



Mapletree Commercial Trust

1H FY20/21 Financial Results

22 October 2020

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Content

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Key Highlights

VivoCity

Key Highlights

Financial Performance

- 1H FY20/21 gross revenue and net property income ("NPI") down 2.5% and 2.6% respectively mainly due to COVID-19 rental rebates but offset by contribution from Mapletree Business City ("MBC") II
- 1H FY20/21 Distribution per Unit ("DPU") totalled 4.17 Singapore cents
- Valuation of investment properties revised to S$8.7 billion due to COVID-19 impact

Portfolio Performance

- VivoCity's 1H FY20/21 shopper traffic and tenant sales impacted by ten weeks of mandatory business closures and prolonged COVID-19 restrictions
- Progressive recovery at VivoCity since Phase Two of Singapore's re-opening whereby rebound in tenant sales has outpaced shopper traffic
- Portfolio achieved 97.7% committed occupancy
- MBC continues to be an anchor of stability

Key Highlights

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Value Creation at VivoCity

- Completed reconfiguration of mini-anchor space on Level 2 and recovered prime space to accommodate home-grown online-to-offline fashion retailer
- Work in progress to revitalise Level 1 promenade-facing F&B cluster, targeting to complete by 3Q FY20/21

Capital Management

- Proactive and prudent capital management that continues to focus on financial flexibility and liquidity
- Facilities in place to complete all refinancing due up till FY21/22
- Well-distributed debt maturity profile with no more than 21% of debt due for refinancing in any financial year

Financial Performance

VivoCity

1H FY20/21 Financial Scorecard

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1H FY20/21 gross revenue and NPI down 2.5% and 2.6% respectively mainly due to COVID-19 rental rebates granted to eligible tenants but offset by contribution from MBC II

S$'000 unless otherwise stated	1H FY20/21	1H FY19/20	Variance
Gross Revenue	218,671	224,169	▼ 2.5%
Property Operating Expenses	(47,212)	(48,098)	▼ 1.8%
Net Property Income	171,459	176,071	▼ 2.6%
Net Finance Costs	(39,733)	(35,292)	▲ 12.6%[1]
Income Available for Distribution	123,422	134,071	▼ 7.9%
Distributable Income to Unitholders	138,422[2]	134,071	▲ 3.2%
Distribution per Unit (cents)	4.17[2]	4.63	▼ 9.9%

1. Mainly due to interest expenses of MBC LLP, partially offset by lower interest rate on floating rate borrowings
2. In 4Q FY19/20, MCT made capital allowance claims and retained capital distribution totalling S$43.7 million to conserve liquidity in view of the uncertainty due to the COVID-19 pandemic. Of this, S$15.0 million was released to Unitholders and included in the distribution for 1H FY20/21

Portfolio Valuation

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Portfolio revalued to S$8.7 bil mainly due to COVID-19 impact
Capitalisation rates remained unchanged

	Valuation as at 30 September 2020[1]			Valuation as at 31 March 2020[1]
	S$ million	S$ per sq ft NLA	Capitalisation Rate (%)	S$ million
VivoCity	3,148.0	2,924 psf	4.625%	3,262.0
MBC I	2,189.0	1,282 psf	Office: 3.90% Business Park: 4.95%	2,198.0
MBC II	1,534.0	1,295 psf	Business Park: 4.90% Retail: 4.75%	1,560.0
PSA Building	761.0	1,453 psf	Office: 4.00% Retail: 4.85%	791.0
Mapletree Anson	747.0	2,269 psf	3.50%	762.0
MLHF	338.0	1,567 psf	3.90%	347.0
MCT Portfolio	**8,717.0**			**8,920.0**

1. The valuation for VivoCity was undertaken by Savills Valuation and Professional Services (S) Pte. Ltd., while the valuations for MBC I and II, PSA Building, Mapletree Anson and MLHF were undertaken by CBRE Pte Ltd

Balance Sheet

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NAV per Unit eased to S$1.71 mainly due to revised valuation of investment properties

S$'000 unless otherwise stated	As at 30 September 2020	As at 31 March 2020
Investment Properties	8,717,000	8,920,000
Other Assets	163,789	87,073
Total Assets	8,880,789	9,007,073
Net Borrowings	3,001,699	3,008,020
Other Liabilities	214,719	212,105
Net Assets	5,664,371	5,786,948
Units in Issue ('000)	3,313,936	3,307,510
Net Asset Value per Unit (S$)	1.71	1.75

Key Financial Indicators

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Maintained robust balance sheet
Every 25 bps change in Swap Offer Rate estimated to impact DPU by 0.06 cents p.a

	As at 30 September 2020	As at 30 June 2020	As at 30 September 2019
Total Debt Outstanding	**S$2,998.9 mil**	**S$3,068.2 mil**	**S$2,349.0 mil**
Gearing Ratio	**33.8%[1]**	**33.7%**	**31.7%**
Interest Coverage Ratio (12-month trailing basis)	**4.0 times**	**4.1 times**	**4.5 times**
% Fixed Rate Debt	**71.5%**	**73.5%**	**82.6%**
Weighted Average All-In Cost of Debt (p.a.)[2]	**2.57%[3]**	**2.61%[4]**	**3.00%[5]**
Average Term to Maturity of Debt	**4.5 years**	**3.9 years**	**3.1 years**
Unencumbered Assets as % of Total Assets	**100%**	**100%**	**100%**
MCT Corporate Rating (by Moody's)	**Baa1 (negative)**	**Baa1 (negative)**	**Baa1 (stable)**

1. Based on total gross borrowings divided by total assets. Correspondingly, the ratio of total gross borrowings to total net assets is 52.9%
2. Including amortised transaction costs
3. Annualised based on 1H ended 30 September 2020
4. Annualised based on the quarter ended 30 June 2020
5. Annualised based on 1H ended 30 September 2019

