



# Mapletree Commercial Trust

## 3Q FY19/20 Financial Results

22 January 2020

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*For defined terms not defined herein, please refer to the Circular dated 27 September 2019*



# Key Highlights



## Financial Performance

- 3Q FY19/20 amount available for distribution and Distribution per Unit (“DPU”) up 18.0% and 5.6% respectively
- 3Q FY19/20 gross revenue and net property income (“NPI”) up 16.7% and 17.6% respectively from 3Q FY18/19
- Strong financial performance driven by newly acquired Mapletree Business City II (“MBC II”) as well as existing properties<sup>1</sup> which posted 3.5% and 3.9% year-on-year growth in gross revenue and NPI respectively in 3Q FY19/20

## Portfolio Performance

- VivoCity continued its steady performance. 3Q FY19/20 gross revenue and NPI grew 2.3% and 2.7% respectively from 3Q FY18/19
- Momentum continued to pick up for shopper traffic and tenant sales as NTUC FairPrice and new Basement 2 tenants started contributing from May 2019

1. Refers to VivoCity, Mapletree Business City I (“MBC I”), PSA Building, Mapletree Anson and Bank of America Merrill Lynch HarbourFront (“MLHF”)

## **Completed Acquisition of MBC II on 1 November 2019**

- Acquisition was DPU, NPI and Net Asset Value (“NAV”) per Unit accretive and further strengthened MCT’s portfolio
- Successfully raised S\$918.5 mil of new equity through private placement and preferential offering, increasing market capitalisation and free float
- Accelerated acquisition completion with bridging loans
- MCT was added to MSCI Singapore Index on 26 November 2019

## **Capital Management**

- Maintained strong balance sheet through prudent and active capital management
  - Secured MCT’s first green loan facility of S\$670.0 mil to part finance the acquisition of MBC II
  - Issued S\$250.0 mil 3.05% Fixed Rate Notes due 2029 for refinancing
- Completed all refinancing due in FY19/20. Ample debt headroom and well-distributed debt maturity profile with no more than 15% of debt due for refinancing in any financial year

# Financial Performance



# 3Q FY19/20 Financial Scorecard

Newly acquired MBC II started contributing from 1 November 2019  
Strong financial performance underpinned by existing properties







S\$'000 unless otherwise stated	3Q FY19/20	3Q FY18/19	Variance
Gross Revenue	131,336	112,543	▲ 16.7%
Property Operating Expenses	(28,038)	(24,675)	▲ 13.6% <sup>1</sup>
Net Property Income	103,298	87,868	▲ 17.6%
Net Finance Costs	(20,980)	(17,581)	▲ 19.3% <sup>2</sup>
Amount available for Distribution	79,049	66,992	▲ 18.0%
Distribution per Unit (cents)	2.46 <sup>3,4</sup>	2.33	▲ 5.6%

1. Largely due to property operating expenses from newly acquired MBC II, higher staff costs, property management fees and property taxes (mainly due to higher annual values assessed) partially offset by lower property maintenance costs incurred by existing properties
2. Largely due to debt and bridging loans drawn down to part finance the acquisition of MBC II as well as additional loans for working capital requirements
3. Based on the enlarged base of 3,306,486,487 Units which includes 200,893,000 new Units issued on 25 October 2019 pursuant to the Private Placement, and 205,589,840 new Units issued on 15 November 2019 pursuant to the Preferential Offering. These new Units rank pari passu in all respects with the existing Units in issue on the day immediately prior to the date of issuance, including the right to MCT's distributions for the period from 25 October 2019 to 31 December 2019, as well as all distributions thereafter, other than in respect of the cumulative distribution paid for the period from 1 July 2019 to 24 October 2019
4. DPU for 3Q FY19/20 comprises Advance Distribution of 0.61 Singapore cents per Unit for the period from 1 October 2019 to 24 October 2019 paid out on 21 November 2019, and 1.85 Singapore cents per Unit for the period from 25 October 2019 to 31 December 2019 expected to be paid out on 26 February 2020



# YTD FY19/20 Financial Scorecard

**YTD FY19/20 gross revenue and NPI both grew 7.4% respectively  
Amount available for distribution up 8.1%**

<b>S\$'000 unless otherwise stated</b>	<b>YTD FY19/20</b>	<b>YTD FY18/19</b>	<b>Variance</b>
Gross Revenue	<b>355,505</b>	<b>330,994</b>	 <b>7.4%</b>
Property Operating Expenses	<b>(76,136)</b>	<b>(70,927)</b>	 <b>7.3%<sup>1</sup></b>
Net Property Income	<b>279,369</b>	<b>260,067</b>	 <b>7.4%</b>
Net Finance Costs	<b>(56,272)</b>	<b>(51,883)</b>	 <b>8.5%<sup>2</sup></b>
Amount available for Distribution	<b>213,120</b>	<b>197,166</b>	 <b>8.1%</b>
Distribution per Unit (cents)	<b>7.09</b>	<b>6.83</b>	 <b>3.8%</b>

