



# Mapletree Commercial Trust

## 1Q FY19/20 Financial Results

25 July 2019

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# Key Highlights



## Financial Performance

- 1Q FY19/20 gross revenue and net property income (“NPI”) up 3.3% and 2.8% respectively from 1Q FY18/19, led by higher contribution from VivoCity, MBC I, PSA Building and MLHF
- 1Q FY19/20 distributable income up 4.1% year-on-year. Distribution per unit (“DPU”) grew 3.6% year-on-year to 2.31 Singapore cents

## Portfolio Performance

- VivoCity continued to deliver solid performance. 1Q FY19/20 gross revenue and NPI grew 5.2% and 4.2% respectively from 1Q FY18/19
- VivoCity’s newest anchor tenant, NTUC FairPrice, successfully soft-launched its 91,000 square feet integrated store on 16 July 2019
- Conversion of the 24,000 square feet of recovered anchor space into specialty stores is on track, with shops progressively commencing trading since May 2019

# Key Highlights

## Portfolio Performance (cont'd)

- Transitory impact on VivoCity's 1Q FY19/20 shopper traffic and tenant sales due to changeover of hypermarket. Momentum to pick up after the entire changeover is completed

## Capital Management

- No term loan due for refinancing in FY19/20
- Maintained robust balance sheet. Ample debt headroom and well-distributed debt maturity profile with no more than 20% of debt due for refinancing in any financial year









# Financial Performance



# 1Q FY19/20 Financial Scorecard

1Q FY19/20 gross revenue and NPI grew 3.3% and 2.8% respectively  
Income available for distribution up 4.1%

S\$'000 unless otherwise stated	1Q FY19/20	1Q FY18/19	Variance
Gross Revenue	112,128	108,533	 3.3%
Property Operating Expenses	(23,781)	(22,595)	 5.2%
Net Property Income	88,347	85,938	 2.8%
Net Finance Costs	(17,553)	(16,895)	 3.9%
Income Available for Distribution	67,249	64,610	 4.1%
Distribution per Unit (cents)	2.31	2.23	 3.6%



# Balance Sheet

Proactive and risk-based capital management approach  
Continues to maintain robust balance sheet in spite of volatile interest rates

<b>S\$'000 unless otherwise stated</b>	<b>As at 30 June 2019</b>	<b>As at 31 March 2019</b>
Investment Properties	<b>7,042,057</b>	<b>7,039,000</b>
Other Assets	<b>53,786</b>	<b>61,765</b>
<b>Total Assets</b>	<b>7,095,843</b>	<b>7,100,765</b>
Net Borrowings	<b>2,352,808</b>	<b>2,350,137</b>
Other Liabilities	<b>127,310</b>	<b>134,649</b>
<b>Net Assets</b>	<b>4,615,725</b>	<b>4,615,979</b>
Units in Issue ('000)	<b>2,894,546</b>	<b>2,889,690</b>
<b>Net Asset Value per Unit (S\$)</b>	<b>1.59</b>	<b>1.60</b>

# Key Financial Indicators

**Debt headroom of ~\$1.5 bil based on 45% regulatory gearing limit  
Every 25 bps change in Swap Offer Rate estimated to impact DPU by 0.04 cents p.a.**

	<b>As at 30 June 2019</b>	<b>As at 31 March 2019</b>	<b>As at 30 June 2018</b>
Total Debt Outstanding	<b>S\$2,349.0 mil</b>	<b>S\$2,349.0 mil</b>	<b>S\$2,345.6 mil</b>
% Fixed Rate Debt	<b>80.5%</b>	<b>85.0%</b>	<b>75.3%</b>
Gearing Ratio	<b>33.1%<sup>1</sup></b>	<b>33.1%</b>	<b>34.7%</b>
Interest Coverage Ratio (YTD)	<b>4.5 times</b>	<b>4.5 times</b>	<b>4.6 times</b>
Average Term to Maturity of Debt	<b>3.4 years</b>	<b>3.6 years</b>	<b>3.6 years</b>
Weighted Average All-In Cost of Debt (p.a.) <sup>2</sup>	<b>3.00%<sup>3</sup></b>	<b>2.97%</b>	<b>2.91%<sup>4</sup></b>
Unencumbered Assets as % of Total Assets	<b>100%</b>	<b>100%</b>	<b>100%</b>
MCT Corporate Rating (by Moody's)	<b>Baa1</b>	<b>Baa1</b>	<b>Baa1</b>