Debt Maturity Profile (as at 30 September 2020)

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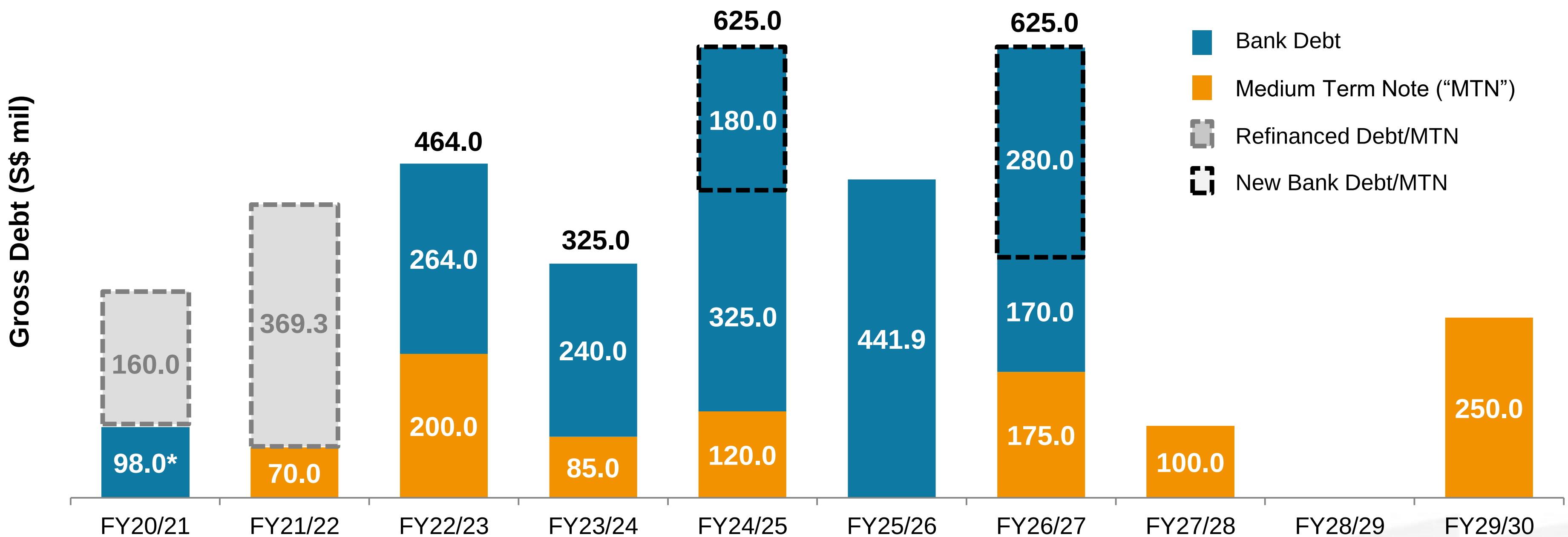
Financial flexibility from more than S$600 mil of cash and undrawn committed facilities
Well-distributed debt maturity profile with no more than 21% of debt due in any financial year

Total gross debt: S$2,998.9 mil

- Redeemed S$160.0 mil of Fixed Rate Notes in August 2020 and refinanced S$369.3 mil of term loans ahead of expiry
- Subsequent to the reporting period, S$98.0 mil* of bank debt was refinanced, thus completing refinancing of all bank debts due up till FY21/22



% of Total Debt	3%	2%	16%	11%	21%	15%	21%	3%	-	8%

Distribution Details

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1H FY20/21 distribution of 4.17 Singapore cents

Distribution Period	1 April 2020 – 30 September 2020
Distribution Amount	4.17 Singapore cents per unit

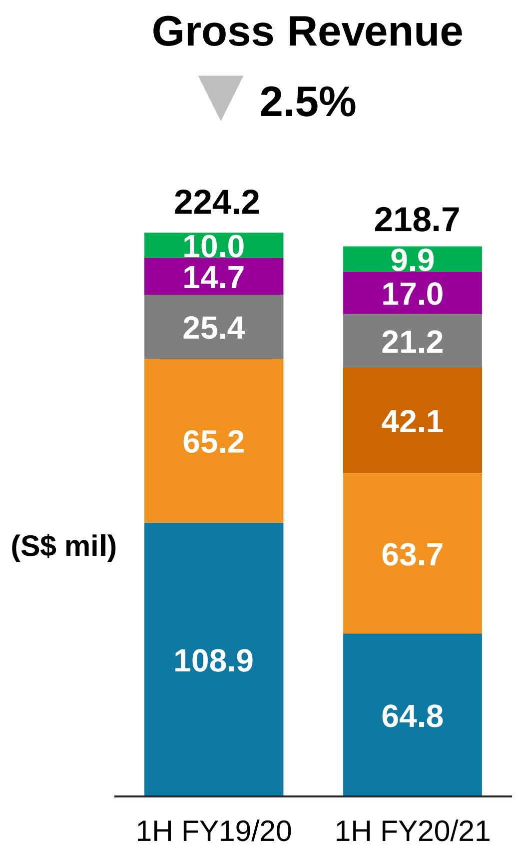
Distribution Timetable	
Notice of Record Date	Thursday, 22 October 2020
Last Day of Trading on “cum” Basis	Wednesday, 28 October 2020
Ex-Date	Thursday, 29 October 2020
Record Date	5.00 pm, Friday, 30 October 2020
Distribution Payment Date	Friday, 27 November 2020

