN issued

Closing Unit Price on 31 Dec      S\$0.915      S\$0.950



# YTD FY15/16 DPU Up 10.9% Year-on-year

(S\$'000)	YTD 15/16	YTD 14/15	Variance %
<b>Gross Revenue</b>	<b>248,804</b>	<b>204,912</b>	<b>21.4</b>
Property Expenses	(44,354)	(37,864)	(17.1)
<b>Net Property Income</b>	<b>204,450</b>	<b>167,048</b>	<b>22.4</b>
<i>NPI Margin (%)</i>	<i>82.2%</i>	<i>81.5%</i>	
Management Fees	(17,637)	(15,542)	(13.5)
Finance Costs (Net)	(47,181)	(29,501)	(59.9)
<b>Distributable Income</b>	<b>146,846</b>	<b>130,640</b>	<b>12.4</b>
<b>Available DPU (cents)</b>	<b>5.342</b>	<b>4.815</b>	<b>10.9</b>
<b>Annualised Distribution Yield (%)</b>	<b>7.7%</b>	<b>6.7%</b>	

↑ Strong rental uplifts, inclusion of SP, and appreciation of HKD and RMB against SGD

↑ Inclusion of SP, higher staff and maintenance costs at FW, higher property & lease management fees in line with revenue growth, and appreciation of HKD and RMB against SGD

NPI Margin improved slightly to 82.2%

↑ Higher interest cost of:

- S\$6.6m from borrowings for SP acquisition
- S\$4.5m due to interest rate swaps for hedging floating interest payments, and
- S\$3.6m for MTN issued

Closing Unit Price on 31 Dec      S\$0.915      S\$0.950

# Healthy Balance Sheet

S\$'000	As at 31 Dec 2015	As at 31 Mar 2015	Variance %
Investment Properties (IP)	5,823,506	5,349,298	8.9
Other Assets	120,439	138,763	(13.2)
<b>Total Assets</b>	<b>5,943,945</b>	<b>5,488,061</b>	<b>8.3</b>
Borrowings	2,463,358	1,983,963	(24.2)
Other Liabilities	272,352	243,914	(11.7)
<b>Total Liabilities</b>	<b>2,735,710</b>	<b>2,227,877</b>	<b>(22.8)</b>
<b>Net Assets</b>	<b>3,208,235</b>	<b>3,260,184</b>	<b>(1.6)</b>
<b>Net Asset Value per Unit (S\$)</b>	<b>1.167</b>	<b>1.198</b>	<b>(2.6)</b>

↑ Recent acquisition of Sandhill Plaza amounting to S\$407.4m and net translation gain of S\$63.6m for FW & GW

↑ Mainly due to additional borrowings of S\$417.6m to fund acquisition of SP & translation loss of S\$57.7m



Gateway Plaza Lobby

**Capital  
Management**



# Proactive Capital Management

	As at 31 Dec 2015	As at 31 Mar 2015
Total Debt Outstanding	HK\$13,673 m	HK\$11,286 m
Gearing Ratio	41.4%	36.2%
Interest Cover Ratio	3.9 x	5.0 x
Average Term to Maturity for Debt	2.64 yrs	2.75 yrs
Average All-In Cost of Debt	2.67%	2.55%
MGCCT Corporate Rating by Moody's	Baa1 Stable	Baa1 Stable