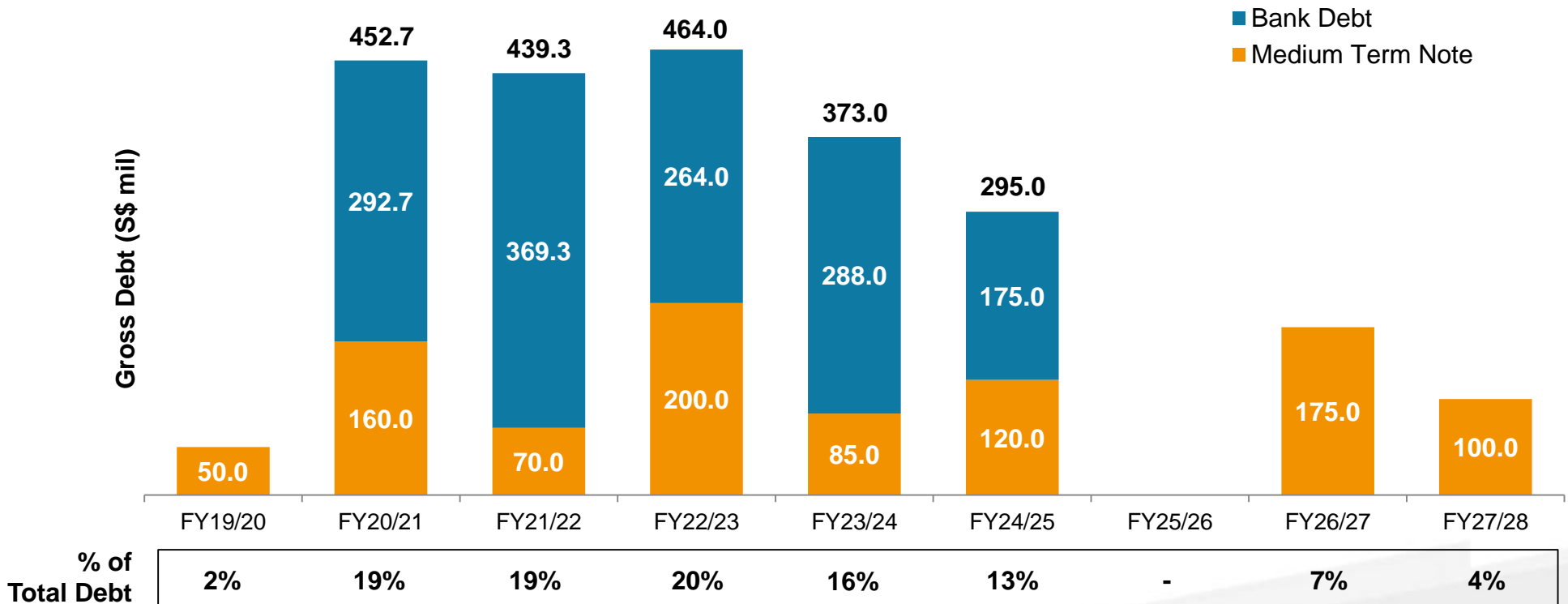
1. Based on total gross borrowings divided by total assets. Correspondingly, the ratio of total gross borrowings to total net assets is 50.9%
2. Including amortised transaction costs
3. Annualised based on the quarter ended 30 June 2019
4. Annualised based on the quarter ended 30 June 2018

# Debt Maturity Profile (as at 30 June 2019)

Well-distributed debt maturity profile with no more than 20% of debt due in any financial year