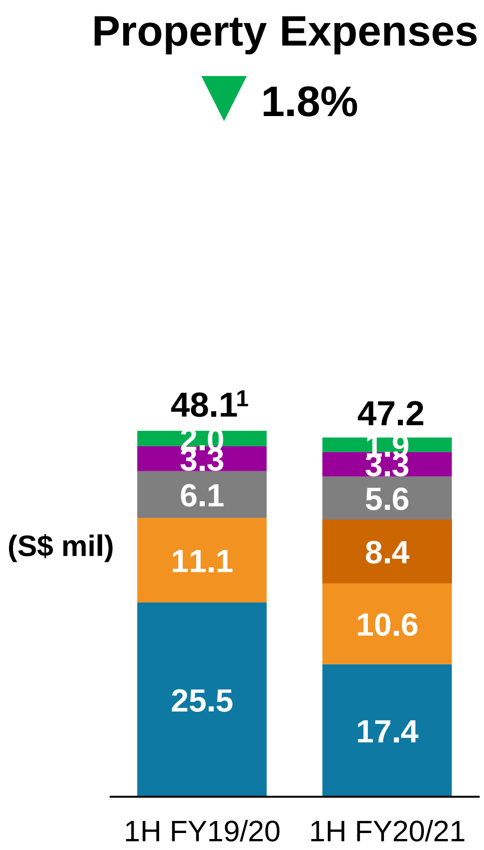
Portfolio Updates

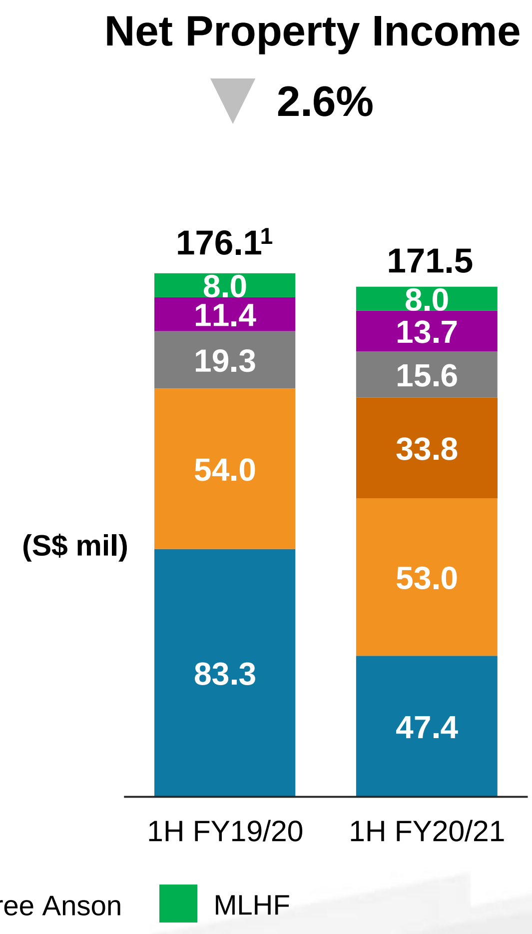
Mapletree Business City I

1H FY20/21 Financial Scorecard

COVID-19 impact cushioned by MBC II and higher contribution from Mapletree Anson







1. Total does not add up due to rounding differences

Portfolio Occupancy

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Achieved healthy portfolio committed occupancy of 97.7%
MBC continues to provide stability

	September 2019	June 2020	September 2020	
			Actual	Committed[1]
VivoCity	99.8%	98.3%	96.0%	97.9%
MBC I	98.9%	96.4%	97.9%	98.2%
MBC II	-	99.4%	100%	100%
PSA Building	91.3%	88.7%	69.7%[2]	87.9%
Mapletree Anson	75.1%	100%	100%	100%
MLHF	100%	100%	100%	100%
MCT Portfolio	**96.1%**	**97.1%**	**95.3%**	**97.7%**

1. As at 30 September 2020
2. Mainly due to the expiry of a major tenant's short-term lease at PSA Building on 31 August 2020

FY20/21 Leasing Update

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Portfolio rental reversion impacted by uncertain COVID-19 outlook

	Number of Leases Committed	Retention Rate (by NLA)	% Change in Fixed Rents[1]
Retail	71	79.1%	-8.9%[2]
Office/Business Park	20	77.5%	-1.6%[3]
MCT Portfolio	**91**	**77.7%**	**-3.7%[3]**

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
3. Mainly due to the expiry of a major tenant's short-term lease at PSA Building on 31 August 2020. Excluding the effect of this lease, the rental reversion for MCT Portfolio and Office/Business Park would be -0.9% and 2.9% respectively

Lease Expiry Profile (as at 30 September 2020)