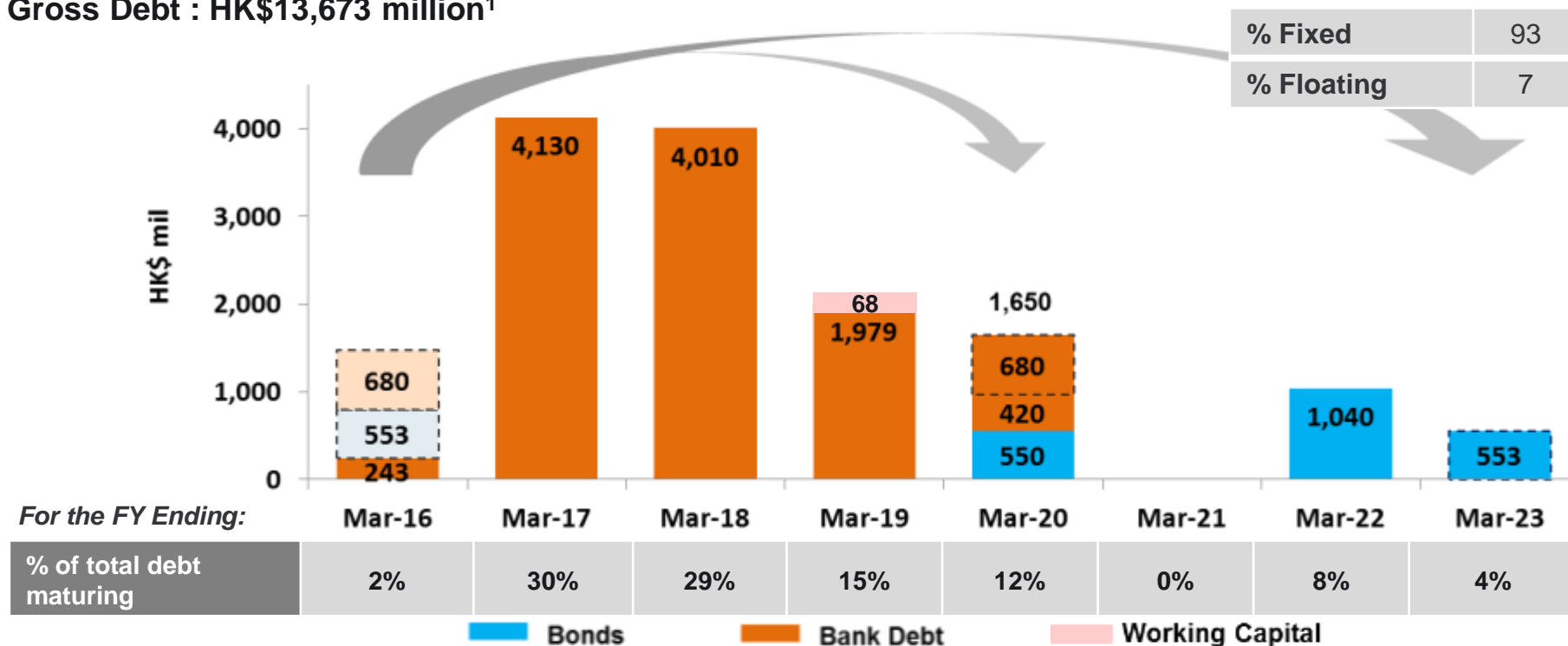
- Gearing increased to **41.4%** mainly due to additional borrowings of HK\$2,399m (comprising debt of HK\$1,981m & RMB348m<sup>1</sup>) to fund acquisition of Sandhill Plaza

<sup>1</sup> Based on exchange rate of S\$1: RMB4.579 as of 31 December 2015



# Well Staggered Debt Maturity Profile

Total Gross Debt : HK\$13,673 million<sup>1</sup>



- As of 31 Dec 2015, **HK\$1,233m** was refinanced via S\$100m bond (~HK\$553m) issued on 9 Nov 15 and upsized bank debt of HK\$680m
- HK\$993m** of bank facilities available to refinance expiring Mar 16 tranche
- Interest cost on **93%** of debt has been fixed for FY15/16
- For FY15/16, a 50 bps increase in interest rate will reduce DPU by 0.007 cents

<sup>1</sup> Four bond issuances since listing: S\$75m 7-yr Fixed Rate Notes at 3.2% due 2021, HK\$550m 5-yr Notes at 2.8% due 2020, S\$100m 7-yr Notes at 3.43% due 2022 and S\$100m 7-yr Notes at 3.96% due 2022



# 91% of FY15/16 Distributable Income locked-in

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Portfolio Level (as of 31 Dec 2015)	FY15/16
% of Distributable Income that has been hedged	~91%

