

Financial Review

GROSS REVENUE

MGCCT's gross revenue for the period from 1 April 2014 to 31 March 2015 ("FY14/15") was S\$281.1 million, 11.3% higher compared to the same period last year ("FY13/14"). By asset, gross revenue from Festival Walk outperformed FY13/14 by 9.2% while gross revenue from Gateway Plaza exceeded FY13/14 by 17.7%. Through active asset management by the Manager, both assets achieved positive rental reversions on new and renewed leases and maintained high occupancy levels throughout the year. Higher turnover rental income from Festival Walk also contributed to the growth in gross revenue.

PROPERTY OPERATING EXPENSES

Property operating expenses in FY14/15 were 7.5% higher at S\$51.8 million mainly

driven by more marketing & promotional initiatives to boost sales and traffic, higher staff costs and higher property & lease management fees which are in line with the growth in revenue and net property income.

NET PROPERTY INCOME

Net property income ("NPI") of S\$229.3 million was achieved in FY14/15, 12.2% higher than FY13/14, as the improvement in revenue outpaced the increase in property operating expenses. NPI from Festival Walk exceeded FY13/14 by 8.8% while NPI from Gateway Plaza was above FY13/14 by 21.3%. Consequently, portfolio NPI margin¹ rose from 81% to 82%.

MANAGEMENT FEES

Well-aligned to the interest of the Unitholders, MGCCT adopts the base

and performance fee structure based on distributable income (or income available for distribution to the Unitholders) and distribution per unit ("DPU") growth respectively. Management fees² of S\$22.0 million in FY14/15 was 5.7% higher than FY13/14 due to higher base fee arising from an increase in distributable income, partly offset by lower accrual of performance fee.

The Manager's base fee of S\$17.8 million for FY14/15 is calculated based on 10.0% of the distributable income in the financial year while performance fee³ of S\$4.2 million in FY14/15 is calculated based on 25.0% of growth on FY14/15 DPU over FY13/14 DPU multiplied by the weighted average number of Units in issue for FY14/15.

Overview

	FY14/15 Actual (S\$'000)	FY13/14 ⁴ Actual (S\$'000)	Variance % Positive/ (Negative)	FY14/15 Forecast ⁵ (S\$'000)	Variance ⁶ % Positive/ (Negative)
Gross Revenue	281,144	252,546	11.3	247,704	13.5
Property Operating Expenses	(51,834)	(48,219)	(7.5)	(50,158)	(3.3)
Net Property Income	229,310	204,327	12.2	197,546	16.1
Management Fees	(22,012)	(20,827)	(5.7)	(18,356)	(19.9)
Finance Costs (Net)	(40,366)	(39,288)	(2.7)	(40,109)	(0.6)
Exchange Differences	(3,957)	127	NM	–	NM
Trust Expenses	(3,054)	(2,615)	(16.8)	(3,314)	7.8
Total Trust Expenses	(69,389)	(62,603)	(10.8)	(61,779)	(12.3)
Net Change in Fair Value of Investment Properties	196,383	266,935	(26.4)	–	NM
Net Change in Fair Value of Financial Derivatives	(3,086)	(2,128)	(45.0)	–	NM
Income Tax Expenses	(33,819)	(28,867)	(17.2)	(23,635)	(43.1)
Total Return for the Year	319,399	377,664	(15.4)	112,132	NM
Distribution Adjustments	(141,360)	(218,509)	35.3	41,079	NM
Income Available for Distribution to Unitholders	178,039	159,155	11.9	153,211	16.2

NM – Not Meaningful

¹ NPI Margin = Net Property Income/Gross Revenue.

² Base fee and performance fee are paid in the form of Units. Base fee is paid quarterly in arrears while performance fee is paid annually in arrears.

³ Performance fee for FY13/14 was accrued based on 25.0% of growth on actual FY13/14 DPU over the FY13/14 Forecast DPU for the same period. The FY13/14 Forecast figures are derived from the period 1 April 2013 to 31 March 2014 as disclosed in the Prospectus dated 27 February 2013.

⁴ For a more meaningful comparison, actual results from 1 April 2013 to 31 March 2014 (FY13/14) is presented as the comparative period for 1 April 2014 to 31 March 2015 (FY14/15).

⁵ The Forecast figures are derived from the Projection Year FY14/15 (for period 1 April 2014 to 31 March 2015) as disclosed in the Prospectus dated 27 February 2013.

⁶ Comparing FY14/15 Actual against FY14/15 Forecast.