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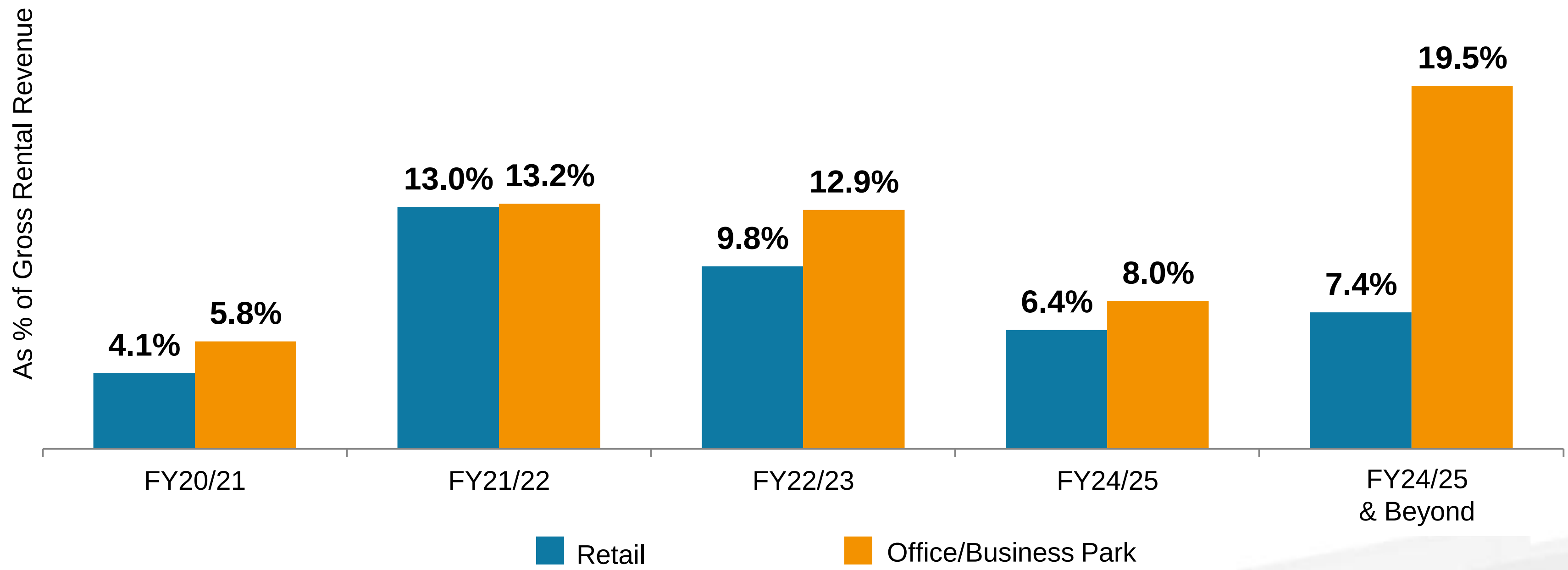
Portfolio resilience supported by manageable lease expiries

WALE	Committed Basis
Portfolio	**2.5 years[1]**
Retail	2.1 Years
Office/Business Park	2.8 years



1. Portfolio WALE was 2.1 years based on the date of commencement of leases

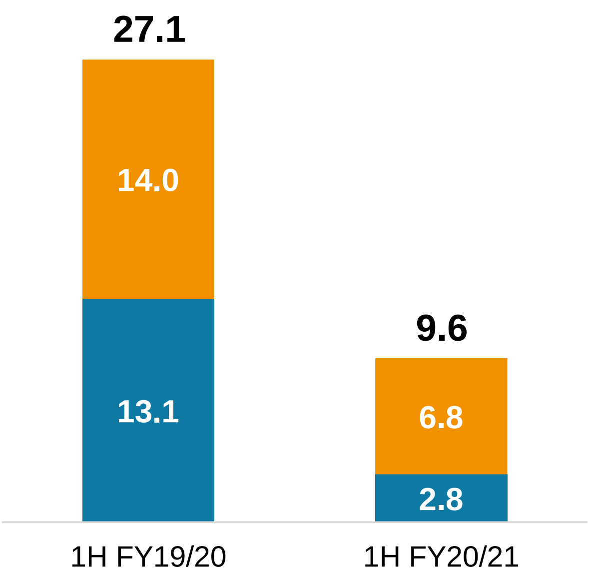
Note: The above percentages do not add up to 100% due to rounding

VivoCity – Shopper Traffic and Tenant Sales

1Q FY20/21 impacted by ten weeks of mandatory business closures[1]
Progressive recovery in 2Q FY20/21 since Phase Two of re-opening from 19 June 2020

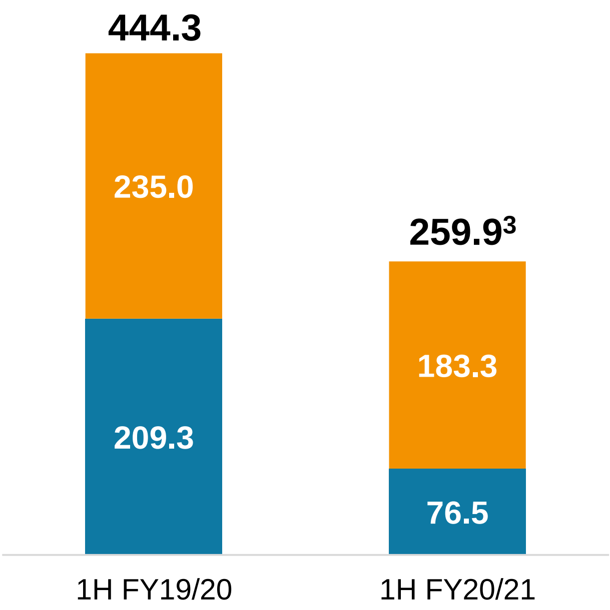
Shopper Traffic (mil)

▼ 64.6%



Tenant Sales (S$ mil)[2]

▼ 41.5%



1Q 2Q

1. Refers to circuit breaker from 7 April to 1 June 2020 and Phase One easing of circuit breaker from 2 to 18 June 2020 during which the majority of businesses were closed
2. Includes estimates of tenant sales for a small portion of tenants
3. Total does not add up due to rounding differences