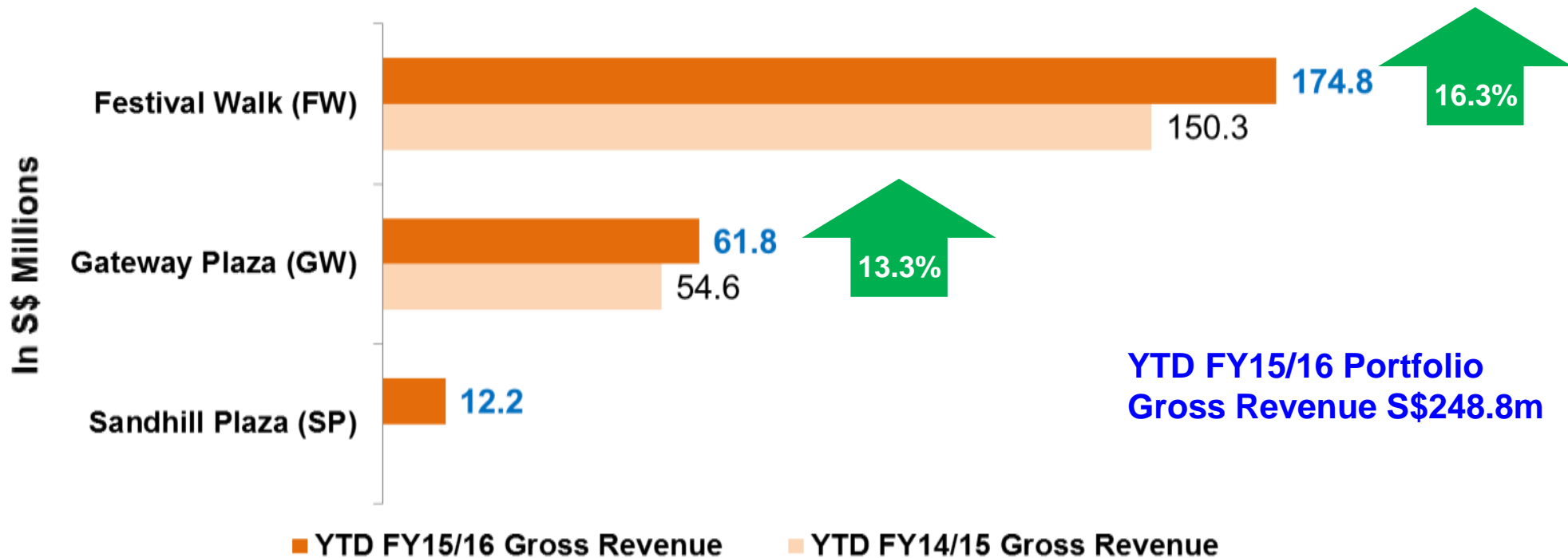
- About **91%** of expected distributable income in FY15/16 (comprising both HKD and RMB) has been hedged into SGD
- The Manager will continue to monitor the markets and enter into income hedges when appropriate to ensure stability of distributions to Unitholders

