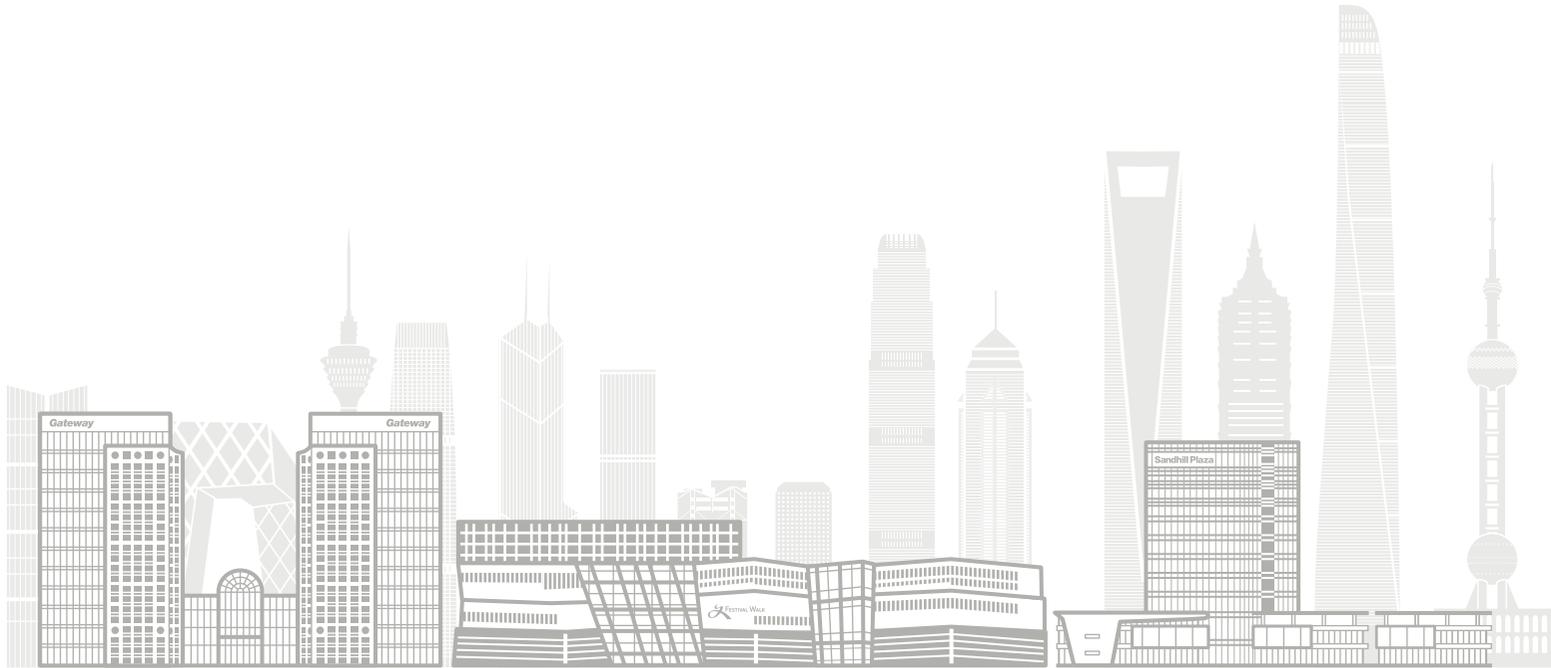


maple<sup>tree</sup>

greater china commercial



GATEWAY PLAZA  
BEIJING

FESTIVAL WALK  
HONG KONG

SANDHILL PLAZA  
SHANGHAI

**BUILDING  
STRENGTH  
SHAPING  
GROWTH**

ANNUAL REPORT 2015/2016

## CORPORATE PROFILE

Listed on the Singapore Exchange Securities Trading Limited (“SGX-ST”) on 7 March 2013, Mapletree Greater China Commercial Trust (“MGCCT”) is the first and only real estate investment trust (“REIT”) that offers investors the opportunity to invest in best-in-class commercial properties situated in prime locations in both Hong Kong<sup>1</sup> and China. MGCCT is also the fourth REIT sponsored by Mapletree Investments Pte Ltd (“MIPL” or the “Sponsor”), a leading real estate development, investment and capital management company headquartered in Singapore.

As of 31 March 2016, MGCCT has a portfolio of three commercial assets, Festival Walk, Gateway Plaza and Sandhill Plaza, with a total lettable area of approximately 2.6 million square feet and combined valuation of S\$5,922.5 million<sup>2</sup>. Festival Walk is a landmark territorial retail mall with an office component located in Hong Kong. Gateway Plaza is a premier Grade-A office building with a podium area in Beijing, China. Sandhill Plaza is a premium quality business park development situated in Zhangjiang Hi-tech Park, Pudong, Shanghai.