VivoCity – Progressive Recovery in Shopper Traffic and Tenant Sales

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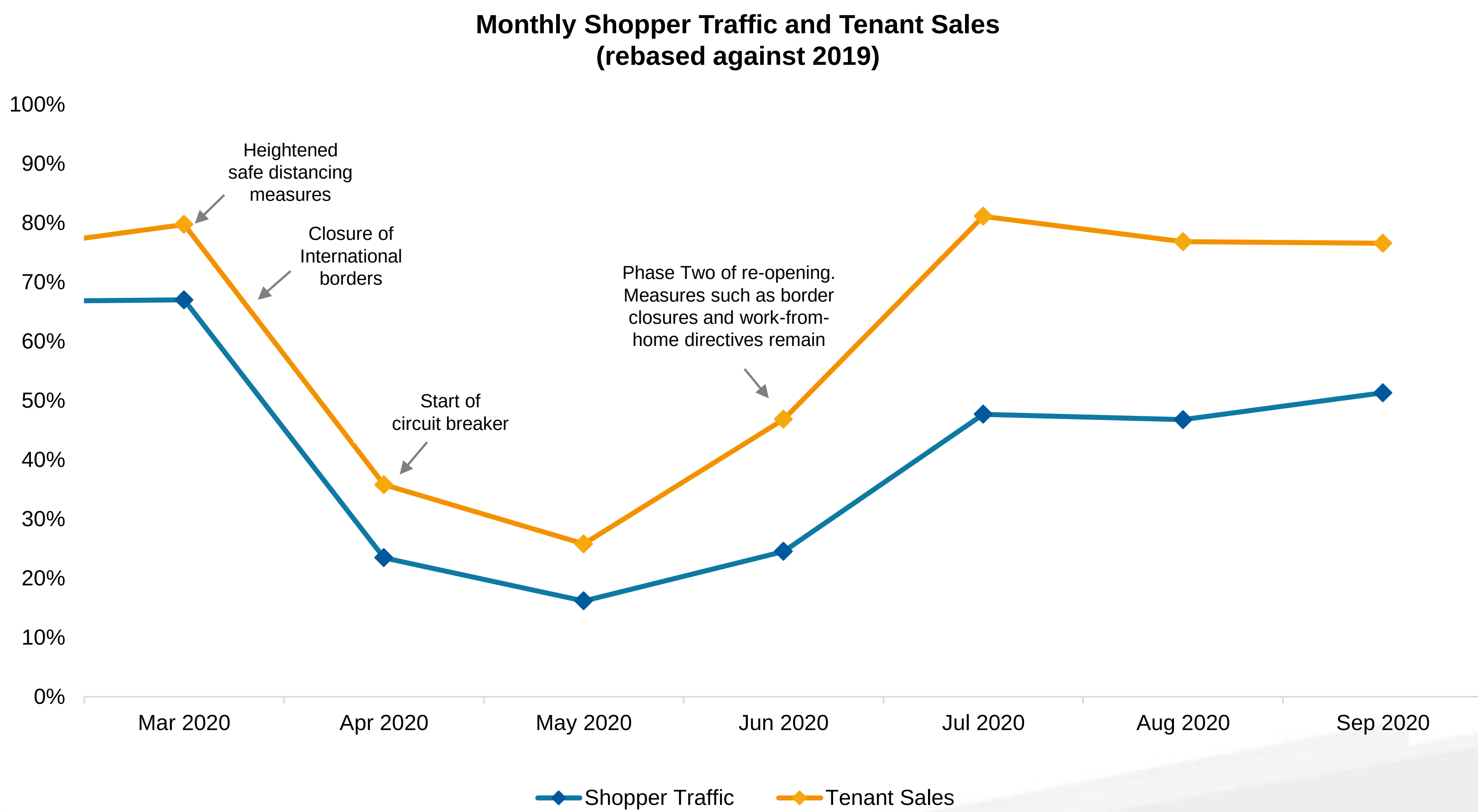
Rebound in tenant sales has outpaced shopper traffic
But COVID-19 protocols continue to be in place and pose disruptions



Assisting Our Tenants to Weather the COVID-19 Headwinds

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Rendered timely and meaningful rental assistance
To help eligible retail tenants offset on average more than 4 months[1] of their fixed rents

Period	Average quantum of rental rebate/waiver for eligible tenants
March 2020	~0.5 month
1Q FY20/21	~2.8 months
July 2020	~0.5 month
August 2020	~0.2 month[2]
September 2020	~0.2 month[2]

February	March	April	May	June	July

7 February 2020
Government raised DORSCON level from yellow to orange

23 March 2020
No entry or transit through Singapore for all short-term visitors

7 April – 1 June 2020
Circuit breaker period
- All non-essential industries and retail shall be closed
- The public is required to stay at home unless for essential services

2 June 2020
Easing of circuit breaker
Phase One:
Safe Re-opening –
majority of business continued to be closed

From 19 June 2020
Further easing of circuit breaker
Phase Two: Safe Transition –
most businesses allowed to resume operations
Measures such as border closures and work-from-home directives remain

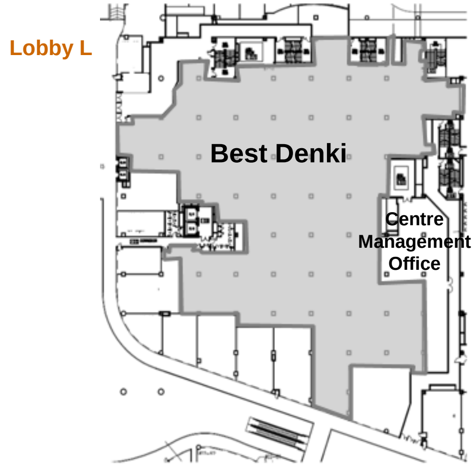
1. Refers to assistance for eligible retail tenants granted and/or announced to date, and includes the passing on of property tax rebates, cash grants from the government and other mandated grants to qualifying tenants
2. The assistance for each tenant is calibrated based on their respective actual sales performance and subject to tenant's acceptance

VivoCity – Reconfigured Mini-Anchor Space on Level 2

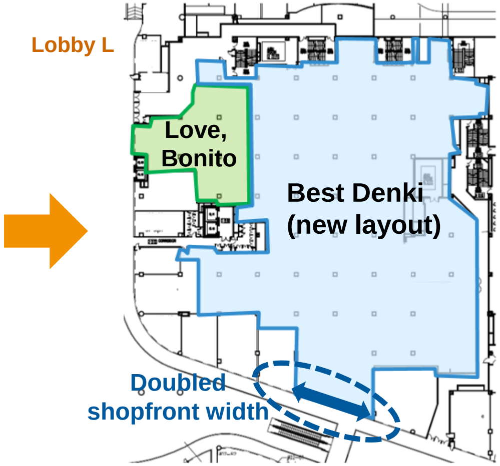
Recovered prime frontage to accommodate home-grown online-to-offline fashion retailer
Achieved more than 30% ROI on a stabilised basis[1]