1. Largely due to property operating expenses from newly acquired MBC II, higher staff costs, utilities expenses, property management fees and property taxes (mainly due to higher annual values assessed) partially offset by lower property maintenance expenses incurred by existing properties
2. Largely due to debt and bridging loans drawn down to part finance the acquisition of MBC II, higher interest rates on floating rate borrowings, as well as additional loans for working capital requirements

# Financial Scorecard of Existing Properties

Existing properties registered 3.5% and 3.9% year-on-year growth in gross revenue and NPI respectively in 3Q FY19/20

S\$'000 unless otherwise stated	3Q FY19/20	3Q FY18/19	Variance	YTD FY19/20	YTD FY18/19	Variance
Gross Revenue	116,454	112,543	▲ 3.5%	340,623	330,994	▲ 2.9%
Property Operating Expenses	(25,159)	(24,675)	▲ 2.0%	(73,257)	(70,927)	▲ 3.3%
Net Property Income	91,295	87,868	▲ 3.9%	267,366	260,067	▲ 2.8%

# Balance Sheet

Investment properties up 26.7% mainly due to the acquisition of MBC II  
Maintained strong balance sheet through prudent and active capital management

<b>S\$'000 unless otherwise stated</b>	<b>As at 31 December 2019</b>	<b>As at 31 March 2019</b>
Investment Properties	<b>8,921,519</b>	<b>7,039,000</b>
Other Assets	<b>101,790</b>	<b>61,765</b>
<b>Total Assets</b>	<b>9,023,309</b>	<b>7,100,765</b>
Net Borrowings	<b>3,011,541</b>	<b>2,350,137</b>
Other Liabilities	<b>192,269</b>	<b>134,649</b>
<b>Net Assets</b>	<b>5,819,499</b>	<b>4,615,979</b>
Units in Issue ('000)	<b>3,306,486</b>	<b>2,889,690</b>
<b>Net Asset Value per Unit (S\$)</b>	<b>1.76</b>	<b>1.60</b>

# Key Financial Indicators

**Ample debt headroom of ~\$1.9 bil based on 45% regulatory gearing limit  
Every 25 bps change in Swap Offer Rate estimated to impact DPU by 0.06 cents p.a.**

	As at 31 December 2019	As at 30 September 2019	As at 31 December 2018
Total Debt Outstanding	<b>S\$3,014.2 mil</b>	<b>S\$2,349.0 mil</b>	<b>S\$2,349.0 mil</b>
% Fixed Rate Debt	<b>75.3%</b>	<b>82.6%</b>	<b>79.7%</b>
Gearing Ratio	<b>33.4%<sup>1</sup></b>	<b>31.7%</b>	<b>34.8%</b>
Interest Coverage Ratio (YTD)	<b>4.4 times</b>	<b>4.5 times</b>	<b>4.5 times</b>
Average Term to Maturity of Debt	<b>4.4 years</b>	<b>3.1 years</b>	<b>3.9 years</b>
Weighted Average All-In Cost of Debt (p.a.) <sup>2</sup>	<b>2.96%<sup>3</sup></b>	<b>3.00%<sup>4</sup></b>	<b>2.95%<sup>5</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 51.8%