MGCCT is managed by Mapletree Greater China Commercial Trust Management Ltd. (“MGCCTM” or the “Manager”), a wholly-owned subsidiary of MIPL. To better align with investors’ interest, MGCCT is also the first Singapore-listed REIT to introduce a management fee structure that is based on distributable income and distribution per unit (“DPU”) growth, rather than assets under management (“AUM”) and net property income (“NPI”).

<sup>1</sup> Hong Kong refers to the Hong Kong SAR (Special Administrative Region).

<sup>2</sup> Valuation on each property was carried out by Colliers International (Hong Kong) Limited as of 31 March 2016.

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GATEWAY  
PLAZA  
Beijing



FESTIVAL  
WALK  
Hong Kong





**SANDHILL  
PLAZA**  
Shanghai



## BUILDING STRENGTH SHAPING GROWTH

In 2015, Mapletree Greater China Commercial Trust (MGCCT) embarked on a new phase of growth with the acquisition of Sandhill Plaza in Shanghai, strengthening our portfolio of best-in-class assets comprising Festival Walk in Hong Kong and Gateway Plaza in Beijing. Their quality and strategic locations enable the portfolio to maintain a consistently high occupancy level.

With a proactive and disciplined approach towards asset, portfolio and capital management, the Manager will continue to shape further growth and capture sustainable returns for MGCCT's investors.



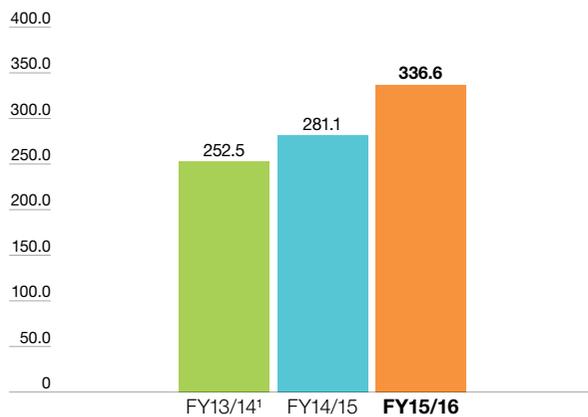
# FINANCIAL HIGHLIGHTS

Gross Revenue **s\$336.6m**

FY15/16

**▲19.7%**  
YEAR-ON-YEAR

(S\$ million)



<sup>1</sup> For a more meaningful comparison, the stub period from 7 to 31 March 2013 has been excluded.

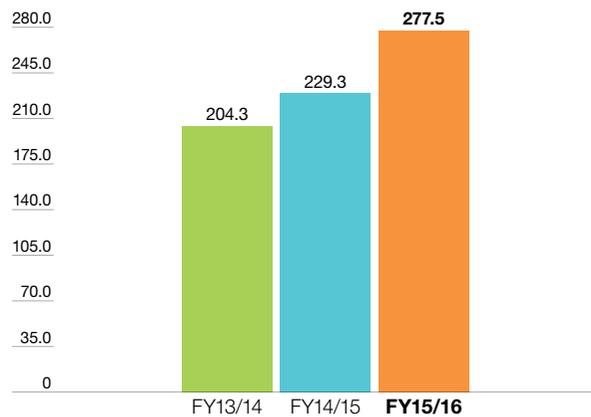
Net Property Income

**s\$277.5m**

FY15/16

**▲21.0%**  
YEAR-ON-YEAR

(S\$ million)

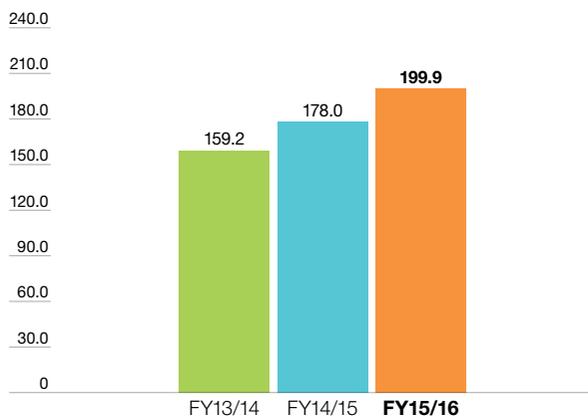


Distributable Income **s\$199.9m**

FY15/16

**▲12.3%**  
YEAR-ON-YEAR

(S\$ million)