# Portfolio Highlights

*Sandhill Plaza*



# YTD FY15/16 Gross Revenue Grew 21.4% YOY

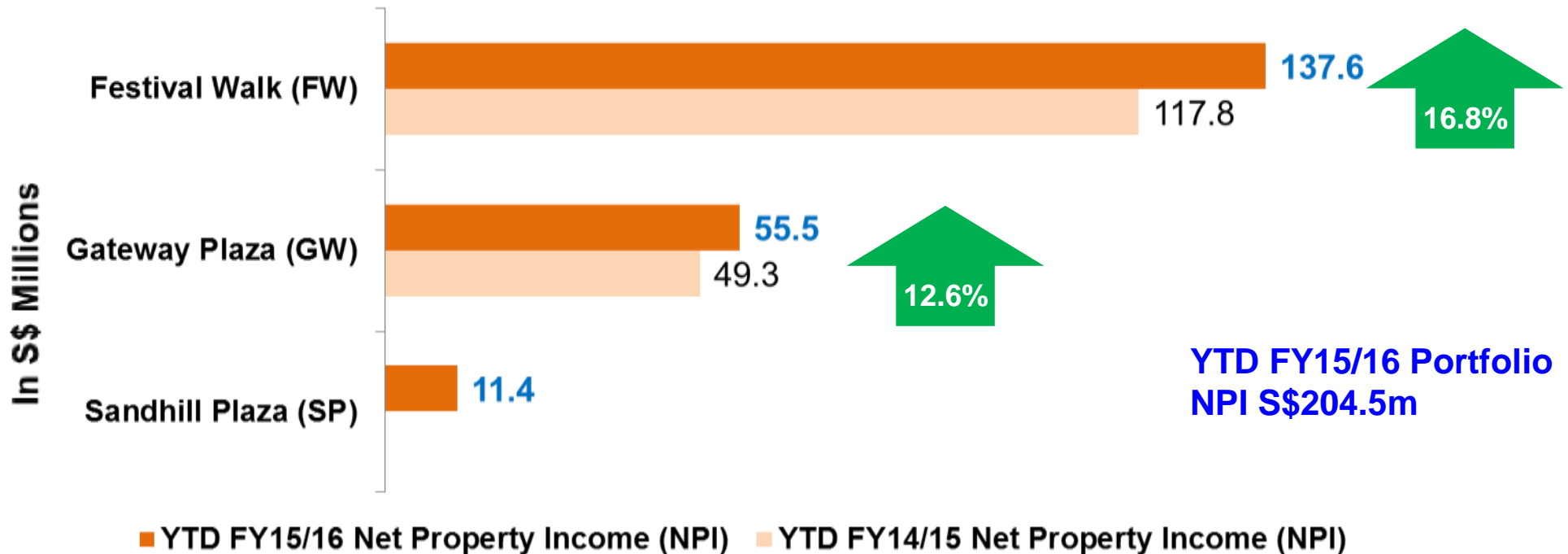


- Increase in Gross Revenue from all 3 assets
- FW, GW and SP<sup>1</sup> contributed to 70%, 25% and 5% of Gross Revenue respectively

<sup>1</sup> Acquired on 17 Jun 2015






# YTD FY15/16 NPI Grew 22.4% YOY



- Increase in NPI due to higher gross revenue, partially offset by higher operating expenses
- FW, GW and SP contributed to 67%, 27% and 6% of NPI respectively

# High Portfolio Occupancy of 98.7% as at 31 Dec 2015

Occupancy Rate By Qtr		As at 31 Dec 2014	As at 31 Mar 2015	As at 30 Jun 2015	As at 30 Sep 2015	As at 31 Dec 2015
Festival Walk		100.0%	100.0%	100.0%	100.0%	100.0%
Gateway Plaza		99.0%	98.0%	98.6%	96.3%	97.0%
Sandhill Plaza		-	-	98.5% <sup>1</sup>	100.0%	100.0%
<b>Portfolio</b>		99.4%	98.8%	99.0%	98.4%	98.7%

<sup>1</sup> Sandhill Plaza's committed occupancy rate of 96.2% as at 31 Mar 2015 was disclosed in the Acquisition announcement on 15 Jun 2015.

# 42% Uplift at Festival Walk & 29% Uplift at Gateway Plaza

YTD Rental Uplift By Qtr <sup>1</sup>	As at 31 Dec 2014	As at 31 Mar 2015	As at 30 Jun 2015	As at 30 Sep 2015	As at 31 Dec 2015
<b>Festival Walk</b>					
- Retail	21%	22%	16%	20%	<b>42%</b>
- Office	12%	12%	n.a. <sup>2</sup>	n.a.	n.a.
<b>Gateway Plaza<sup>3</sup></b>					
- Office	32%	30%	29%	25%	<b>29%</b>

- **92%**<sup>4</sup> of expired/expiring leases at portfolio level in FY15/16 have been committed

<sup>1</sup> Rental uplift is computed based on effective rental rate of expired leases vs. effective rental rate of the contracted leases that were renewed or re-let over the lease term.