2. Including amortised transaction costs

3. Annualised based on YTD ended 31 December 2019

4. Annualised based on 1H ended 30 September 2019

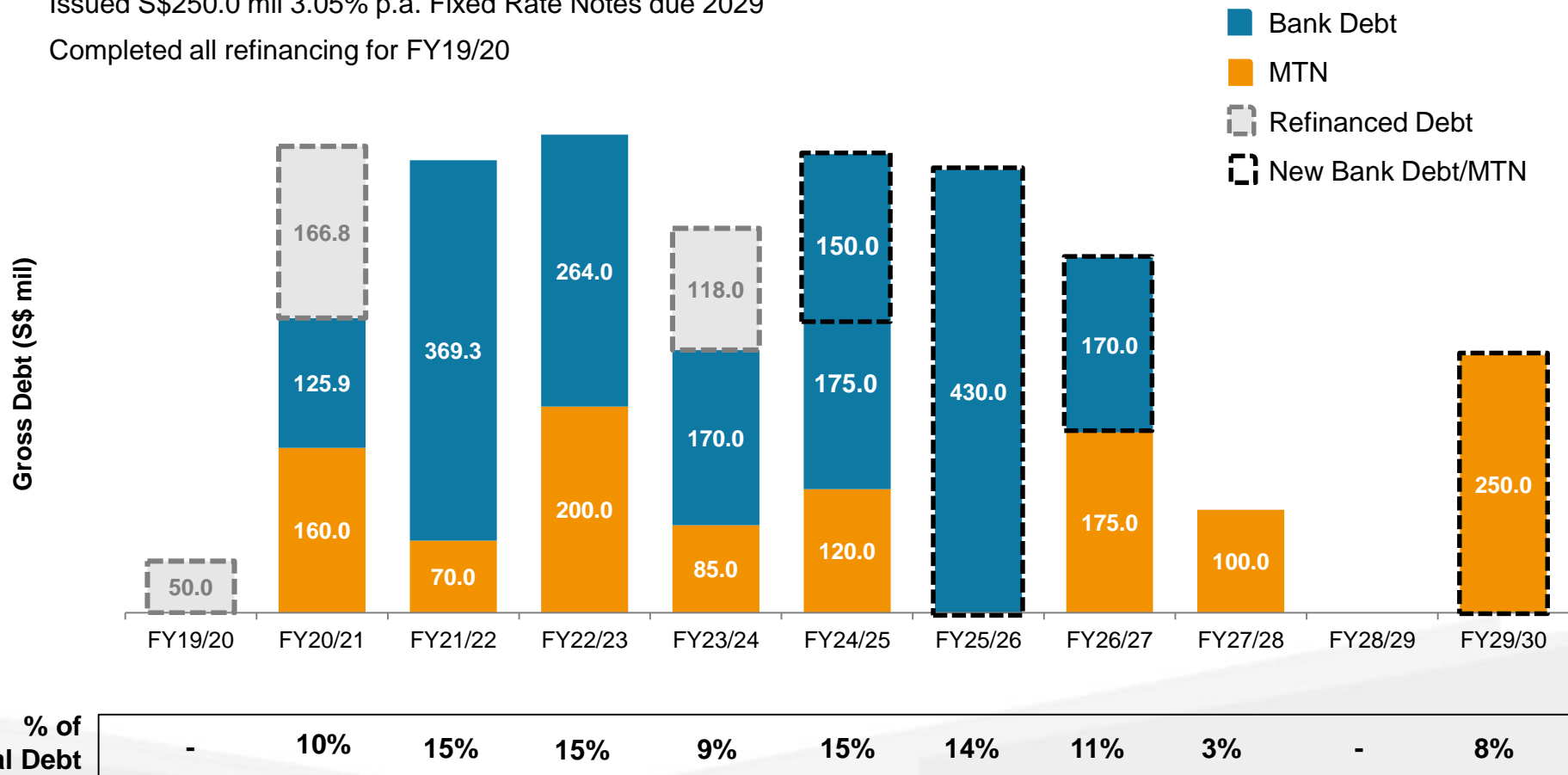
5. Annualised based on YTD ended 31 December 2018

# Debt Maturity Profile (as at 31 December 2019)

Well-distributed debt maturity profile with no more than 15% of debt due in any financial year

Total gross debt: S\$3,014.2 mil

- Secured MCT's first green loan facility of S\$670.0 mil to part finance the acquisition of MBC II
- Redeemed S\$50 mil of Fixed Rate Notes due on 7 November 2019
- Issued S\$250.0 mil 3.05% p.a. Fixed Rate Notes due 2029
- Completed all refinancing for FY19/20



## Distribution Details

**Including Advance Distribution of 0.61 Singapore cents<sup>1</sup> per Unit paid out on 21 November 2019, 3Q FY19/20 Distribution totals 2.46 Singapore cents**

Distribution Period	25 October 2019 – 31 December 2019
Distribution Amount	1.85 Singapore cents per Unit

### Distribution Timetable

Notice of Books Closure Date	Wednesday, 22 January 2020
Last Day of Trading on “cum” Basis	Wednesday, 29 January 2020
Ex-Date	Thursday, 30 January 2020
Books Closure Date	5.00 pm, Friday, 31 January 2020
Distribution Payment Date	Wednesday, 26 February 2020

1. For the period from 1 October 2019 to 24 October 2019, paid out as part of the Cumulative Distribution in connection with the Equity Fund Raising, with reference to the announcement dated 25 October 2019 titled “Details of Cumulative Distribution in connection with the Equity Fund Raising by Mapletree Commercial Trust.” Quarterly distributions will resume thereafter

# Portfolio Updates

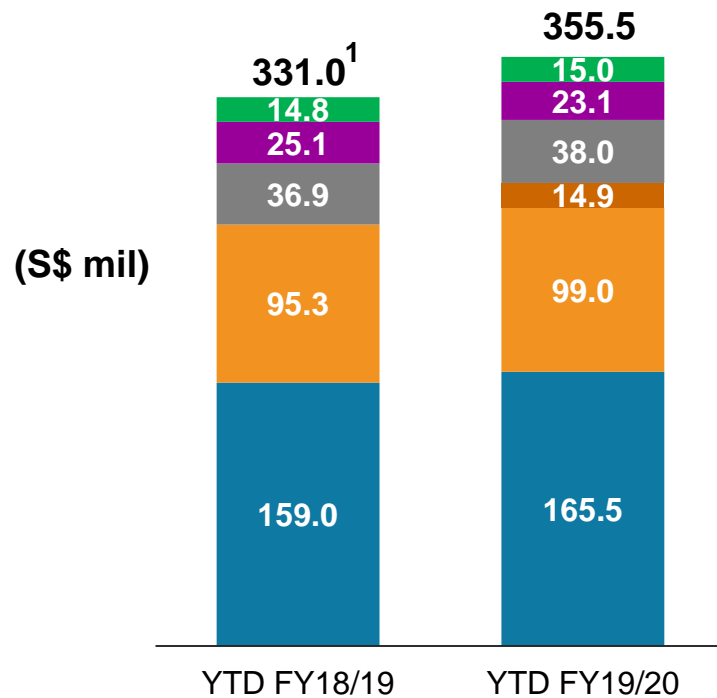


# Portfolio Revenue and Net Property Income

Growth in gross revenue and NPI driven by newly acquired MBC II and all properties except Mapletree Anson