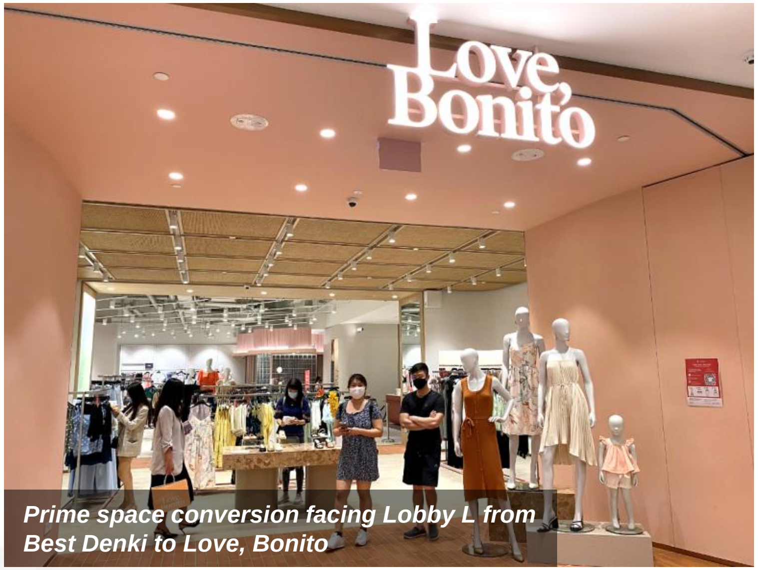
- Best Denki reconfigured layout and doubled shopfront width
- Love, Bonito, took up 4,300 square feet of recovered prime space
- Reconfiguration delivered financial benefits and added an exciting concept to VivoCity

Before



After





Prime space conversion facing Lobby L from Best Denki to Love, Bonito

Doubled shopfront width for Best Denki

1. Based on estimated capital expenditure of approximately S$1.3 million

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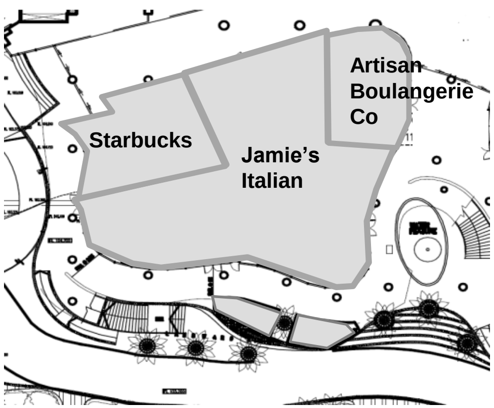
VivoCity – Work in Progress to Further Drive Performance

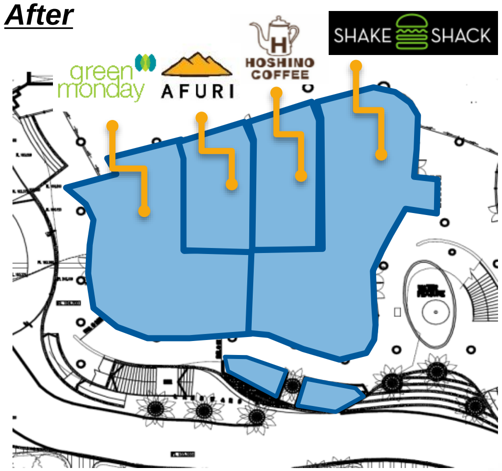
Revitalising Level 1 promenade-facing F&B cluster to improve layout and offerings
Entire exercise to deliver ~30% ROI on stabilised basis[1]

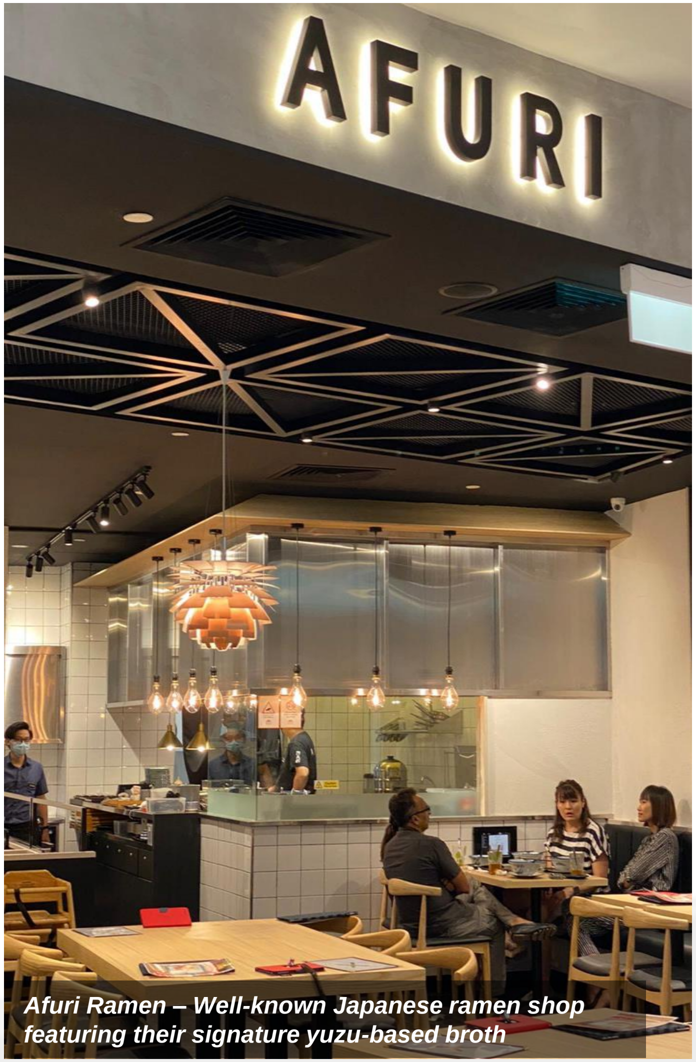
- Reconfiguration of cluster to optimise space efficiency
- New cluster will house four new F&B tenants:
  - Afuri Ramen (opened on 30 September 2020)
  - Green Common, Hoshino Coffee and Shake Shack
- Revitalised F&B cluster expected to deliver financial benefits and further enhance VivoCity's appeal as destination mall
- Target to complete by 3Q FY20/21