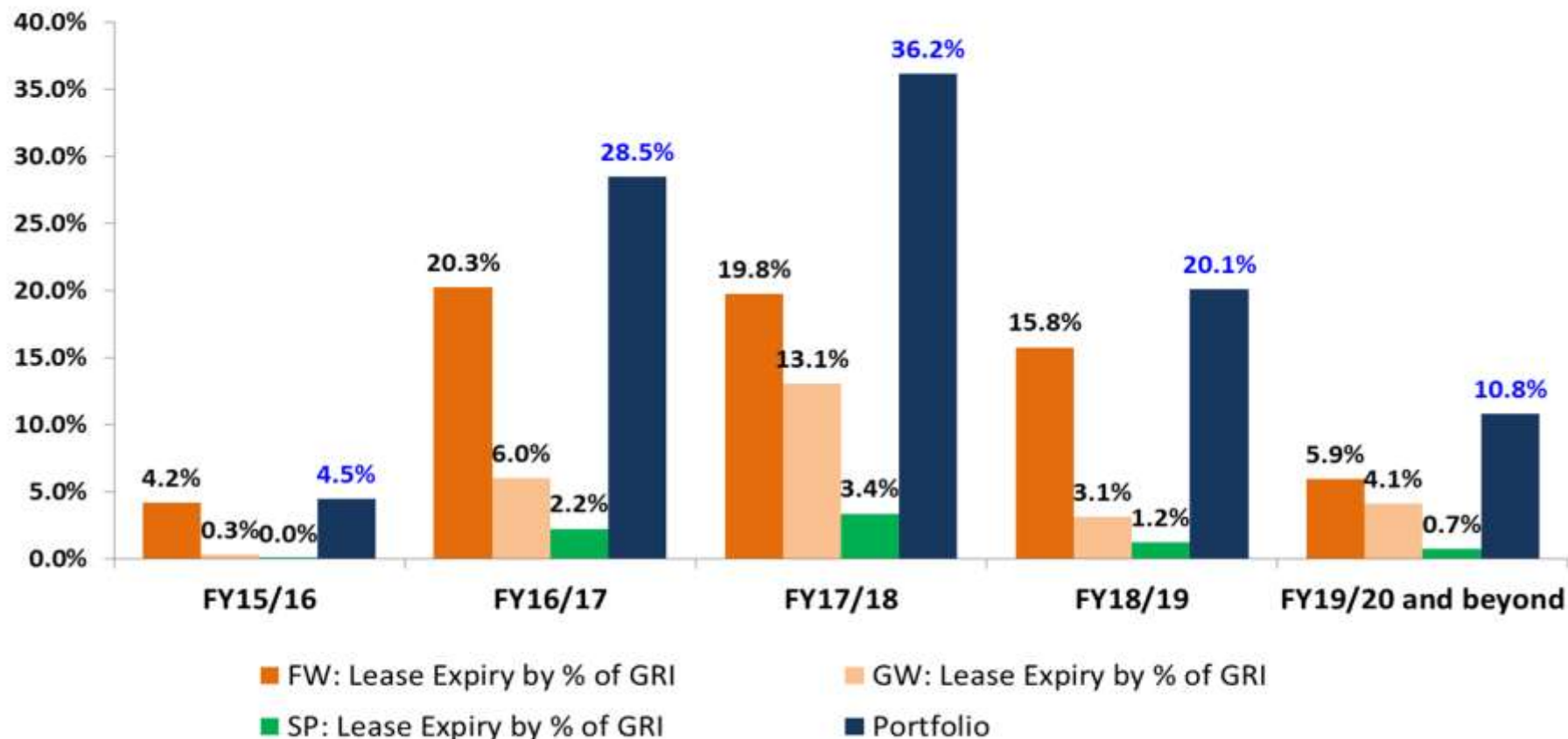
<sup>2</sup> There is no office lease expiry at FW in FY15/16