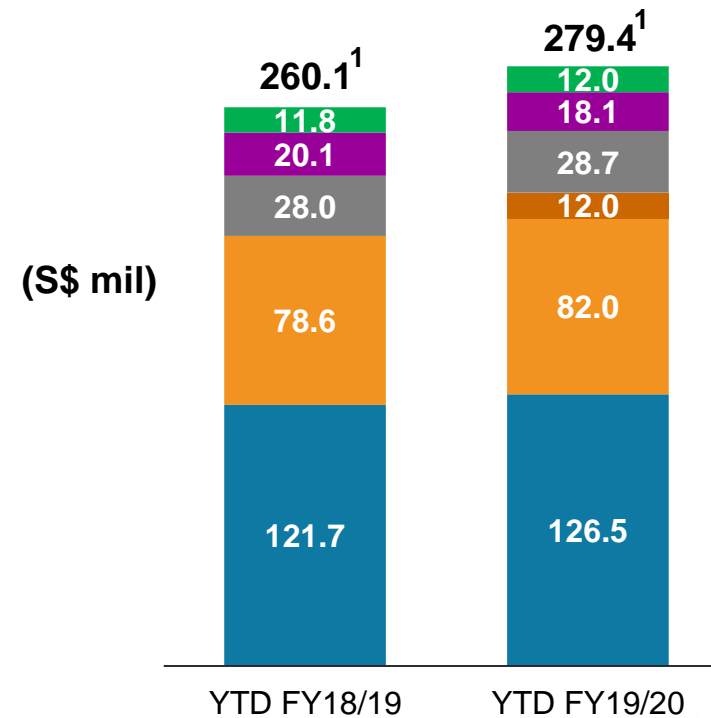
## Gross Revenue

▲ 7.4%



## Net Property Income

▲ 7.4%



■ VivoCity 
 ■ MBC I 
 ■ MBC II 
 ■ PSA Building 
 ■ Mapletree Anson 
 ■ MLHF

1. Total may not add up due to rounding differences



# Portfolio Occupancy

Portfolio committed occupancy remained high at 98.9%

	As at 31 December 2018	As at 30 September 2019	Occupancy as at 31 December 2019	
			Actual	Committed
VivoCity <sup>1</sup>	99.9%	99.8%	99.2%	100.0%
MBC I	97.5%	98.9%	99.7%	99.7%
MBC II	-	-	99.4%	100.0%
PSA Building	96.1%	91.3%	89.1%	90.6%
Mapletree Anson	96.9%	75.1%	97.0%	99.0%
MLHF	100.0%	100.0%	100.0%	100.0%
<b>MCT Portfolio</b>	<b>98.1%</b>	<b>96.1%</b>	<b>98.3%</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

# FY19/20 Leasing Update

## Achieved 5.0% portfolio rental reversion

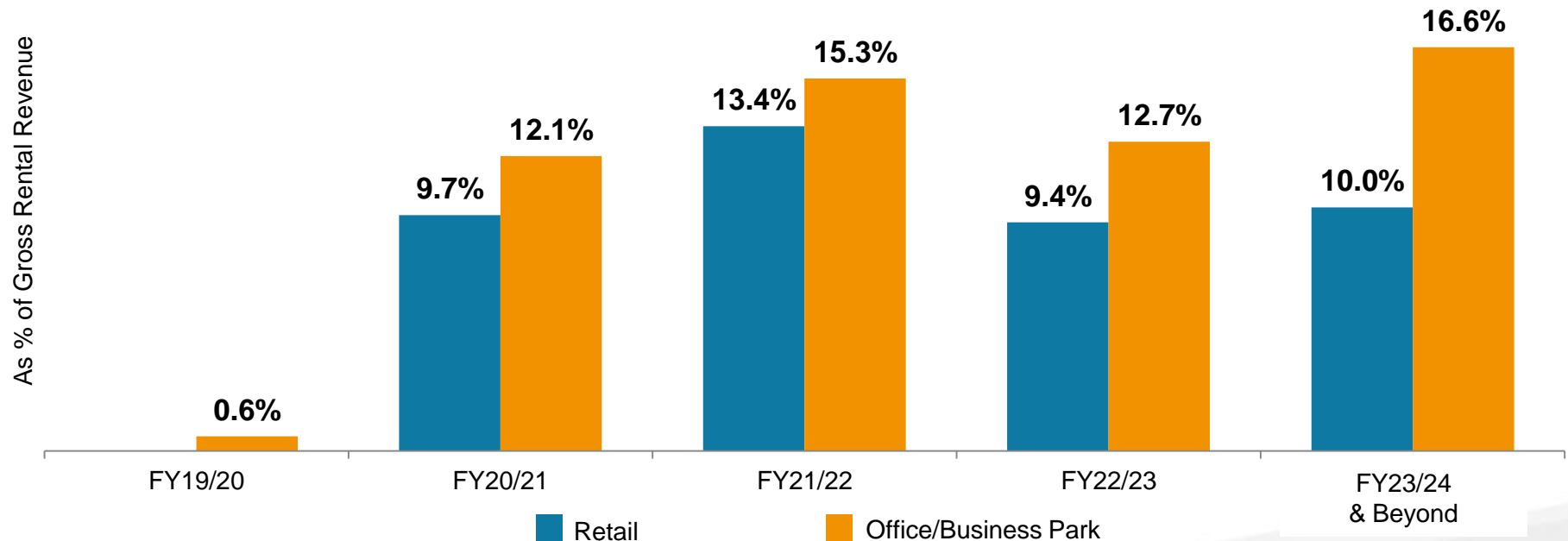
	Number of Leases Committed	Retention Rate (by NLA)	% Change in Fixed Rents <sup>1</sup>
Retail	148	89.3%	6.7% <sup>2</sup>
Office/Business Park	23	67.4%	0.7%
<b>MCT Portfolio</b>	<b>171</b>	<b>79.4%</b>	<b>5.0%</b>