Total gross debt: S\$2,349.0 mil

- No term loan due for refinancing in FY19/20





## Distribution Details

Distribution Period	1 April 2019 – 30 June 2019
Distribution Amount	2.31 Singapore cents per unit

### Distribution Timetable

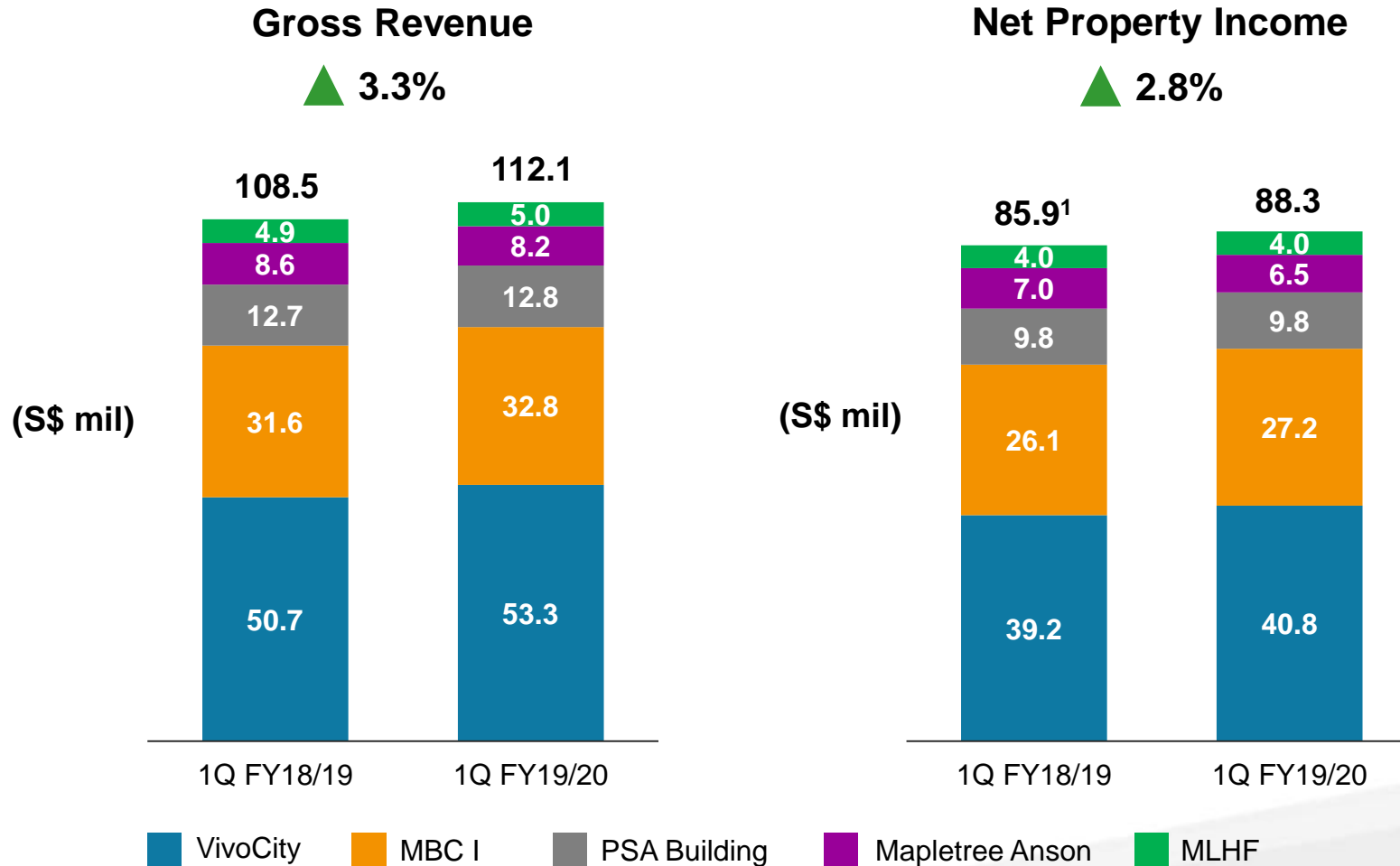
Notice of Books Closure Date	Thursday, 25 July 2019
Last Day of Trading on “cum” Basis	Wednesday, 31 July 2019
Ex-Date	Thursday, 1 August 2019
Books Closure Date	5.00 pm, Friday, 2 August 2019
Distribution Payment Date	Thursday, 29 August 2019