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FINANCE COSTS AND EXCHANGE DIFFERENCES

Finance costs (net) for FY14/15 were 2.7% higher at S\$40.4 million mainly due to higher interest cost of S\$2.1 million arising from issuance of medium term notes, partially offset by lower interest cost of S\$1.0 million as a result of repayment of the Term Loan Facility ("TLF"). More information on the medium term notes and TLF is available in the Capital Management section.

Exchange differences of S\$4.0 million arose mainly from differences between the hedged rates and book rates of currency forwards undertaken to hedge FY14/15 Hong Kong Dollar ("HKD") and Renminbi ("RMB") distributable income from Festival Walk and Gateway Plaza respectively.

Trust expenses for FY14/15 increased 16.8% to S\$3.1 million, mainly due to reclassification of statutory and professional fees from property operating expenses to trust expenses to better reflect the nature of these expenses.

NET CHANGE IN FAIR VALUE OF INVESTMENT PROPERTIES AND NET CHANGE IN FAIR VALUE OF FINANCIAL DERIVATIVES

Net change in fair value of investment properties of S\$196.4 million represents

the revaluation gains based on the portfolio valuation carried out by Cushman & Wakefield Valuation Advisory Services (HK) Ltd as at 31 March 2015 compared to the carrying value of the respective properties.

Revaluation gains for Festival Walk and Gateway Plaza are S\$134.2 million and S\$62.2 million respectively.

Net loss in fair value of financial derivatives of S\$3.1 million relates to the marking-to-market of currency forwards which were entered into to hedge foreign currency risk exposures arising from HKD and RMB distributable income from Festival Walk and Gateway Plaza respectively.

These items are unrealised gains/(losses) and do not have an impact on income available for distribution to Unitholders.

INCOME TAX EXPENSES

The increase in taxation of 17.2% for FY14/15 compared to FY13/14 is attributed to higher current and withholding tax expenses arising from better performance at both assets as well as higher deferred tax expense arising from higher revaluation gain of Gateway Plaza.

DISTRIBUTION ADJUSTMENTS

Distribution adjustments include non-tax deductible expenses relating

to the Manager's management fees and property management fees which are payable in the form of Units, fees paid to the Trustee, financing fees on the TLF, Revolving Credit Facilities and medium term notes, amortisation of rent-free incentives, deferred tax in relation to the claim in capital allowance for Festival Walk, deferred tax on net change in fair value of Gateway Plaza, change in fair value of investment properties and financial derivatives as well as depreciation expenses.

DISTRIBUTABLE INCOME AND DISTRIBUTION PER UNIT

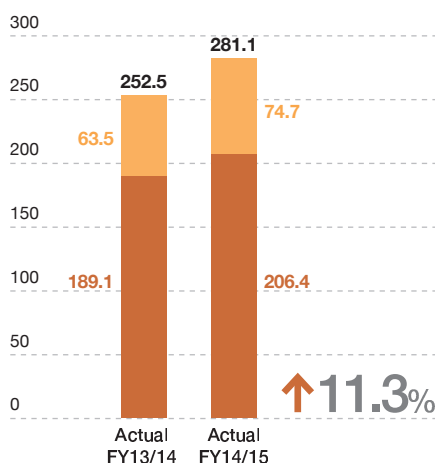
After distribution adjustments, income available for distribution for FY14/15 was S\$178.0 million, 11.9% higher than FY13/14. This translates to DPU of 6.543 cents for FY14/15, 10.4% higher than FY13/14 DPU of 5.929 cents.

UNITS IN ISSUE

During FY14/15, MGCCT issued 36,757,747 new Units, in respect of the payment of management fees to the Manager and the Property Manager in Units. As a result, total number of Units in issue increased to 2,721,032,794 as of 31 March 2015 from 2,684,275,047 as of 31 March 2014.

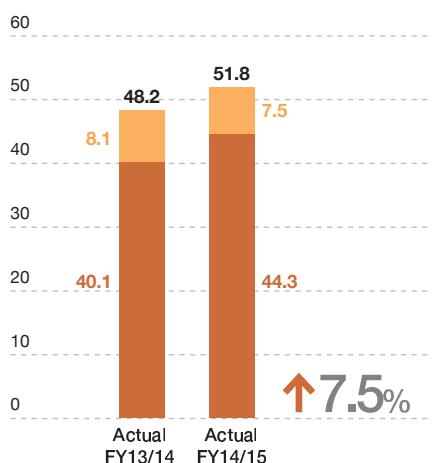
Gross Revenue

(In S\$ million)