<sup>3</sup> Includes leases expiring in the financial year that were committed

<sup>4</sup> By lettable area



# Portfolio Lease Expiry Profile as of 31 Dec 2015



## Weighted Average Lease Expiry (WALE) by Gross Rental Income

Portfolio :	2.2 years
■ Festival Walk (FW) :	2.1 years
■ Gateway Plaza (GW) :	2.5 years
■ Sandhill Plaza (SP) :	1.9 years

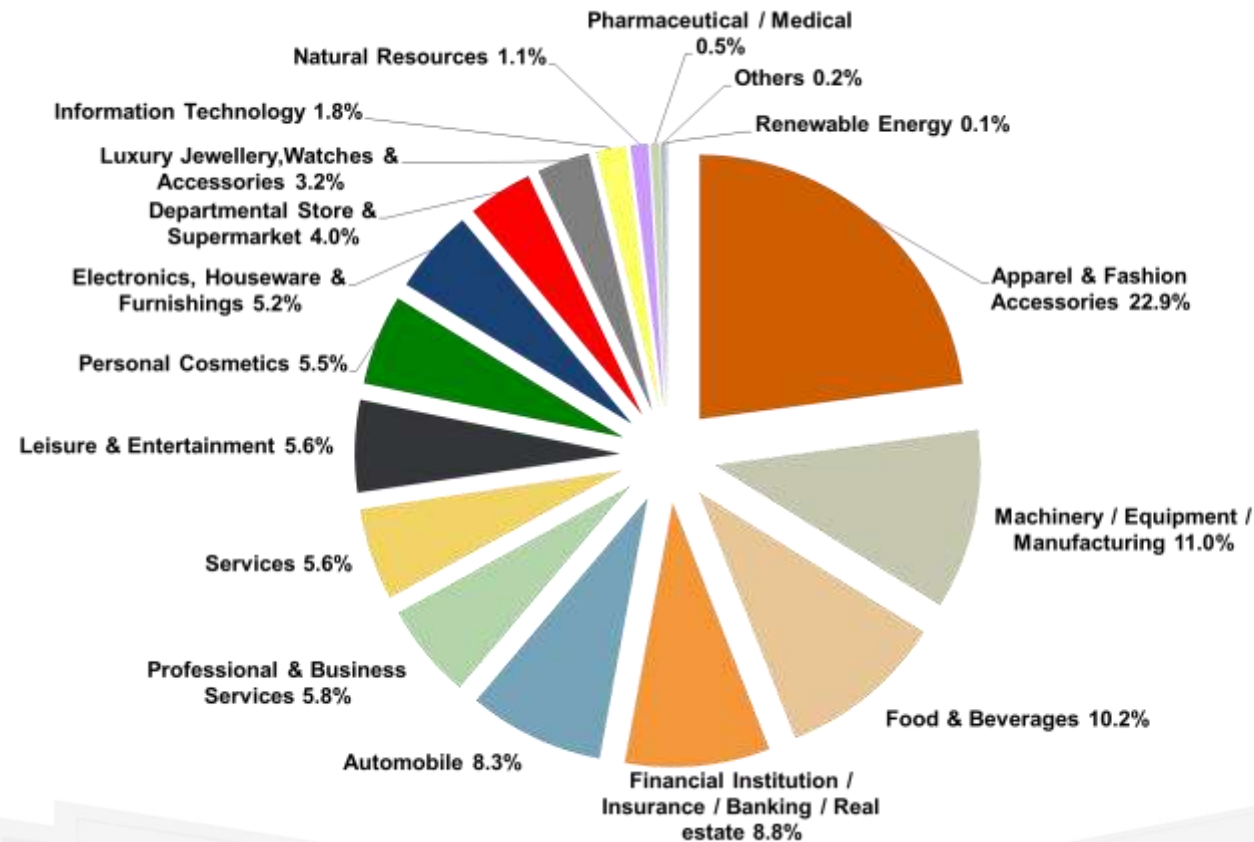
Note: Lease Expiry Profile is based on existing leases due for renewal as of quarter end (excludes leases that have been committed for renewal). WALE is based on existing leases due for renewal as of quarter end and includes expiring leases that have been committed for renewal/re-let. Both Lease Expiry Profile and WALE are weighted by GRI of existing leases