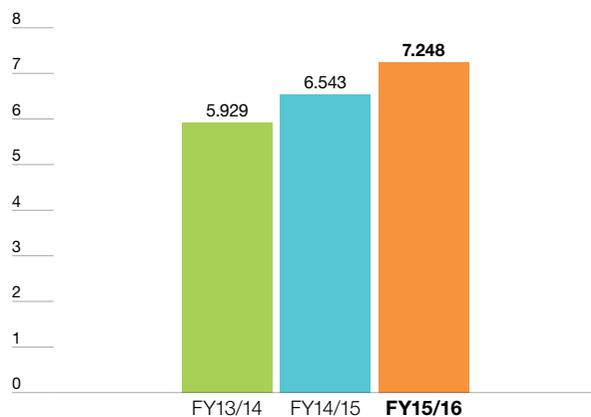


Distribution per Unit<sup>2</sup> **7.248cents**

FY15/16

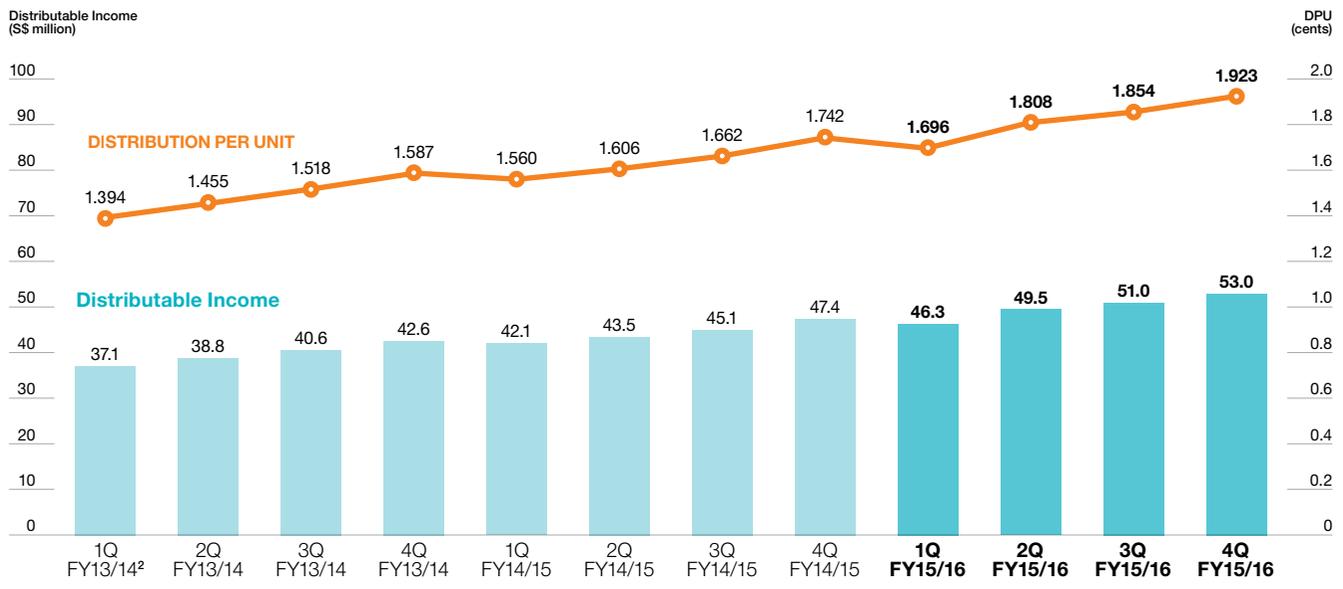
**▲10.8%**  
YEAR-ON-YEAR

(cents)



<sup>2</sup> Available DPU for the financial year is calculated based on the income available for distribution for the year over the number of issued units as at the end of the year.

## Consistent Growth in Distributable Income (DI) and DPU<sup>1</sup> since IPO



<sup>1</sup> The DPU per quarter is calculated based on the income available for distribution for the quarter over the number of issued units as at the end of the quarter.

<sup>2</sup> Quarter results for 1Q FY13/14 excludes the stub period from 7 to 31 March 2013. Distributable income for the period from 7 March to 30 June 2013 = \$46.1 million. Total DPU for the period from 7 March to 30 June 2013 = 1.7337 cents.

## Proactive Capital & Risk Management

Average Term to Maturity for Debt  
AS OF 31 MARCH 2016

**3.01 years**

Average All-in Cost of Debt  
AS OF 31 MARCH 2016

**2.83%**

Percentage of Debt Fixed<sup>3</sup>  
AS OF 31 MARCH 2016

**77.0%**

Expected 1H FY16/17<sup>4</sup> DI Hedged into SGD  
AS OF 31 MARCH 2016

**MORE THAN 70.0%**

<sup>3</sup> Interest cost on 77.0% of the total debt was fixed.

<sup>4</sup> For the period from 1 April to 30 September 2016.

## Portfolio Valuation

FY15/16

**▲10.7%**  
FY14/15: S\$5.3b

**S\$5.9b**

## Distribution Yield

Based on closing unit price of **S\$0.955** on 31 March 2016

**7.6%**

# LETTER TO UNITHOLDERS



RIGHT

**MR FRANK WONG KWONG SHING**Chairman and Independent  
Non-Executive Director

LEFT

**MS CINDY CHOW PEI PEI**Executive Director and  
Chief Executive Officer

## DEAR UNITHOLDERS,

On behalf of the Board of Directors of the Manager, we are pleased to present MGCCT's Annual Report to Unitholders for the financial year from 1 April 2015 to 31 March 2016 ("FY15/16").