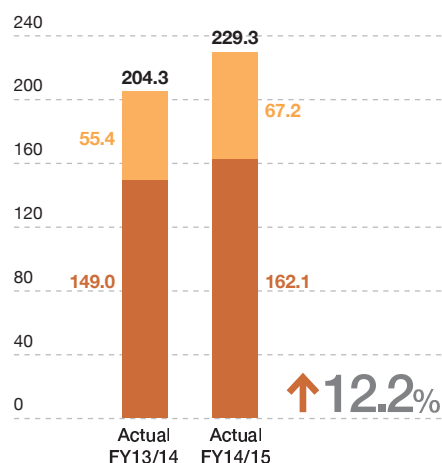
Property Operating Expenses

(In S\$ million)



Net Property Income

(In S\$ million)



Comparison with the Financial Period from 14 February 2013⁷ to 31 March 2014

	FY14/15 (S\$'000)	14 Feb 2013 to 31 Mar 2014 (S\$'000)	Variance % Positive/ (Negative)
Gross Revenue	281,144	267,578	5.1
Property Operating Expenses	(51,834)	(51,396)	(0.9)
Net Property Income	229,310	216,182	6.1
Management Fees	(22,012)	(21,641)	(1.7)
Finance Costs (Net)	(40,366)	(42,024)	3.9
Exchange Differences	(3,957)	127	NM
Trust Expenses	(3,054)	(2,725)	(12.1)
Total Trust Expenses	(69,389)	(66,263)	(4.7)
Net Change in Fair Value of Investment Properties	196,383	269,353	(27.1)
Net Change in Fair Value of Financial Derivatives	(3,086)	(2,128)	(45.0)
Income Tax Expenses	(33,819)	(30,466)	(11.0)
Total Return for the Year/Period	319,399	386,678	(17.4)
Distribution Adjustments	(141,360)	(218,496)	35.3
Income Available for Distribution to Unitholders	178,039	168,182	5.9

NM – Not Meaningful

Distributions⁸

Period	Payment Date for FY14/15 DPU	FY14/15 DPU (Actual) cents	FY13/14 DPU (Actual) cents	Variance %
1 April to 30 September	Monday, 24 November 2014	3.162	2.845 ⁹	11.1
1 October to 31 March	Monday, 25 May 2015	3.398	3.099	9.6

Note: FY14/15 DPU for the period 1 April 2014 to 31 March 2015 is 6.543 cents based on the total issued units of 2,721,032,794 as at 31 March 2015.

Units Issued in FY14/15

Type of Fees	Period	Issued Date	Number of Units	Issued Price ¹⁰ (S\$)
Base & Property Management Fees	1 January to 31 March 2014	23 May 2014 and 30 May 2014 ¹¹	8,136,249	0.8273
Performance Fee	1 April 2013 to 31 March 2014	23 May 2014	5,829,398	0.8273
Base & Property Management Fees	1 April to 30 June 2014	22 August 2014	7,624,775	0.8672
Base & Property Management Fees	1 July to 30 September 2014	24 November 2014	7,494,294	0.9214
Base & Property Management Fees	1 October to 31 December 2014	24 February 2015	7,673,031	0.9442
		Total:	36,757,747	

⁷ 14 February 2013 was the Date of Constitution for MGCCT.

⁸ MGCCT's distribution policy is to distribute on a semi-annual basis. The DPU is calculated based on the number of issued units as at the end of the period.

⁹ Prorated for the period from 1 April 2013 to 30 September 2013. Actual distribution for the period from 7 March 2013 (date of Listing) to 30 September 2013 was 3.183 cents per unit.

¹⁰ The issue prices were determined based on the volume weighted average traded price ("VWAP") for all trades done on SGX-ST in the ordinary course of trading for the last 10 business days of the relevant quarter on which the fees accrued.

¹¹ Please refer to MGCCT's SGX announcements on 23 May 2014 and 30 May 2014.

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VALUATION OF PROPERTIES

As at 31 March 2015, MGCCT's properties were independently assessed at S\$5,349.3 million by Cushman & Wakefield Valuation Advisory Services (HK) Ltd, 13.3% higher than S\$4,722.1 million valued as at 31 March 2014. The increase in value of the properties was due to revaluation gain of S\$196.4 million (S\$134.2 million for Festival Walk and S\$62.2 million for Gateway Plaza) and translation gain of S\$425.9 million from the two overseas properties using year-end balance sheet rates.

NET ASSET VALUE

Net Asset Value ("NAV") per Unit was S\$1.198 as at 31 March 2015 from S\$1.058 as at 31 March 2014, as a result of the increased revaluation gain and translation gain from investment properties of S\$622.3 million partially offset by translation losses of S\$152.0 million relating to HKD denominated borrowings.