# Portfolio Updates



# Portfolio Revenue and Net Property Income

Continued growth in portfolio gross revenue and NPI  
Led by higher contribution from VivoCity, MBC I, PSA Building and MLHF



1. Total may not add up due to rounding differences



# Portfolio Occupancy

Overall portfolio committed occupancy at 98.9%

	As at 30 June 2018	As at 31 March 2019	Occupancy as at 30 June 2019	
			Actual	Committed
VivoCity <sup>1</sup>	94.2%	99.4%	99.1%	99.8%
MBC I	98.6%	97.8%	98.9%	99.7%
PSA Building	95.4%	96.4%	90.6%	93.8%
Mapletree Anson	90.8%	96.8%	92.7%	99.0%
MLHF	100.0%	100.0%	100%	100%
<b>MCT Portfolio</b>	<b>96.4%</b>	<b>98.1%</b>	<b>97.3%</b>	<b>98.9%</b>

1. Based on VivoCity's enlarged NLA mainly resulting from the added public library on Level 3 and bonus GFA (from the Community/Sports Facilities Scheme) deployed to extend Basement 1. The Basement 1 extension was opened in June 2018, while the public library was opened in January 2019

# 1Q FY19/20 Leasing Update

Achieved 5.3% portfolio rental reversion

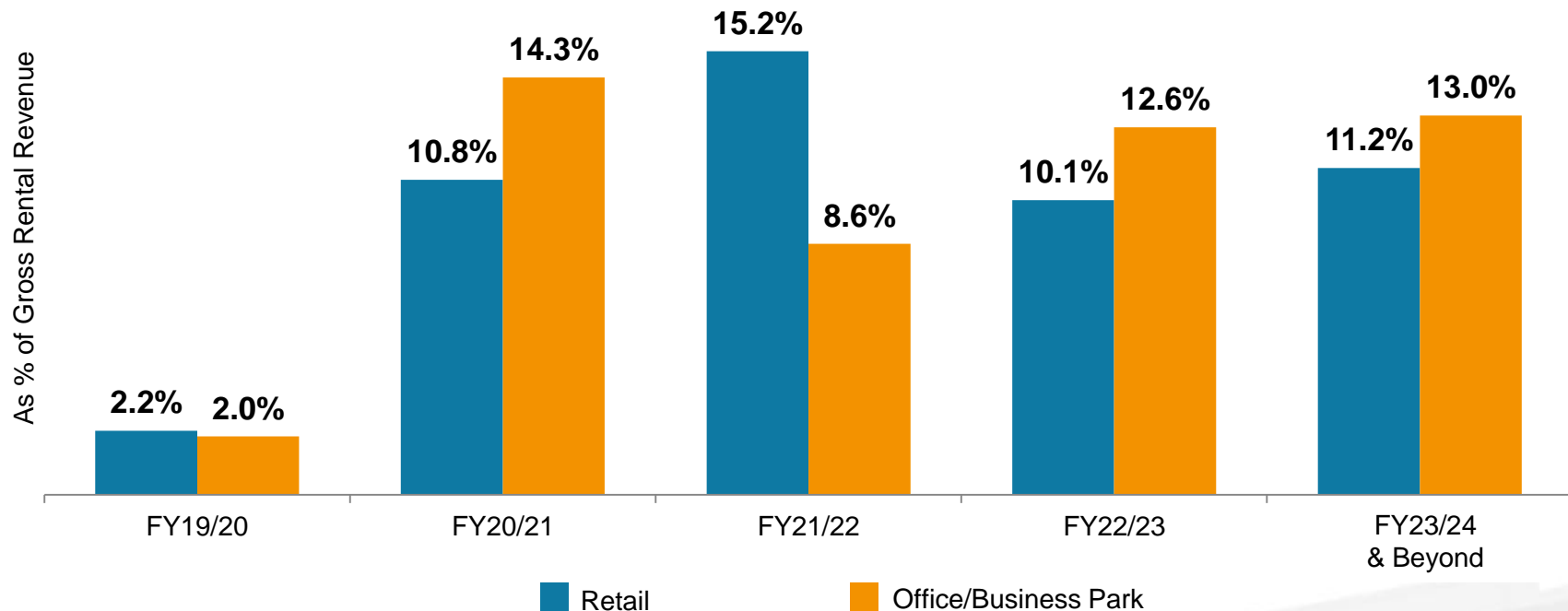
	Number of Leases Committed	Retention Rate (by NLA)	% Change in Fixed Rents <sup>1</sup>
Retail	111	87.5%	7.3% <sup>2</sup>
Office/Business Park	19	62.4%	0.3%
<b>MCT Portfolio</b>	<b>130</b>	<b>76.5%</b>	<b>5.3%</b>