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 31 December 2019)

## Portfolio resilience supported by manageable lease expiries

WALE	Committed Basis
<b>Portfolio</b>	<b>2.6 years<sup>1</sup></b>
Retail	2.4 years
Office/Business Park	2.8 years



1. Portfolio WALE was 2.2 years based on the date of commencement of leases

## Overall Top 10 Tenants (as at 31 December 2019)

Top tenants contributed 27.1%<sup>1</sup> of gross rental income

	Tenant	% of Gross Rental Income
1	Google Asia Pacific Pte. Ltd.	10.0%
2	Merrill Lynch Global Services Pte. Ltd.	2.9%
3	The Hongkong and Shanghai Banking Corporation Limited	2.7%
4	(Undisclosed Tenant)	-
5	PSA Corporation Limited	2.2%
6	Info-Communication Media Development Authority	2.2%
7	SAP Asia Pte. Ltd.	1.9%
8	Unilever Asia Private Limited	1.8%
9	Samsung Asia Pte. Ltd.	1.7%
10	NTUC Fairprice Co-operative Ltd	1.7%
	<b>Total</b>	<b>27.1%<sup>1</sup></b>

1. Excluding the undisclosed tenant

## Portfolio Tenant Trade Mix (as at 31 December 2019)

	Trade Mix	% of Gross Rental Income
1	IT Services & Consultancy	18.1%
2	F&B	14.1%
3	Banking & Financial Services	10.9%
4	Fashion	8.1%
5	Shipping Transport	5.4%
6	Government Related	5.3%
7	Fashion Related	4.4%
8	Hypermarket / Departmental Store	3.7%
9	Consumer Goods	3.3%
10	Real Estate	3.2%
11	Electronics	3.0%
12	Beauty	2.9%
13	Lifestyle	2.5%
14	Pharmaceutical	2.5%
15	Sports	2.1%
16	Others <sup>1</sup>	10.5%
	<b>Total MCT Portfolio</b>	<b>100%</b>

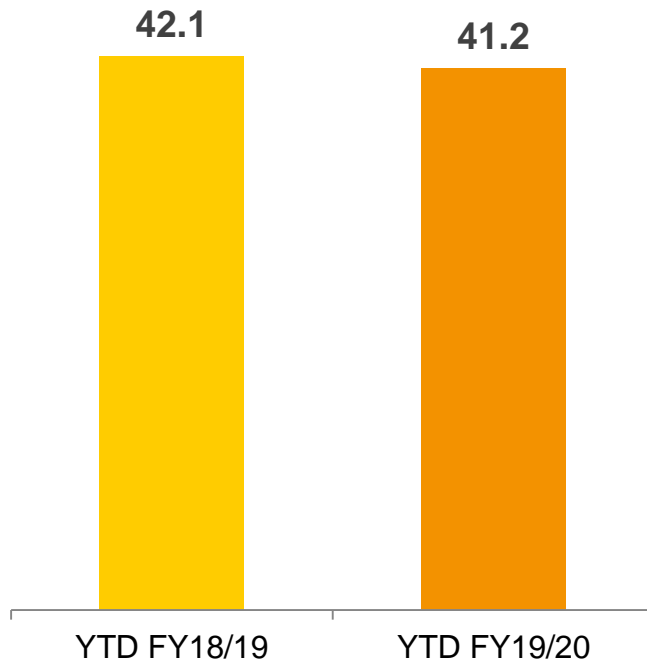
1. Others includes Electronics–Retail, Trading, Energy, Entertainment, Retail Bank, Insurance, Optical, Education, Consumer Services, Medical, Services and Convenience

# VivoCity – Shopper Traffic and Tenant Sales

Momentum continued to pick up for shopper traffic and tenant sales as NTUC FairPrice and new Basement 2 tenants started contributing from May 2019