# Diversified Portfolio Tenant Mix

(As of 31 Dec 2015)

## Trade Sector by Gross Rental Income

No single trade sector comprises more than 22.9% of GRI



## Top 10 Tenants by Gross Rental Income

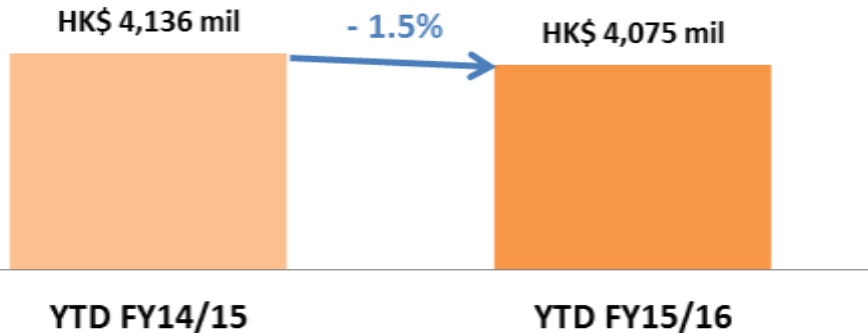
Top 10 tenants comprise 27.1% of GRI

1.	BMW	GW
2.	ARUP	FW
3.	TASTE	FW
4.	CFLD	GW
5.	APPLE	FW
6.	I.T.	FW
7.	Bank of China	GW
8.	CUMMINS	GW
9.	SPREADTRUM	SP
10.	H&M	FW

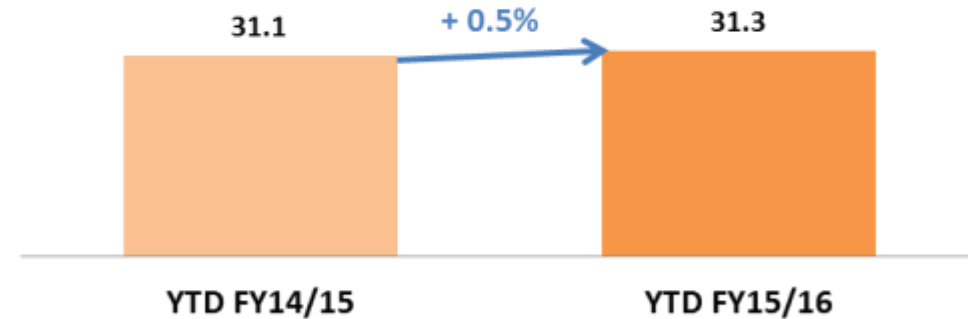
FW - Festival Walk; GW - Gateway Plaza; SP - Sandhill Plaza

# Festival Walk – YTD Retail Sales & Footfall

## Tenant Sales



## Footfall (million)



- Retail sales in Hong Kong<sup>1</sup> retail market in the first 11 months of 2015 declined by 3.1% in value over the same period a year ago
- The strategic location of Festival Walk, a strong local catchment area at Kowloon Tong and the mall's focus on mid-tier & mass market brands are expected to continue to support its resilience across economic cycles

<sup>1</sup> Source: Hong Kong Census and Statistics Department's "Report on Monthly Survey of Retail Sales" (January 2016).  
"Hong Kong" refers to the "Hong Kong SAR (Special Administrative Region)"



# New Shops and Tenants @ Festival Walk in 3Q FY15/16

Apparel & Fashion



Kiosk

# New Shops and Tenants @ Festival Walk in 3Q FY15/16

## Cosmetics



## Home Furnishings



## F&B



**TamJai SamGor 譚仔三哥  
(Noodle Place at FoodFest)**





# Feathery Christmas @ FW in 3Q FY15/16

Christmas opening by  
Celebrity Tang Wei (汤唯)