FY15/16 was a challenging year for businesses. The markets that we operate in were not spared. In Hong Kong, the value of total retail sales was down 6.4%<sup>1</sup> in FY15/16 compared to FY14/15. The continued slowdown in inbound tourism, the uncertain economic outlook and market volatility impacted local consumption sentiment. China's gross domestic product ("GDP") growth moderated to a 25-year low of 6.9% in 2015, as the ongoing reforms by the world's second largest economy gravitated towards the expansion of the services sector and the stimulation

of domestic consumption, while reducing reliance on manufacturing and infrastructure investments.

### **BUILDING STRENGTH & SHAPING GROWTH**

At MGCCT, we have maintained our focus on building strength and ensuring our assets remained resilient when navigating through challenging market conditions. We have undertaken prudent capital and risk management and captured the right opportunities to shape future growth. MGCCT achieved robust organic growth through proactive asset management of our two existing assets,

“ From IPO to the end of March 2016, we have delivered a cumulative DPU of 20.112 cents at a return of 21.6%. Including a price appreciation of 2.7% over the period, the total return achieved amounted to 24.3%. ”

<sup>1</sup> Figures are from the Hong Kong Census and Statistics Department's Monthly Survey of Retail Sales Reports as published for the months of March 2015 and March 2016.

and we established MGCCT's presence in Shanghai through our first acquisition of Sandhill Plaza in June 2015.

Through these efforts, MGCCT has delivered a third consecutive year of good results since listing on 7 March 2013. Comparing FY15/16 to the last financial year, portfolio gross revenue of S\$336.6 million increased by 19.7% and NPI of S\$277.5 million was up by 21.0%. Total distributable income in FY15/16 was S\$199.9 million, an increase of S\$21.8 million (12.3%) compared to the previous financial year. The total DPU of 7.248 cents<sup>1</sup> for FY15/16 translated to a distribution yield of 7.6%, based on the closing unit price of S\$0.955 as of 31 March 2016.

From IPO to the end of March 2016, we have delivered a cumulative DPU of 20.112 cents<sup>2</sup> at a return of 21.6% based on the IPO Price of S\$0.93. Including a price appreciation of 2.7%<sup>3</sup> over the period, the total return achieved amounted to 24.3%.

The acquisition of Sandhill Plaza and better rental performance also led to a 10.7% increase in the appraised<sup>4</sup> portfolio value from S\$5,349 million as of 31 March 2015 to S\$5,922 million as of 31 March 2016. Correspondingly, Net Asset Value ("NAV") per Unit over the same period improved from S\$1.198 to S\$1.239<sup>5</sup>.

### DRIVING DEMAND, DRIVING VALUE

To drive demand to our three assets, our proactive asset management strategy focuses on implementing effective leasing strategies, offering a vibrant tenant mix and continually improving the properties. With strong support from shoppers and tenants, MGCCT's portfolio occupancy rate was 98.6% and the portfolio's weighted average lease expiry by monthly gross rental income ("GRI") was a healthy 2.6<sup>6</sup> years as of 31 March 2016.

### Festival Walk – A Favourite Mall Among Shoppers<sup>7</sup>

In FY15/16, Festival Walk delivered 14.6% and 15.5% growth in gross revenue and NPI respectively compared to FY14/15, despite an increasingly challenging retail market and ongoing renovations at the cinema<sup>8</sup>, which resulted in a moderate drop in retail sales and footfall by 5.3% and 3.3% respectively, year-on-year. The mall maintained its track record of 100.0% occupancy level for retail and office space as of 31 March 2016, and achieved an average effective rental uplift of 37% for retail leases<sup>9</sup> that expired during FY15/16 compared to preceding rental rates.

The mall's resilient performance is largely attributed to its strategic location above the Kowloon Tong MTR station, the strong local catchment at Kowloon Tong and its focus on mid-tier and affordable brands.

International retailers continue to choose Festival Walk as a preferred mall. Some of the brands that were introduced over FY15/16 include kate spade new york, fresh, GEOX, Nespresso, Nike Basketball and Zara Home. New F&B brands such as the Vietnamese fine dining restaurant An Nam and sen-ryo Japanese restaurant's flagship store added to the mall's wide range of dining choices. Working closely with business partners and tenants, Festival Walk also organised several first-of-its-kind marketing events, such as the Disney Tsum Tsum Festival exhibition and Pink Panther Poolside Party, which were highly popular with our shoppers.

### Gateway Plaza – Supported by Limited Supply in Beijing

In FY15/16, Gateway Plaza continued to contribute to the portfolio's returns, with year-on-year gross revenue and NPI growing 10.2% and 9.8% respectively. This was despite

### DISTRIBUTION PER UNIT FY15/16

# 7.248cents

Distribution yield of 7.6% based on closing unit price of S\$0.955 as of 31 March 2016.

<sup>1</sup> FY15/16 DPU of 7.248 cents is based on the distributable income for the period 1 April 2015 to 31 March 2016 of S\$199.9 million over the total issued units of 2,757,579,017 as of 31 March 2016.

<sup>2</sup> Comprising six distributions paid out to Unitholders from FY13/14 to FY15/16 on a semi-annual basis according to MGCCT's distribution policy.