1. 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. Rent reviews are typically not included in the calculation of rental reversions
2. Includes the effect from trade mix changes and units subdivided and/or amalgamated

# Lease Expiry Profile (as at 30 June 2019)

## Portfolio resilience supported by manageable lease expiries

WALE	Committed Basis
Portfolio	3.0 years <sup>1</sup>
Retail	2.8 years
Office/Business Park	3.2 years



1. Portfolio WALE was 2.3 years based on the date of commencement of leases

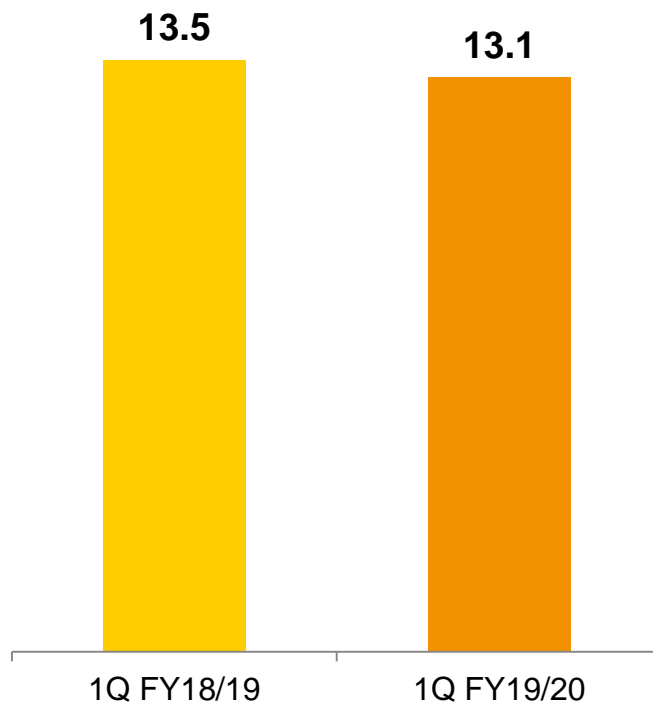


# VivoCity – Shopper Traffic and Tenant Sales

Transitory impact on 1Q FY19/20 shopper traffic and tenant sales due to changeover of hypermarket. Momentum to pick up after the entire changeover is completed