Before



After





Afuri Ramen – Well-known Japanese ramen shop featuring their signature yuzu-based broth

1. Based on estimated capital expenditure of approximately S$700,000

VivoCity – Refreshing Tenant Mix

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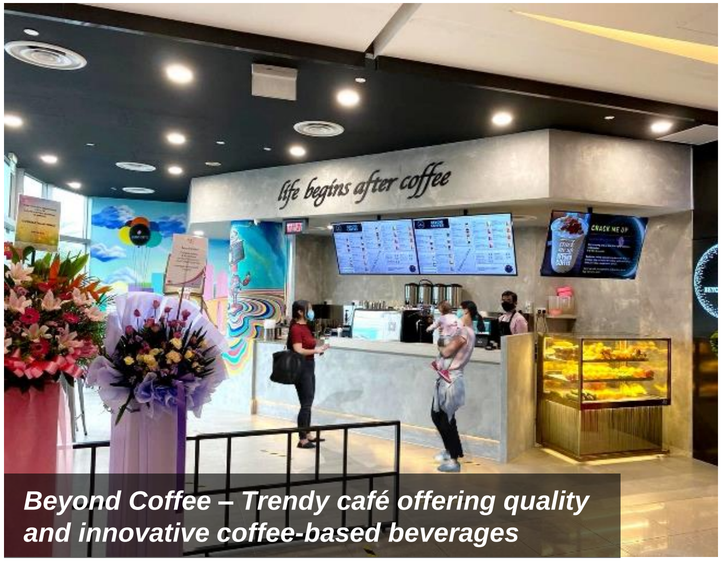
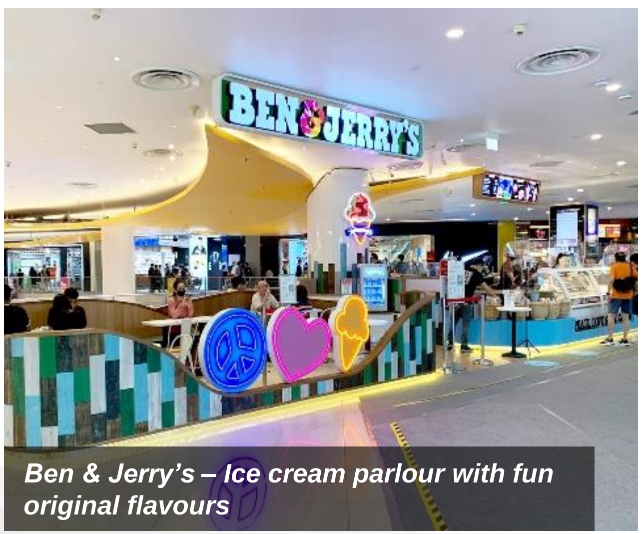
New and popular concepts added in 1H FY20/21



Beyond Coffee – Trendy café offering quality and innovative coffee-based beverages