<sup>3</sup> Based on opening IPO price of S\$0.93 as of 7 March 2013 and ending unit price of S\$0.955 as of 31 March 2016.

<sup>4</sup> Valuation on each property was carried out by Cushman & Wakefield Valuation Advisory Services (HK) Ltd as of 31 March 2015 and by Colliers International (Hong Kong) Limited as of 31 March 2016.

<sup>5</sup> NAV per unit as of 31 March 2016, after payment of distributions to Unitholders on 27 May 2016, will be S\$1.201.

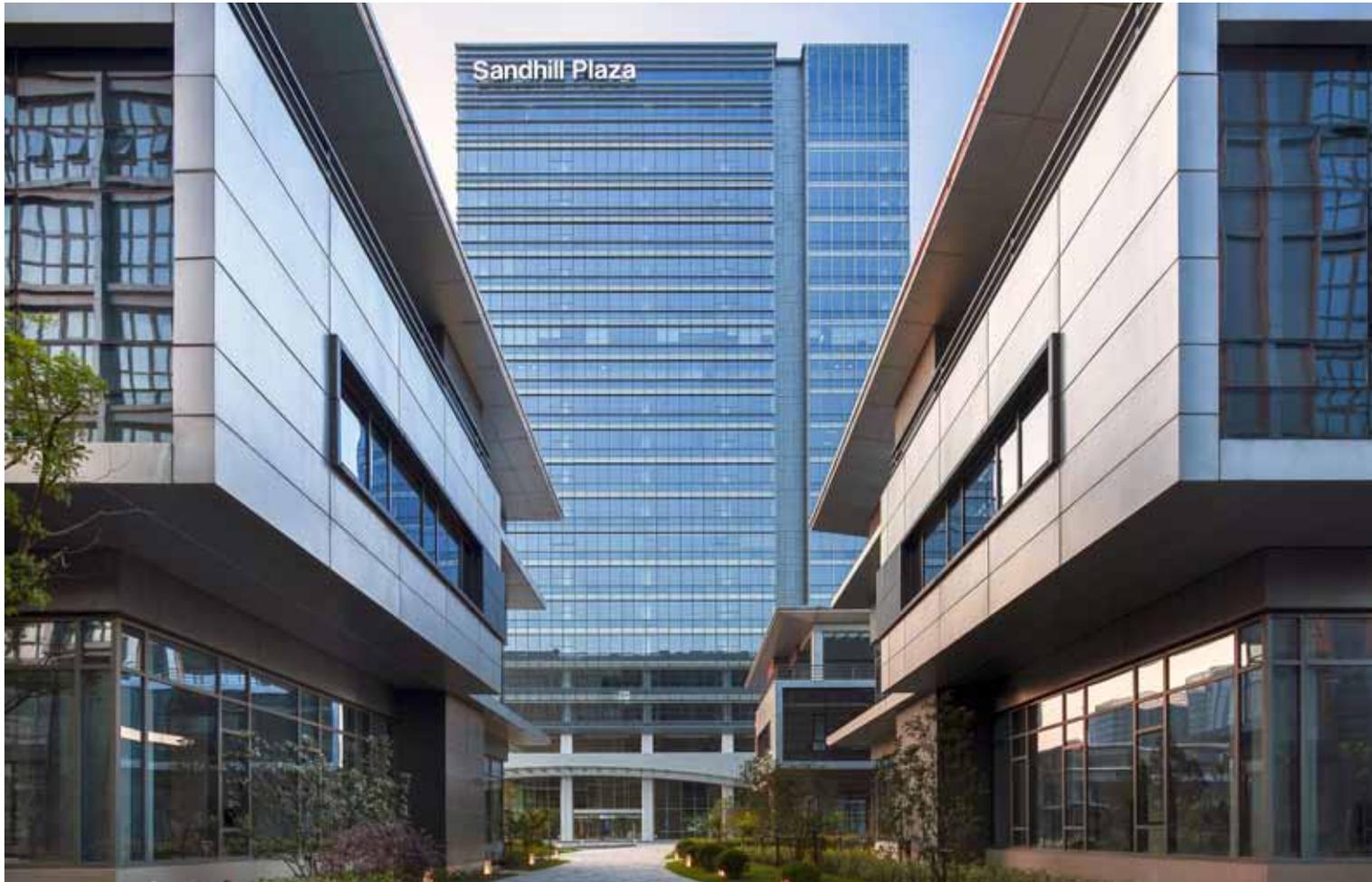
<sup>6</sup> During the year, one of the largest tenants of the portfolio, by GRI, has committed a further five-year term and extended its lease from FY17/18 to FY22/23.

<sup>7</sup> Festival Walk was voted the 'Top 10 My Favourite Mall' and the 'Most Trendy Shopping Mall' at the Apple Daily Best Mall Awards in February 2016 for the second consecutive year.

<sup>8</sup> The cinema has been undergoing renovations since early 2016 and is expected to re-open under a new operator in June 2016.