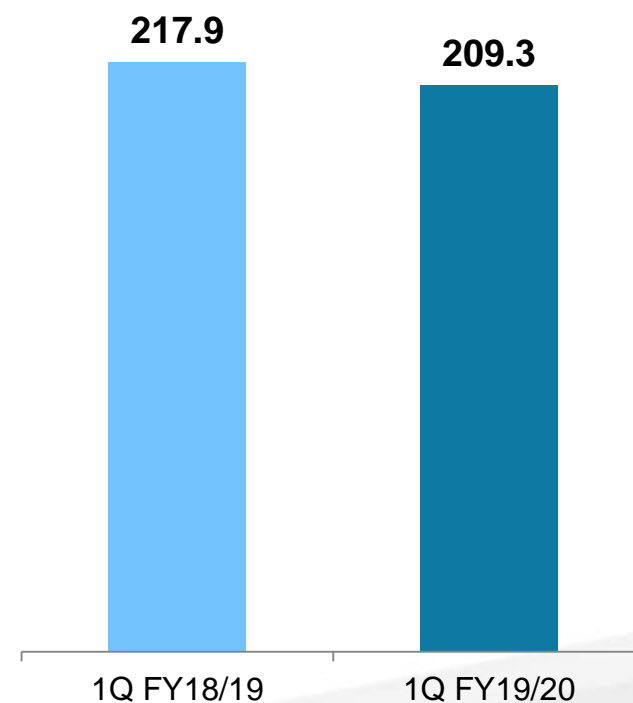
### Shopper Traffic (mil)

▼ 2.8%



### Tenant Sales (S\$ mil)<sup>1</sup>

▼ 4.0%



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

# VivoCity – New Integrated Store by NTUC FairPrice

Newest anchor tenant, NTUC FairPrice, successfully soft-launched its 91,000 square feet integrated store on 16 July 2019

- Singapore's leading grocer and multi-format retailer, NTUC FairPrice, introduces its largest and most advanced FairPrice Xtra hypermarket and Unity pharmacy, as well as Cheers convenience store
- Delivers financial benefits
- Adds a refreshed concept and widens VivoCity's offerings



FairPrice Xtra's B2 Entrance



NTUC FairPrice Soft-Launch Lion Dance Performance at L1 Entrance



# VivoCity – New Integrated Store by NTUC FairPrice

(cont'd)

Incorporates unique product offerings, needs-based services and innovative retail technology





# VivoCity – Recovered Anchor Space On Level 1 & Basement 2

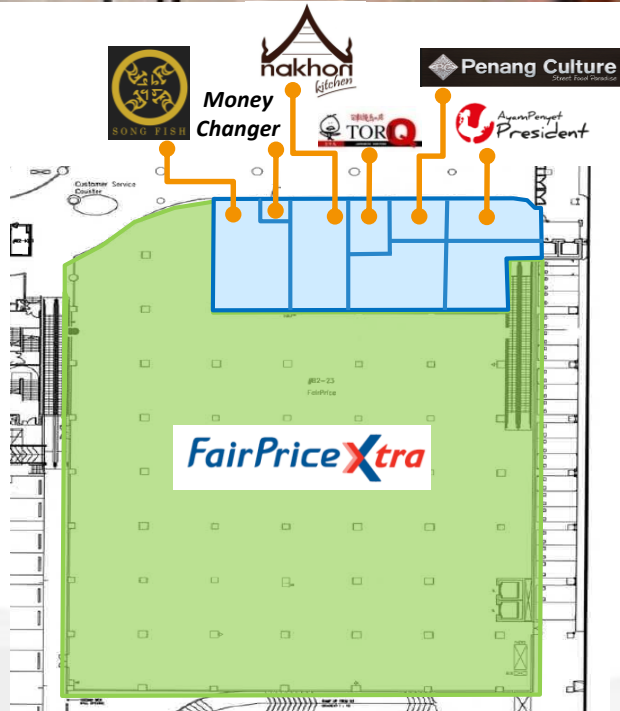
Majority of new/expanding tenants located in the 24,000 square feet of recovered anchor space have started operations since May 2019

- Wider F&B selections with halal offerings, and mid-ranged family-oriented offerings at B2