Butter Bean – Nanyang coffee-based beverages and baked goods with a modern twist

Fragrance – Well-loved for its signature barbecued meat



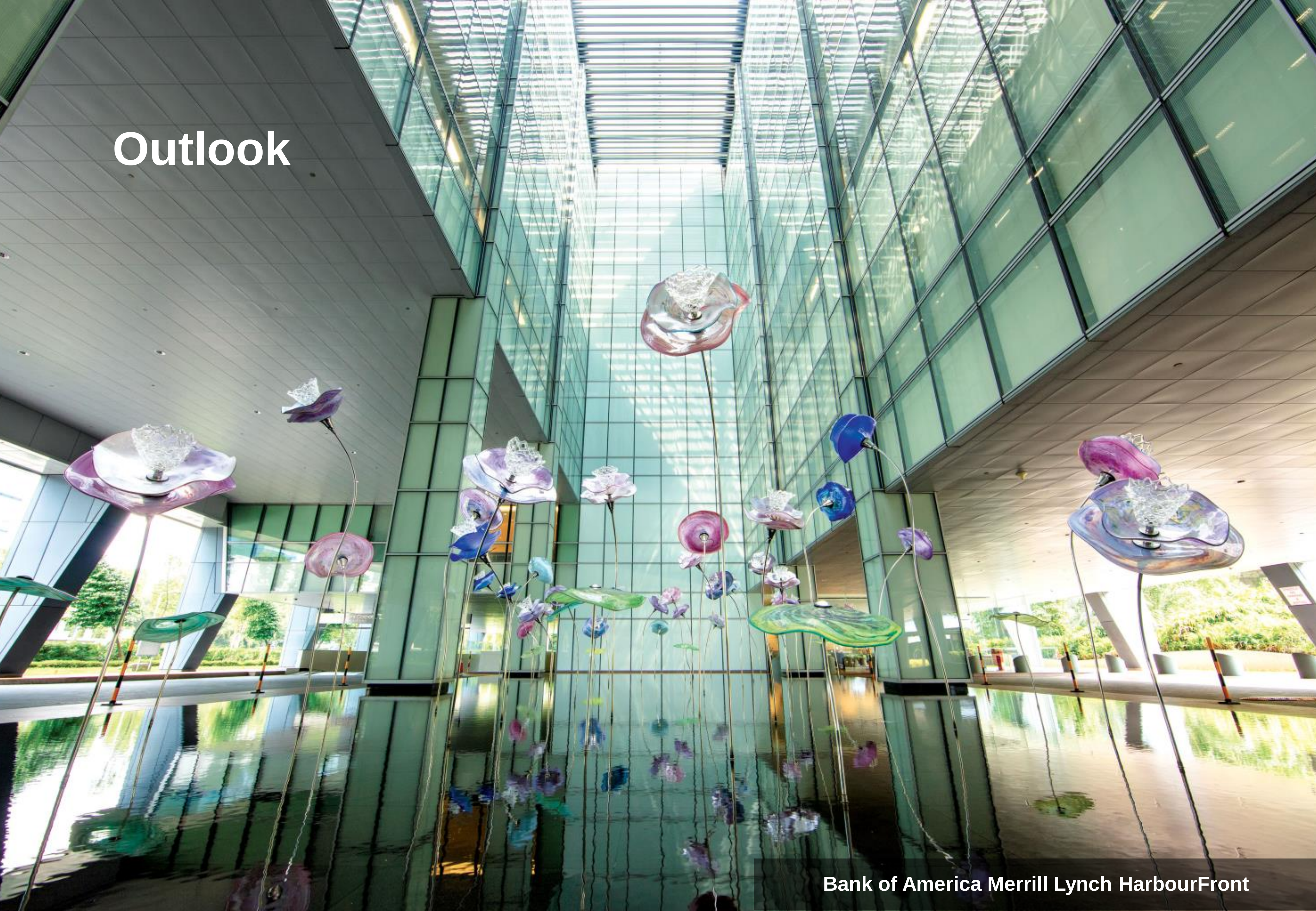
Ben & Jerry's – Ice cream parlour with fun original flavours

Well Bred – New wave clothing line with a strong cult following

Everbest – Home-grown shoe brand known for their comfortable designs

Note: The above only represents a portion of tenants that were introduced in 1H FY20/21

Outlook



Bank of America Merrill Lynch HarbourFront

Outlook

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Singapore Economy

- Based on the Ministry of Trade and Industry's ("MTI") advanced estimates, the Singapore economy contracted by 7.0% on a year-on-year basis in the third quarter of 2020, an improvement from the 13.3% contraction in the second quarter. On a quarter-on-quarter seasonally-adjusted annualised basis, the economy expanded by 7.9%, rebounding from the 13.2% contraction in the preceding quarter.

Retail

- According to CBRE, with the further easing of "circuit breaker" measures, the majority of retail tenants have resumed operations, resulting in a gradual recovery in retail sales and shopper traffic. While sentiments have improved, the retail market continued to be affected by the absence of international tourists and work-from-home measures.
- Retail landlords have become more realistic in their rental expectations as they attempt to strike a balance between rental and occupancy. However, rental correction has not been as severe due to tenant support and government measures.
- Although shopper traffic has improved, the sector is still plagued by uncertainty over the recovery of the tourism industry, lifting of safety management measures and prolonged disruptions from the global pandemic. Occupancies and rents are expected to remain under pressure, although the extent will be mitigated by limited new retail supply.

Sources: The Singapore Ministry of Trade and Industry Press Release, 14 October 2020 and CBRE MarketView Singapore Q3 2020

Outlook

Office

- Coupled with a bleak employment outlook, office demand continued to dampen. As vacancies are expected to rise, landlords are realigning their rental expectations, thus narrowing the rental expectation gap between tenants and landlords. However, the rate of rental decline has been cushioned by the various government stimulus packages and rental relief schemes.
- In the short term, occupier movement is likely to stem from displacement of tenants from upcoming redevelopment projects. Concerns on the possible over-supply in 2022 have dissipated as developments have been delayed by at least three months, allowing supply and demand to recalibrate.

Business Park

- Occupier activity was relatively muted with some demand arising from the technology sector. Renewals were a prominent feature although some large occupiers were seen to have cut back on space requirements. On the back of lacklustre demand and rising vacancies in older buildings, some landlords have adjusted their rental expectations.
- The rental disparity between the City Fringe and Rest of Island submarkets has led to cost-conscious occupiers to consider spaces in the Rest of Island submarket. However, with limited availability of large contiguous space in newer buildings within the City Fringe submarket, occupancy is unlikely to dip significantly.

Outlook

Business Park (cont'd)

- Looking ahead, more downsizing could be on the horizon as tenants recalibrate their footprints. Nonetheless, firms still consider business parks favourably in their long-term plans. The City Fringe business parks will continue to garner interest despite their tight supply and rental premium over the Rest of Island business parks.

Overall

- MCT is cognisant of the uncertainties posed by COVID-19 on the overall sector, including weaker consumer sentiments, continued border closures, work-from-home directives and social distancing measures, as well as lower prospective demand for commercial space. Potential challenges could also arise when the COVID-19 impact hits in full force after the end of government support measures as well as a prolonged pandemic.
- MCT's focus remains to maintain a healthy portfolio occupancy and sustainable rental income by working closely with our tenants. MCT will also continue to be proactive and nimble in implementing suitable measures such as assisting tenants, managing costs and mitigating the impact from further disruptions, while supporting the authorities' effort in containing the outbreak.
- Anchored by a well-diversified portfolio with key best-in-class assets, MCT is expected to derive stable cashflows from high quality tenants. MCT's resilience will keep the vehicle well-placed to ride through the crisis.




Thank You

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