CAPITAL MANAGEMENT

MGCCT adopts a proactive and prudent capital management strategy which aims to provide financial stability and flexibility through mitigating exposure to interest

rate and foreign exchange volatilities as well as diversifying sources of funding.

Capitalising on favourable market conditions, Mapletree Greater China Commercial Treasury Company (HKSAR) Limited ("MGCCT HK-TCO")¹⁵ undertook its maiden issuance of S\$75.0 million 7-year Fixed Rate Notes at an attractively priced coupon of 3.2% in September 2014.

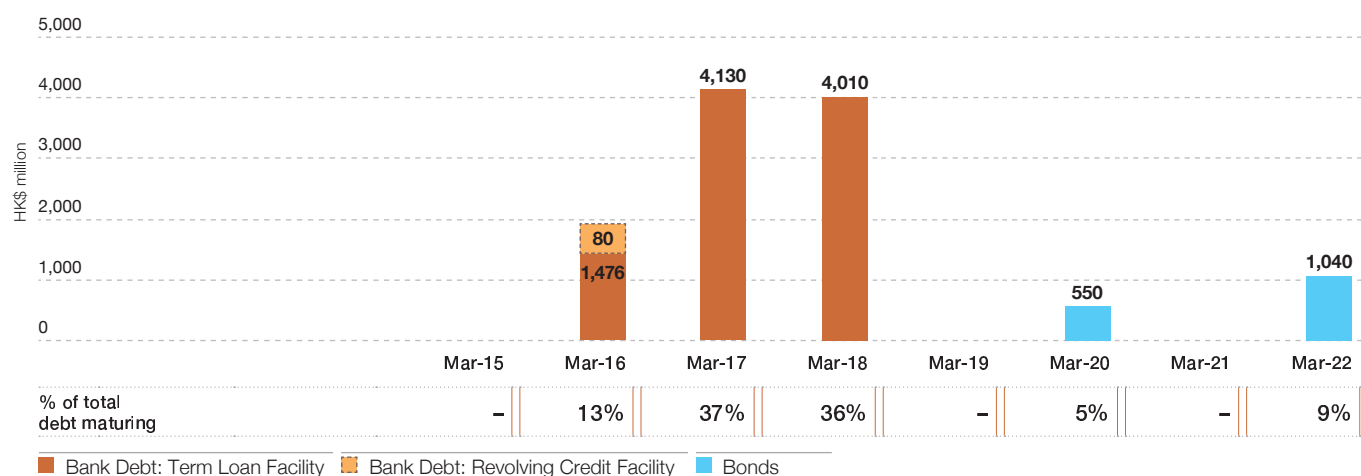
Following the first notes issuance, MGCCT HK-TCO successfully completed its second issuance of HK\$550.0 million 5-year 2.8% Notes due 2020 in February 2015 as well

Valuation of Properties

\$ million	Purchase price (S\$) as at 7 Mar 2013 ("IPO")	Valuation as at IPO ¹² (Local Currency/S\$)	Valuation as at 31 Mar 2014 ¹³ (Local Currency/S\$)	Valuation as at 31 Mar 2015 ¹⁴ (Local Currency/S\$)	Valuation Cap Rate as at 31 March 2015
Festival Walk	S\$3,296	HK\$20,700 S\$3,296	HK\$22,100 S\$3,609	HK\$22,930 S\$4,078	4.5% (gross)
Gateway Plaza	S\$1,013	RMB5,165 S\$1,016	RMB5,371 S\$1,113	RMB5,675 S\$1,271	6.5% (gross)
Portfolio	S\$4,309	S\$4,312	S\$4,722	S\$5,349	—
Year-on-Year Growth		0.1%	9.5%	13.3%	

Well-staggered Debt Maturity (As of 31 March 2015)

Total Gross Debt: **HK\$11,286 million**



¹² Refer to the unaudited Proforma Balance Sheet of MGCCT as of Listing Date as disclosed in the Prospectus. Based on exchange rates: S\$1 = HK\$6.28 and S\$1 = RMB5.08.

¹³ As reported in MGCCT's Q4 FY13/14 results announcements. Based on exchange rates S\$1 = HK\$6.12 and S\$1 = RMB4.83.

¹⁴ Valuation methodologies used as of 31 March 2015 by independent valuer include: Term & Reversion Analysis and Discounted Cash Flow Analysis. Based on exchange rates S\$1 = HK\$5.62 and S\$1 = RMB4.46.

¹⁵ A wholly-owned subsidiary of MGCCT.

