

Operations Review

MGCCT delivered another strong set of operating results for FY14/15, affirming the Manager's strategy and success in actively managing and enhancing the properties.

PROACTIVE ASSET MANAGEMENT

In the year, the Manager remained focused on executing proactive asset management initiatives to attract strong leasing demand from existing and prospective tenants and consequently, Festival Walk has maintained full occupancy for its retail & office space as of 31 March 2015.

Incorporating the latest retail trends and taking into consideration the evolving needs of shoppers, the Manager continued to fine-tune Festival Walk's tenant mix to strengthen its positioning as a top destination mall. All retail leases that expired in FY14/15 were renewed or re-let at an average rental uplift of 22%, with the mall achieving a tenant retention rate of 85%.

At Gateway Plaza, the Manager achieved an occupancy rate of 98% as at 31 March 2015, reflecting active engagement of the leasing team to tap the continued demand for quality office spaces amidst tight supply in Beijing. For leases that expired in FY14/15, the

office building recorded a strong retention rate of 87%. Average rental uplift against preceding rates for these leases was a high 30%.

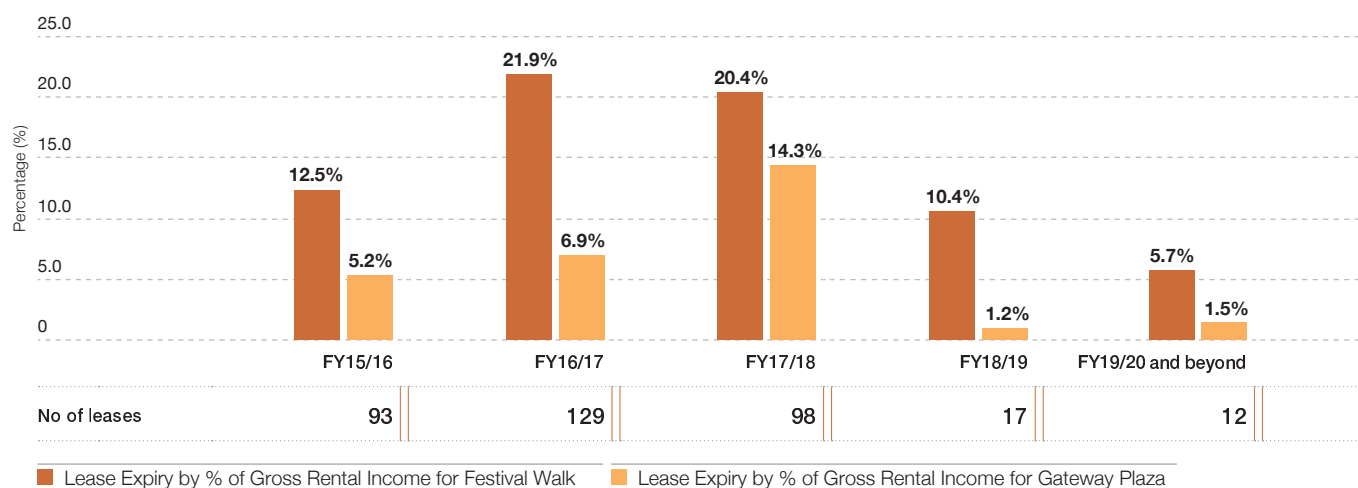
MGCCT's office and retail lease agreements typically have three-year lease terms, consistent with the usual market practice in Hong Kong and China. As at 31 March 2015, at least 90%¹ of leases at Festival Walk (including both retail and office leases) and 6.7%¹ of leases at Gateway Plaza have step-up structures in the base rent which contributes to sustainable organic growth of the portfolio.

LEASE EXPIRY PROFILE

MGCCT has a large tenant base of 349 leases as at 31 March 2015. The portfolio's lease expiry profile by gross rental income ("GRI") remained healthy with a weighted average lease expiry ("WALE") of 2.4 years, based on a WALE of 2.5 years for Festival Walk and 2.2 years for Gateway Plaza. In FY15/16, 17.7% of the leases by Gross Rental Income or 93 leases will be expiring or due for renewal.

¹ Based on number of leases.

Portfolio Lease Expiry Profile by Percentage of Monthly Gross Rental Income (As of 31 March 2015)



DIVERSIFIED TENANT MIX

MGCCT's tenant base comprises corporations from various countries which operate across key sectors in the retail and office space as at 31 March 2015. The largest tenant accounted for 8.8% of portfolio GRI for the month of March 2015 while the top 10 tenants contributed 28.4%. No single trade

sector accounted for more than 25% of the portfolio's GRI.

DEVELOPMENT PROJECT BY SPONSOR

The Sponsor was awarded a prime commercial site spanning a site area of about 5,112 square metres in Kwun Tong, Kowloon (Hong Kong SAR). At a total

development cost of approximately HK\$6.0 billion, the site will be developed into a Grade-A office building with a total gross floor area of 61,344 square metres and completion is expected by the end of 2017. MGCCT has been granted a right of first refusal to acquire the asset in the event that the Sponsor decides to divest the asset.

MGCCT's Top 10 Tenants by Monthly Gross Rental Income (As of 31 March 2015)

Building	Tenant	Sector	Trade Sector	% of Monthly Gross Rental Income
1 Gateway Plaza	BMW	Office	Automobile	8.8
2 Festival Walk	Arup	Office	Professional & Business Services	3.8
3 Festival Walk	TaSTe	Retail	Departmental Store & Supermarket	3.0
4 Gateway Plaza	China Fortune Land Development Co., Ltd. (CFLD)	Office	Financial Institution/Insurance/Banking/Real Estate	2.6
5 Festival Walk	Apple	Retail	Houseware, Electronics & Furnishings	2.2
6 Festival Walk	LOG-ON	Retail	Houseware, Electronics & Furnishings	2.1
7 Gateway Plaza	Cummins	Office	Machinery/Equipment/Manufacturing	1.9
8 Festival Walk	H&M	Retail	Apparel & Fashion Accessories	1.4
9 Festival Walk	Marks & Spencer	Retail	Departmental Store & Supermarket	1.3
10 Festival Walk	AMC	Retail	Leisure & Entertainment	1.3

MGCCT Trade Mix by Monthly Gross Rental Income (As at 31 March 2015)