<sup>9</sup> There was no office lease expiry at Festival Walk in FY15/16.

## LETTER TO UNITHOLDERS



Sandhill Plaza's accretive acquisition expands MGCCT's presence in China.

moderate economic growth and new office supply becoming available in the Lufthansa area. Office leases that expired in FY15/16 were signed at an average effective rental uplift of 25% over preceding rental rates. Occupancy rate at the office building was maintained at 96.8% as of 31 March 2016, reflecting stable growth in demand for office spaces that contributed to Beijing's low vacancy rate<sup>1</sup> of 3.6%.

To maintain and enhance Gateway Plaza's prime positioning, we completed asset enhancement works in the year, where approximately 800 square metres of unutilised space at the three-storey podium was converted into F&B space.

### **Sandhill Plaza – Rising Demand from the Decentralisation Trend**

In line with our strategy to pursue investment opportunities that will enhance current and future returns to Unitholders, we completed the acquisition of Sandhill Plaza at a consideration of S\$413.0 million<sup>2</sup> on 17 June 2015.

A premium business park property in Zhangjiang Hi-tech Park (designated as a Free Trade Zone in Shanghai), Sandhill Plaza comprises one 20-storey tower and seven blocks<sup>3</sup> of three-storey buildings. The property has attained full occupancy<sup>4</sup> since 30 September 2015, reflecting strong demand for business park spaces within decentralised

locations. In FY15/16, the property generated S\$17.8 million in gross revenue and S\$16.5 million in NPI.

### **PRUDENT CAPITAL AND RISK MANAGEMENT**

Over the year, MGCCT diversified funding sources by tapping the bond market, extending and upsizing existing facilities as well as entering into new

<sup>1</sup> Savills World Research, Beijing Office Sector (January 2016).

<sup>2</sup> Based on exchange rate: S\$1 = RMB4.57.

<sup>3</sup> Note that there are eight blocks of low-rise (3-storey) buildings within the subject premises. However, one block is separately owned by a third party, and does not form part of the acquisition.

<sup>4</sup> Sandhill Plaza's committed occupancy rate was 96.2% as of 31 March 2015 as disclosed in the Acquisition announcement on 15 June 2015.

“ To underpin our future growth, we will continue to actively enhance our assets and keep costs under control. We will remain disciplined in our investment selection criteria to seek accretive acquisitions with potential for long-term growth. ”

facilities. The proceeds were utilised to fund the acquisition of Sandhill Plaza, refinance the existing debt that expired in March 2016, and partially refinance debt due in March 2017. Through these transactions, the weighted average debt maturity was extended from 2.75 years as of 31 March 2015 to 3.01 years as of 31 March 2016.

As of 31 March 2016, MGCCT has total borrowings of HK\$13,733.1 million, translating to a gearing of 39.5%. At an average all-in cost of debt of 2.83%, the interest coverage ratio remains healthy at 3.9 times with 100% of MGCCT's borrowings uncollateralised.

#### MAKING AN IMPACT ON SUSTAINABILITY

We believe that the success of our company is ultimately driven by our firm commitment to act responsibly towards our environment, our people and the communities in which we operate. This is MGCCT's third annual report since listing, with continued disclosure of our performance with respect to environmental and social causes, as well as corporate governance. With the acquisition of Sandhill Plaza in June 2015, we have expanded our disclosure to include the performance metrics of the new asset.

#### OUTLOOK

Hong Kong's economy<sup>1</sup> is projected to grow by 1% to 2% in 2016. Despite the headwinds affecting the overall retail market, shopping malls<sup>2</sup> and stores that offer mass-market and affordable brands, such as Festival Walk, are expected to remain relatively resilient and well-supported by domestic shoppers.

China's GDP growth continues to be moderate and sustainable. In Beijing, the city-wide vacancy rate<sup>3</sup> remained low at 3.6%, but is expected to increase slightly as a result of new office supply. Demand for office space in Beijing is expected to continue to be driven by domestic corporates that are largely from the financial services, technology, media and telecommunication sectors. In Shanghai<sup>4</sup>, the government's plans to further develop the Shanghai Free Trade Zones (such as the Zhangjiang Hi-tech Park where Sandhill Plaza is located) into a national-level innovation hub attracting companies in the science and technology sectors, are expected to drive an increase in demand for business park properties in Shanghai.

To underpin our future growth, we will continue to actively enhance the attractiveness and positioning of our assets and keep costs under control. We will remain disciplined in our investment selection criteria to seek accretive acquisitions with potential for long-term growth.

Given the weak global growth environment, there remains uncertainty in the capital markets and we expect continued volatility in interest rates and foreign exchange rates in the near term. As of 31 March 2016, interest cost on 77% of MGCCT's debt was fixed, limiting the impact of increases in interest rates on DPU. To reduce exposure to the Hong Kong Dollar and Renminbi volatility, more than 70% of the anticipated distributable income for 1H FY16/17<sup>5</sup> from the three properties has been hedged into SGD as of

31 March 2016. In accordance with our proactive capital management strategy, we will continue to actively monitor and take necessary actions to manage these exposures so as to deliver stable returns to Unitholders.