Key Financial Indicators

	As at 31 March 2015	As at 31 March 2014
Total Debt Outstanding (million)	HK\$11,286	HK\$11,455
Gearing Ratio (%)	36.2	38.0
Interest Cover Ratio (times)	5.0	4.6
Average Term to Maturity for Debt (years)	2.75	3.0
Average All-in Cost of Debt (% per annum)	2.55	2.0
Unencumbered Assets as % of Total Assets (%)	100	100
MGCCT Corporate Rating by Moody's	Baa1 Stable	Baa1 Stable

as third issuance of S\$100 million 7-year 3.43% Notes due 2022 in March 2015. These notes were issued under the US\$1.5 billion Euro Medium Term Securities Programme established on 31 May 2013. All the proceeds from the three notes issuance of HK\$1,590 million were utilised to partially refinance the first tranche of the TLF due in March 2016 (HK\$3,315 million). The notes issuance served the dual objective of diversifying MGCCT's sources of funding and extending its weighted average debt maturity.

As of 31 March 2015, MGCCT's borrowings stood at HK\$11,286 million, comprising TLF of HK\$9,616 million, Revolving Credit Facilities ("RCF") drawn of HK\$80 million and HK\$1,590 million of bonds issued. In Singapore dollar terms, MGCCT's borrowings increased by S\$131.2 million to S\$1,984.0 million (HK\$11,286.0 million) as of 31 March 2015, largely due to translation losses of S\$152.0 million as the HKD strengthened against SGD. This was partially offset by S\$40.6 million reduction in TLF (HK\$249.0 million repaid in September 2014).

To mitigate MGCCT's exposure to interest rate volatility, interest cost on 87% of the total debt has been fixed for FY15/16. The average all-in interest cost as at 31 March 2015 stood at 2.55%.

DEBT MATURITY PROFILE AS OF 31 MARCH 2015

As of 31 March 2015, MGCCT's gearing ratio improved to 36.2%, down from 38.0% as of 31 March 2014, mainly due to repayment of HK\$249.0 million of the TLF and higher portfolio value of S\$5,349.3 million as at 31 March 2015 following year-end valuation.

These financial indicators are within the financial covenants stipulated in the unsecured debt facility agreement. Aggregate gearing remains well within the 60.0% threshold as stipulated under Appendix 6 of the Code on Collective Investment Schemes.

FOREIGN EXCHANGE RISK MANAGEMENT

To ensure stability of distributions to Unitholders, MGCCT has hedged about 60.0% of expected portfolio distributable income for FY15/16 as at 31 March 2015. The Manager will continue to monitor the markets and progressively hedge distributable income as appropriate.

The TLF is entirely denominated in Hong Kong Dollars. This provides a natural capital hedge as 76.2% of MGCCT's portfolio properties is denominated in HKD.

Further details of MGCCT's financial risk management objectives and policies can be found under Note 23 of the Financial Statements.

CASH FLOWS AND LIQUIDITY

MGCCT's cash and cash equivalents stood at S\$125.1 million as at 31 March 2015 from S\$133.2 million as at 31 March 2014. The decrease was mainly due to distributions to Unitholders of S\$168.7 million and net repayment of borrowings and interest payment of S\$59.5 million, offset by net cash generated from operating activities of S\$223.0 million.

USE OF PROCEEDS

The Manager has raised gross proceeds of S\$2,428.5 million on 7 March 2013 from the initial public offering as well as the Mapletree Cornerstone Subscription Units¹⁶ and the Cornerstone Units¹⁶. On the same day, the Manager has also drawn down a new debt facility of S\$1,984.1 million.

The proceeds have been fully utilised in accordance with what was set out in the Prospectus dated 27 February 2013.

ACCOUNTING POLICIES

The financial statements have been prepared in accordance with the Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants, the applicable requirements of the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore and the provisions of the Trust Deed.

SENSITIVITY ANALYSIS

MGCCT is subject to interest rate fluctuations which affects its total returns. As at 31 March 2015, interest cost on 87% of the total debt has been fixed. This mitigates MGCCT's exposure to interest rate risk. It is estimated that a change by 100 basis points in the interest rate will result in a reduction in DPU by approximately 1.2% for FY14/15.

¹⁶ Mapletree Cornerstone Subscription Units refer to the subscription by Kent Assets Pte. Ltd., Suffolk Assets Pte. Ltd. and Moonstone Assets Pte. Ltd., all of which are wholly-owned subsidiaries of the Sponsor. Cornerstone Units refer to Units issued to the Cornerstone Investors as disclosed in the Prospectus dated 27 February 2013.