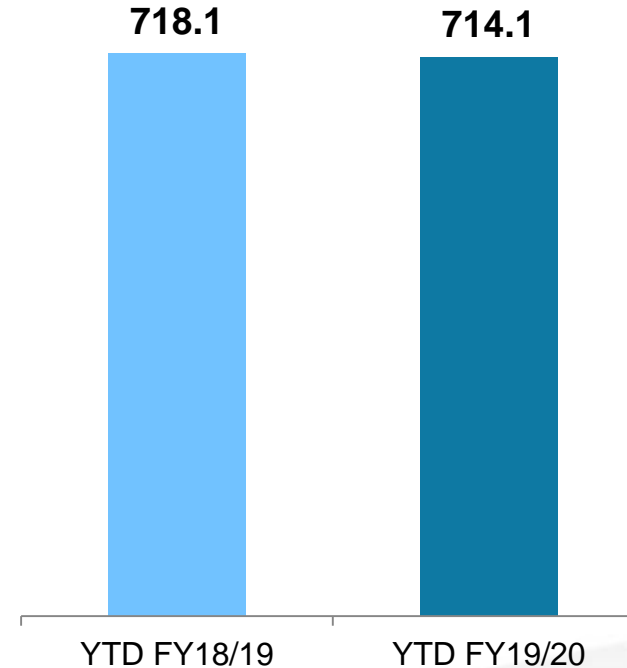
## Shopper Traffic (mil)

▼ 2.2%




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

▼ 0.5%



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



# Completed Acquisition of MBC II

Alexandra Precinct

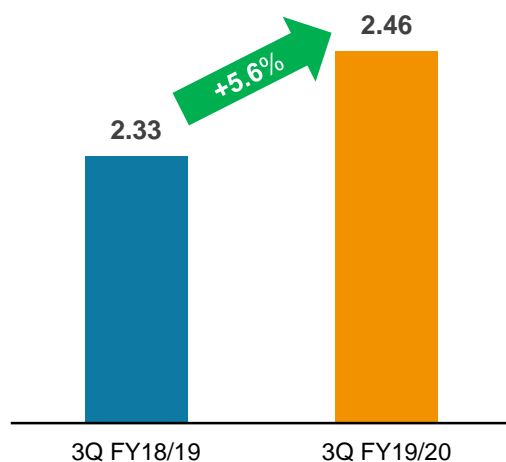
# Successful Acquisition of MBC II

Acquisition was DPU, NPI and NAV per Unit accretive and further strengthened MCT's portfolio

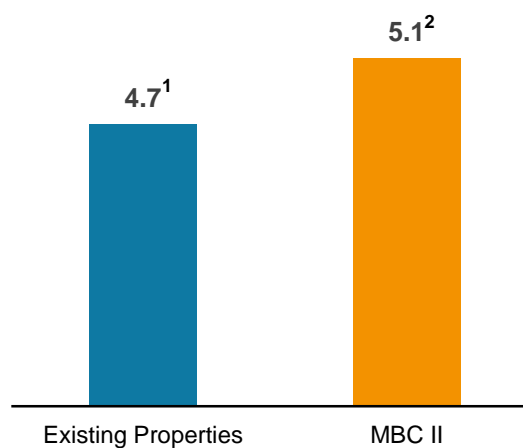
<b>The Property</b>	<ul style="list-style-type: none"> <li>Mapletree Business City (Phase 2) located at 40, 50, 60, 70 and 80 Pasir Panjang Road, including the common property (carpark, landscape areas, driveways and walkways)</li> <li>Common Premises comprising the common carpark, multipurpose hall, retail area and common property (including the landscape areas, driveways and walkways) located at 10, 20, 30 Pasir Panjang Road</li> </ul>
<b>NLA</b>	<ul style="list-style-type: none"> <li>1,184,704 sq ft</li> <li>— Business Park: 1,167,106 sq ft</li> <li>— Retail: 17,598 sq ft</li> </ul>



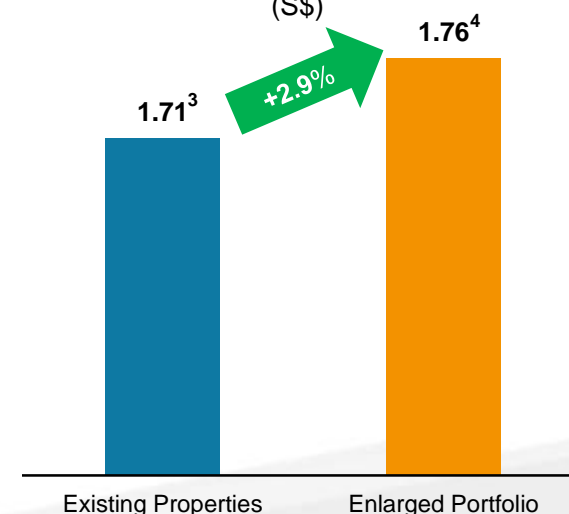
**DPU**  
(Singapore cents)



**NPI Yield**  
(%)



**NAV per Unit**  
(S\$)



- Based on NPI for the financial year ended 31 March 2019 over the value of the existing properties as at 31 August 2019
- Based on the property value of S\$1,550.0 million and annualised NPI without taking into account the effect of amortisation of rental income for fit-out periods
- Based on the NAV as at 31 March 2019 and adjusted for the change in valuation of the existing properties from 31 March 2019 to 31 August 2019
- As at 31 December 2019