Before: Basement 2 before Changeover



After: New Specialty Stores on Basement 2

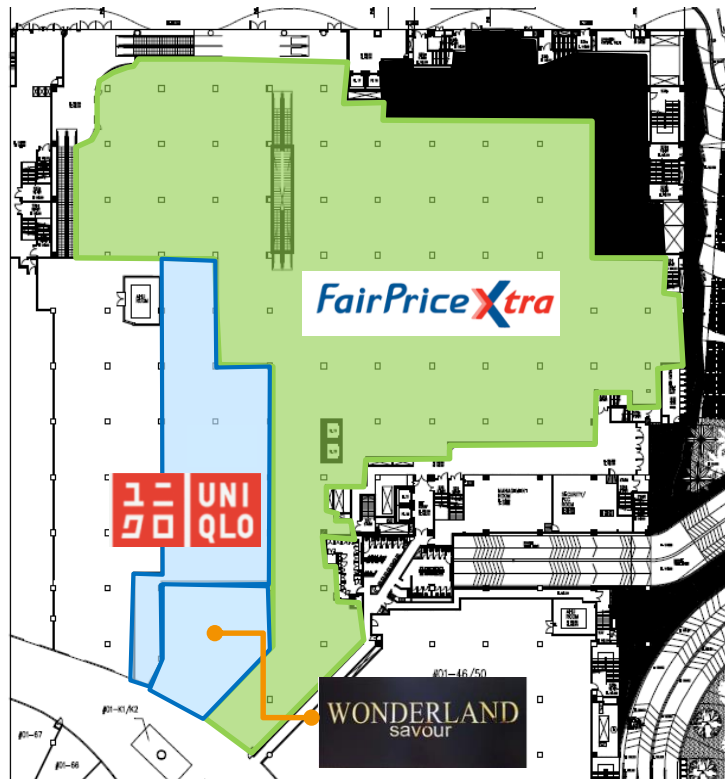




# VivoCity – Recovered Anchor Space On Level 1 & Basement 2 (cont'd)

Full changeover will deliver ~40% ROI<sup>1</sup> on a stabilised basis  
Enhances retail offerings and F&B options within the mall

## Level 1



Uniqlo's expansion from current 10,700 sq ft to 19,000 sq ft  
- carried out in phases and target to complete in Sep 2019