#### ACKNOWLEDGEMENTS

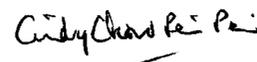
On behalf of the Board and the Manager, we would like to thank our non-executive and independent director Mrs Ow Foong Pheng, who stepped down with effect from 20 April 2016, for her invaluable counsel and contribution.

We would like to express our deepest appreciation to the Board of Directors for their guidance as well as to Unitholders, tenants, shoppers and business partners for their continued trust and valuable support. We would also like to extend our gratitude to our staff for their contributions and dedication to achieve yet another year of strong performance and good results.

As we embark on our fourth year, we will continue to remain disciplined and steadfast in driving growth for our portfolio and providing sustainable value to Unitholders.



**MR FRANK WONG KWONG SHING**  
Chairman and Independent  
Non-Executive Director



**MS CINDY CHOW PEI PEI**  
Executive Director and  
Chief Executive Officer

<sup>1</sup> The Government of the Hong Kong Special Administrative Region, "2015 Economic Background and 2016 Prospects", 24 February 2016.

<sup>2</sup> Colliers International, Hong Kong Retail (4Q 2015).

<sup>3</sup> Savills World Research, Beijing Office Sector (January 2016).

<sup>4</sup> Colliers International, Shanghai Business Park (4Q 2015).

<sup>5</sup> For the period from 1 April to 30 September 2016.

# 致单位信托 持有人之信函

## 尊敬的单位信托持有人

我们在此谨代表丰树大中华商业信托管理有限公司董事会，向单位信托持有人提交MGCCT<sup>1</sup> 2015年4月1日至2016年3月31日财政年度（“15/16财政年度”）之年度报告。

15/16财政年度是充满挑战的一年，我们经营的市场也未能幸免。在香港，零售业总销售额比14/15财政年度下降了6.4%<sup>2</sup>。持续下跌的入境旅游人数，不明朗的经济前景和市场波动都影响了香港消费意欲。而中国的国民生产总值(GDP)增长也创下25年来的新低，在2015年仅有6.9%。随着中国这个世界第二大经济体的经济转型，中国在大力发展服务业和刺激国内消费的同时，也减少了对制造业和基础设施投资的依赖。

## 增强实力，塑造增长

MGCCT在充满挑战的市场环境中寻求发展以及致力增强实力的同时，也确保资产的稳定性。我们进行了审慎的资本和风险管理，并把握契机塑造未来的增长。在过去的一年里，MGCCT通过对两个现有物业积极的资产管理，实现了强劲的内生增长；我们并在2015年6月通过首次收购上海展想广场，而踏足上海市场。

通过这些努力，MGCCT自2013年3月7日上市以来连创三年佳绩，与上个财政年度相比，资产组合总营收达3.366亿新元，上升19.7%；净房地产收入(NPI)达2.775亿新元，上升21.0%。15/16财政年度的可派发收入达到1.999亿新元，与去年同期相比增加了0.218亿新元(12.3%)。按2016年3月31日0.955新元的闭市价格，每单位可派发收入(DPU)为7.248分<sup>3</sup>，派息率达7.6%。

从上市到2016年3月底，根据0.93新元的上市价，我们累计取得每单位可派发收入20.112分<sup>4</sup>，回报率为21.6%；加上期间2.7%<sup>5</sup>的单位价格上涨，总回报率高达24.3%。

收购展想广场和租金收入的提升，也使资产组合的估值<sup>6</sup>从2015年3月底的53.49亿新元上升至2016年3月底的59.22亿新元，增幅达10.7%；每单位净资产值亦相应从1.198新元增至1.239新元<sup>7</sup>。

## 推动需求，提升价值

为了推动对旗下三个资产的需求，我们的资产管理方针侧重于实施有效的租赁策略，提供一个有活力的租户组合，并持续改进我们的物业。在消费者和租户的大力支持下，截至2016年3月31日，MGCCT的资产组合出租率高达98.6%，该资产组合的加权平均租期按月总租金收入（“GRI”）计算为2.6年<sup>8</sup>，处于健康理想水平。

## 又一城——消费者最喜爱商场<sup>9</sup>

在15/16财政年度，尽管零售市场面临越来越大的挑战，而又一城的电影院<sup>10</sup>也正在进行装修工程，导致租户销售额和客流量分别比去年同期下降了5.3%和3.3%，又一城的全年总营收和净房地产收入依然比上一财政年度分别增长14.6%和15.5%。截至2016年3月31日，又一城的零售与办公楼的出租率持续保持在100%，15/16财政年度零售租赁<sup>11</sup>租金平均比之前的租金增长了37%。