# Successful Acquisition of MBC II (cont'd)

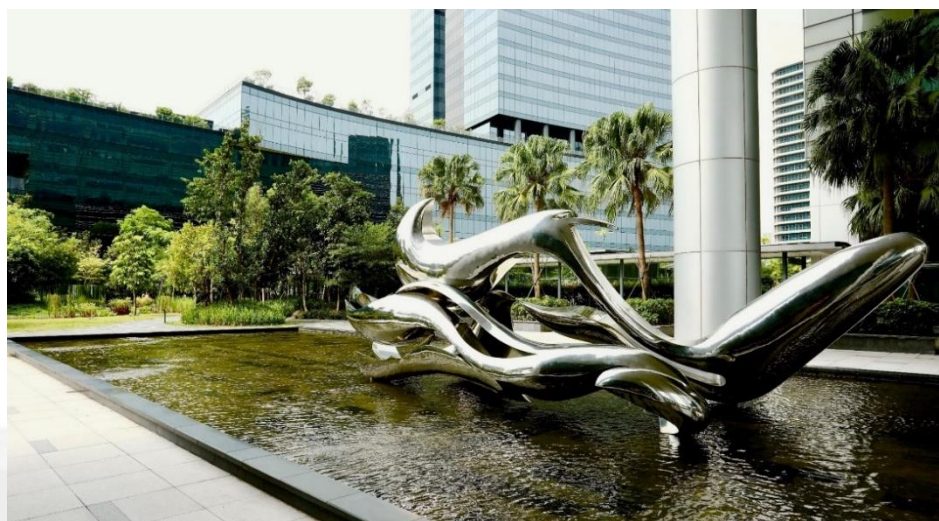
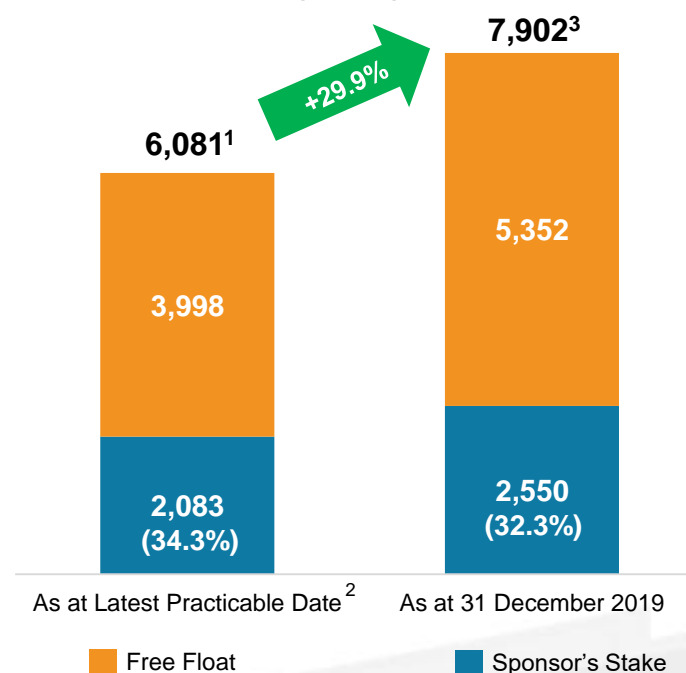
Equity Fund Raising of S\$918.5 mil garnered strong support from existing and new investors  
Increased market capitalisation and free float

Agreed Property Value	<ul style="list-style-type: none"> <li>S\$1,550.0 mil</li> </ul>
Total Acquisition Costs	<ul style="list-style-type: none"> <li>Approx. S\$1,575.7 mil</li> </ul>
Equity Fund Raising	<ul style="list-style-type: none"> <li>Overnight private placement of 200.9 mil new units at S\$2.28 per unit, 7.0x covered</li> <li>Preferential offering of 205.6 mil new units at S\$2.24 per unit, 1.45x covered</li> </ul>
Debt Funding	<ul style="list-style-type: none"> <li>S\$670 mil with 5/6/7-year average tenure</li> </ul>
Completion	<ul style="list-style-type: none"> <li>1 November 2019</li> </ul>