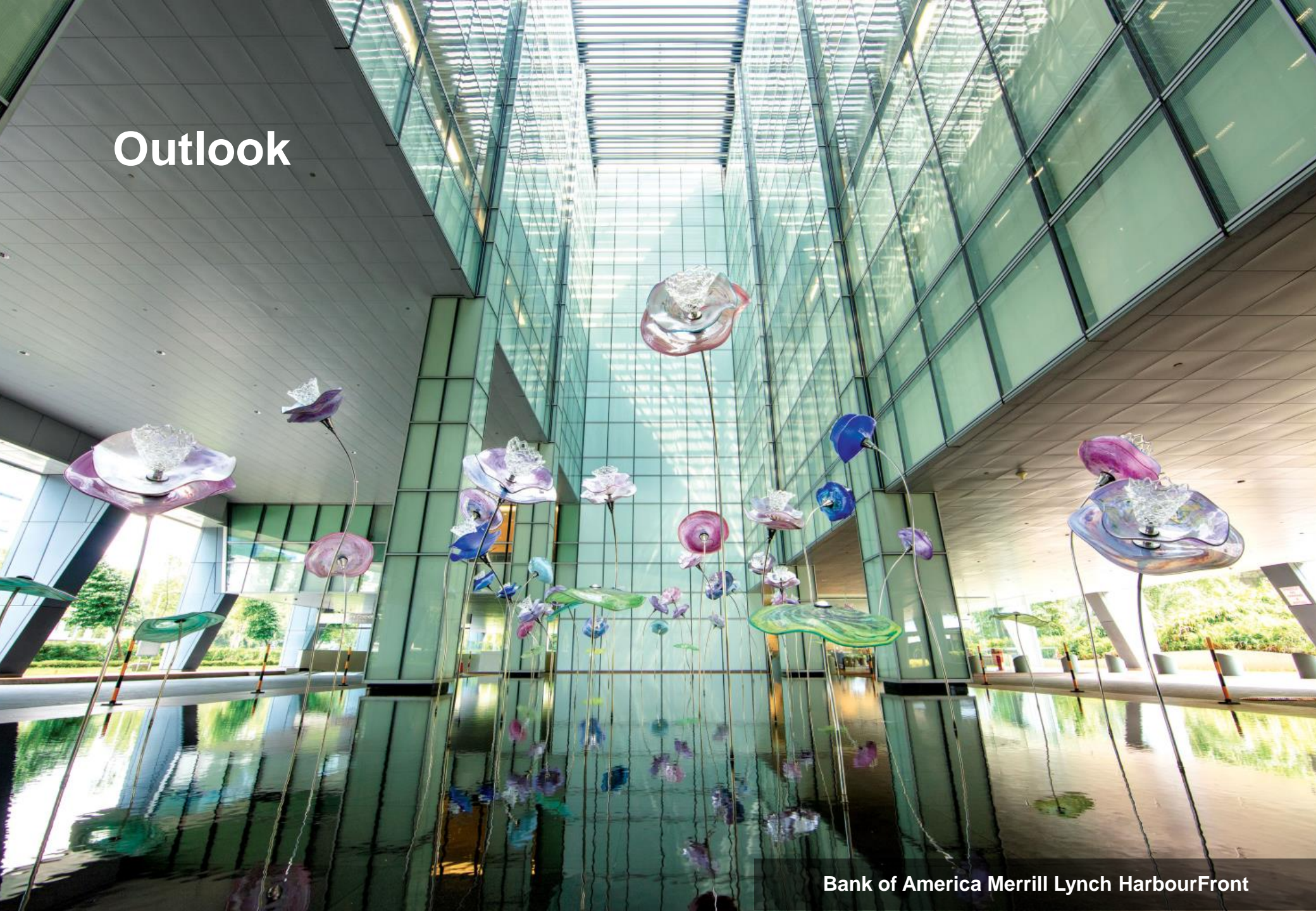


A café that offers quality music and serves modern European sweet treats

1. Based on currently estimated capital expenditure of approximately S\$2.2 mil



# Outlook



# Outlook

## Singapore Economy

- The Singapore economy grew by 0.1% year-on-year in the second quarter of 2019, slower than the 1.1% growth in the previous quarter. On a quarter-on-quarter seasonally-adjusted annualised basis, the economy shrank by 3.4%, after posting growth of 3.8% in the preceding quarter.

## Retail

- According to CBRE, the retail leasing market showed signs of slowing in tandem with retail sales. Consumer confidence turned slightly more pessimistic on persisting concerns over job prospects and the economy.
- CBRE does not expect any major movements in prime rents for the second half of 2019, and the limited upcoming supply will help cushion the extent of any potential rental decline.

## Office

- The office market showed mixed signals in Q2 2019. There was positive net absorption contributed by healthy take-up in recently completed buildings.
- The technology and co-working sectors remained active with sporadic growth seen in other industries such as the life insurance industry. However, there was generally more caution portrayed by firms as they ascertain the full impact of the trade war.



# Outlook

## Office (cont'd)

- While the current supply situation is relatively tight, pre-commitments of pipeline projects have slowed considerably. These factors are expected to dampen rental growth prospects over the medium term.

## Business Park

- It was a subdued Q2 2019 for the business park market. Factors contributing to the slowdown in overall leasing volumes were tight vacancies in higher quality buildings, as well as the lack of new supply in the horizon.
- The two-tier market continued to diverge as highlighted by the lower vacancy in the City Fringe submarket where MBC I is located.
- CBRE expects rents and vacancy to be relatively unchanged and maintain at current levels over the moderate term.

## Overall

- MCT's portfolio is expected to remain resilient given VivoCity's strong positioning and consistent performance, as well as the manageable lease expiries in MCT's office/business park properties.





# Thank You

For enquiries, please contact:

Teng Li Yeng  
Investor Relations  
Tel: +65 6377 6836  
Email: [teng.liyeng@mapletree.com.sg](mailto:teng.liyeng@mapletree.com.sg)