Kick-off event on Nov 25



Stage Performance & Parade



Christmas Caroling on Stage



Photo-taking with Santa





# Beauty, Car Show & Tenant Events in 3Q FY15/16





# Charity Events & Star Appearances in 3Q FY15/16



**Charles K Kao Foundation Christmas Kick-off Event (Dec 6) – with Mrs Kao & Celebrity Miriam Yeung 杨千桦**



**Elderly beneficiaries from 'Hope of the City' Charity enjoying themselves at FW**



**Charles K Kao Foundation Xmas Charity Sales Booth (Dec 16) with Celebrities**

# Skating Events @ Festival Walk in 3Q FY15/16

## 2015/2016 Asia Junior Figure Skating Challenge



## Christmas Ice show



## 2015 ISI Skate Hong Kong



## Christmas Carols on Ice





# Awards & Accolades in 3Q FY15/16 – Festival Walk



**Experiential Marketing  
Brilliance Awards Hong Kong  
2015**

1. Top Ten Experiential Marketing Brilliance Excellence Award Winner
2. Brilliance in Festival Related Event
3. Brilliance in Integrated Digital Media Experience



**Marketing Excellence Awards**

1. Excellence in Use of Apps: “U Card App Campaign 2014” (**Gold**)
2. Excellence in Mass Event: “Tsum Tsum Festival 2015” (**Bronze**)



**Asia Pacific Shopping Centre  
Award (Silver)**

In ‘Emerging Digital Technology’ from the International Council of Shopping Centers (ICSC)

A wide-angle, high-angle shot of a modern, multi-story shopping mall. The mall features multiple levels with glass railings and escalators. Numerous people are seen walking on the various floors, some using the escalators. The ground floor is a large, open space with a polished floor, where several groups of people are walking. The upper floors are lined with shops and stores, some with large glass windows. The overall atmosphere is busy and modern.

# Outlook & Strategy



# Outlook

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## Hong Kong

- **Economy:** Steady GDP growth of 2.3% year-on-year in 3Q 2015
- **Hong Kong Retail Market:** Shopping malls that cater to locals with focus on affordable brands are expected to remain relatively resilient
- **Festival Walk:** All of its leases with expiry dates in FY15/16 committed; rental growth is expected to moderate going forward given headwinds affecting the retail sector

## China

- **Economy:** Moderated growth rate reflects the Chinese Government's focus on the quality of economic growth, supported by continued stimulus measures
- **Beijing Office Market:** Lowest vacancy rate among Chinese cities
- **Gateway:** Resilient performance, with high occupancy rate; rental growth is expected to moderate, in view of more competition and weaker economic outlook
- **Sandhill Plaza:** Continue to contribute positively to MGCCT's organic growth, riding on growing decentralisation trend in Shanghai

## Prudent Capital Management Strategy

- Significant portion of interest cost fixed and FY15/16 distributable income hedged

## Portfolio

- **The three properties are expected to continue to remain resilient**

# Resilient and Well-Positioned for Further Growth

We have adopted a prudent risk-based approach to position MGCCT for further growth

## Resilient Portfolio

- High Portfolio occupancy
- Positive rental reversions
- Diversified tenant base
- Well-distributed lease expiry profile
- Favourable supply-demand dynamics

## Active & Prudent Capital Management

- Well staggered debt profile
- High interest coverage ratio
- High fixed to floating debt ratio
- Distributable income well hedged against FX exposure
- Debt serves as natural capital hedge

## Proactive Asset Management

- Active tenant mix management & mall positioning
- Effective cost management
- Enhancement of amenities
- Innovative marketing & promotion

## Growth Opportunities

- Asset enhancement initiatives
- Lettable area optimisation
- Prudent & rigorous acquisition strategy
- Strong Sponsor with pipeline
- Positive demand dynamics & opportunities in Greater China



## Thank You

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