Increased investor demand from enhanced index representation

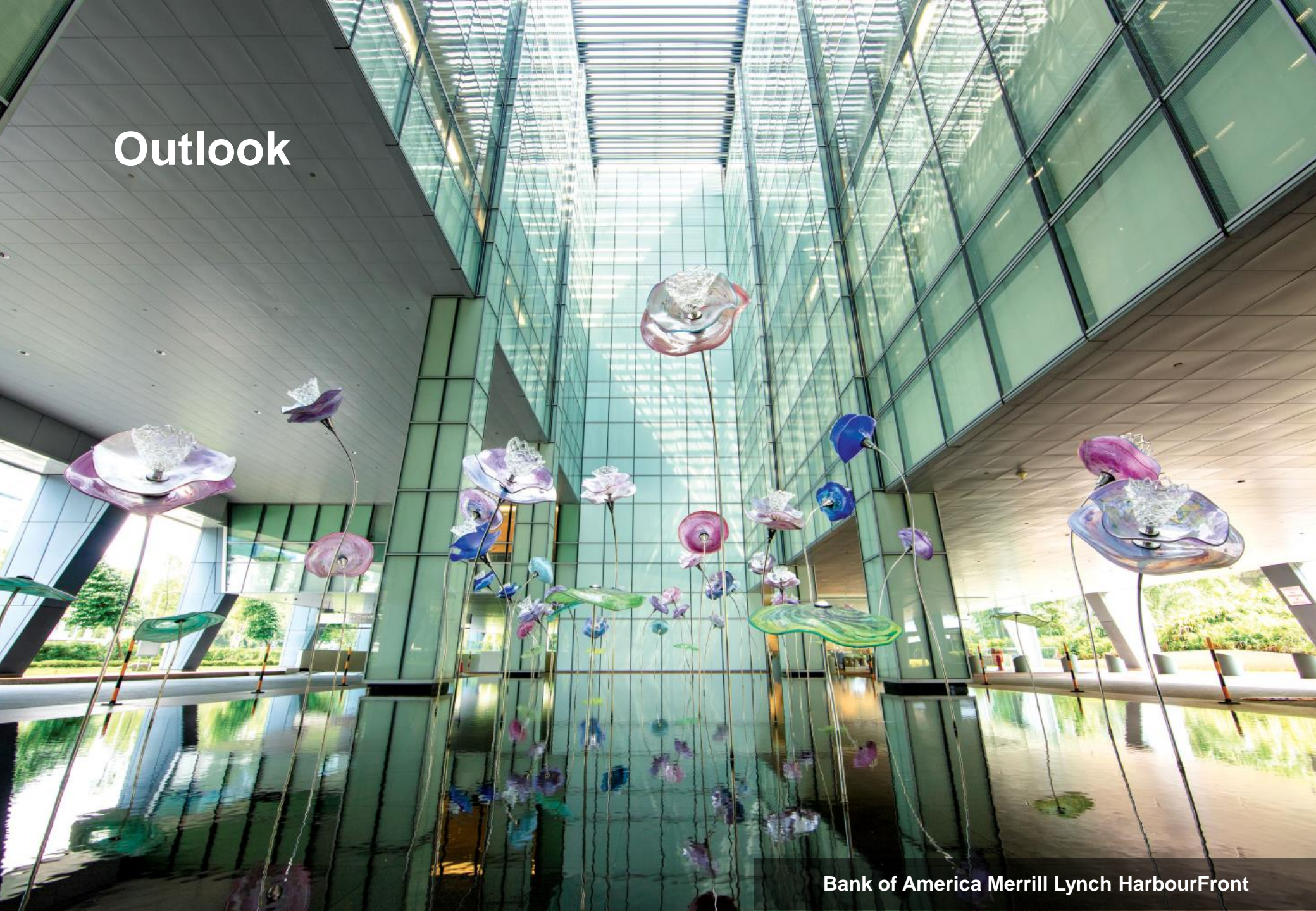
MCT officially added into MSCI Singapore Index on 26 November 2019

Market Capitalisation and Free Float (\$ mil)



- Based on 2,895.6 million Units in Issue as at the Latest Practicable Date and the illustrative issue price of S\$2.10 per Unit
- As at 19 September 2019, referencing Circular dated 27 September 2019
- Based on 3,306.5 million Units in Issue and Unit Price of \$2.39 as at 31 December 2019

# Outlook



## Singapore Economy

- Singapore economy grew by 0.8% on a year-on-year basis in the fourth quarter of 2019, extending the 0.7% growth in the previous quarter.
- On a quarter-on-quarter seasonally-adjusted annualised basis, the economy expanded at a slower pace of 0.1%. For the whole of 2019, the Singapore economy grew by 0.7%.

## Retail

- According to CBRE, the decline in retail sales persisted into its 12th month as consumer sentiment remained soft.
- There is growing pressure for landlords to maintain rents and occupancies in their portfolios. In 2020, CBRE expects prime rents to remain resilient and possibly register a decline of up to 1.0% year-on-year.

## Office

- CBRE notes that demand from the co-working sector has slowed notably following its rapid expansion in 2018.
- Looking forward, macroeconomic uncertainties will continue to weigh on office demand. However, with limited new Grade A office supply in the immediate future, CBRE expects Grade A (Core CBD) rents to remain stable.

# Outlook

## Business Park

- The business park market recorded a patchy leasing performance in Q4 2019 with most of the occupier activity focused on one-north and the Alexandra Corridor. As a result, the rental performance between the City Fringe and Rest of Island submarkets continued to diverge.
- The general outlook for the business parks market remains stable with limited new supply in the pipeline.

## Overall

- In spite of the above, MCT with its key best-in-class assets, is expected to remain resilient.
- In particular, VivoCity's strong positioning and consistent performance, as well as the manageable lease expires in MCT's office/business park properties, will continue to support healthy portfolio performance.



# Thank You

For enquiries, please contact:

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