又一城商场的稳定业绩很大程度上归功于其九龙塘地铁站上盖这一地利优势，覆盖地区之当地顾客群消费力强劲和聚焦中端及大众化市场品牌。

跨国商家继续将又一城作为他们的首选商场。15/16财年，kate spade new york,

fresh, GEOX, Nespresso, Nike Basketball 和 Zara Home 等品牌店进驻又一城。新加入的餐饮品牌“安南”高级越南菜餐厅和“千両”日本餐在香港的旗舰店为消费者在这商场提供了更多选择。又一城还与业务伙伴和租户通力合作，首创了不少独一无二的市场营销活动，如迪斯尼 TSUM TSUM展览和粉红豹池畔派对等深受消费者欢迎的活动。

## 佳程广场——受助于北京市场的有限供应量

在15/16财政年度，佳程广场一如既往地作为资产组合的回报作贡献，尽管中国经济增长放缓及燕莎商业区也有新的办公楼供应，佳程广场全年总营收和净房地产收入仍分别比去年同期增长10.2%和9.8%。15/16财政年度佳程广场到期的办公楼租约签署的新租金比之前租金平均增长了25%。截至2016年3月31日，办公楼租用率保持在96.8%。这也显示办公楼的需求还在稳步上升，令北京办公楼的空置率<sup>12</sup>低达3.6%。

<sup>1</sup> Mapletree Greater China Commercial Trust (MGCCT)。

<sup>2</sup> 数据来自香港政府统计处公布的零售业销货额按月统计调查报告(2015年3月和2016年3月)。

<sup>3</sup> 按2015年4月1日至2016年3月31日期间的可派发收入1.999亿新元除以截至2016年3月31日所发行的2,757,579,017单位计算。

<sup>4</sup> 含MGCCT13/14财政年度至15/16财政年度每半年一次的派发收入共6次。

<sup>5</sup> 根据2013年3月7日0.93新元的上市价和截至2016年3月31日0.955新元的闭市价格计算。

<sup>6</sup> 由高纬环球估值及专业顾问(香港)有限公司于2015年3月31日进行物业估值；由高力国际(香港)有限公司于2016年3月31日进行物业估值。

<sup>7</sup> 在2016年5月27日派发收入后，预计截至2016年3月31日的每单位净资产值为1.201新元。

<sup>8</sup> 期间，按GRI计算，我们资产组合其中最大的租户又续租了5年，将租约到期日从17/18财政年度后延至22/23财政年度。

<sup>9</sup> 又一城在2016年2月苹果日报最佳动Mall王大奖，当选“十大我最喜爱动Mall王大奖”和“最时尚购物动Mall王大奖”。这是又一城继去年之后又一次获得该殊荣。

<sup>10</sup> 电影院从2016年初开始装修，预计同年6月新院线投入运营。

<sup>11</sup> 15/16财政年度又一城没有办公楼的租约到期。

<sup>12</sup> 第一太平戴维斯的北京办公楼研究报告(2016年1月)。

为了保持并加强佳程广场的优质定位，我们于本财政年度完成了资产增值工程，将三层楼高的中庭近800平方米的空间改建为餐饮区。

**展想广场——去中心化趋势令需求增加**  
秉持为单位信托持有人提升现有和将来回报的策略，我们一直寻求新的投资机会。在2015年6月17日，我们出资4.13亿新元<sup>1</sup>收购了展想广场。

展想广场是位于张江高科技园区(被指定为上海自由贸易区)的一座优质商业园物业，包括一幢20层高的塔楼和七幢<sup>2</sup>三层高的楼房。自2015年9月30日，该物业已达到满租<sup>3</sup>。这反映了市场对非中心区商业园物业的强劲需求。在15/16财政年度，该物业的总营收和净房地产收入分别为0.178亿新元和0.165亿新元。

### 审慎的资本和风险管理

在过去的一年里，MGCCT进一步使融资渠道多元化，在开发债券市场的同时，延长和加大现有银行信贷，并引进新的信贷。这些款项被用于收购展想广场，并为2016年3月到期的债务及部分2017年3月到期的债务进行再融资。通过这些交易，MGCCT的加权平均债务期限从2015年3月31日的2.75年延长到2016年3月31日的3.01年。

截至2016年3月31日，MGCCT共借贷137.331亿港币，负债比率为39.5%。债务平均总利息成本维持在2.83%。利息保障倍数保持在3.9倍的健康水平，其资产100%未用于抵押。

### 致力推行可持续发展

我们坚信公司的成功源自于我们对环境、对人以及对业务所在的社区履行企业责任的坚定承诺。这是MGCCT上市以来的第三份年度报告，会继续公开我们在环境、社会责任和企业管治方面

的业绩。随着2015年6月展想广场的收购，我们的可持续发展相关数据指标亦涵盖这项新资产。

### 前景展望

香港的经济<sup>4</sup>预计在2016年将增长1%至2%。尽管有影响整体零售市场的不利因素，提供主流及大众化市场品牌的商店和商场<sup>5</sup>，如又一城，预计将依然保持较稳定的表现，并受到国内消费者良好的有力支持。

中国的GDP增长仍会保持适度和持续的增长。在北京，全市的办公楼空置率<sup>6</sup>依旧维持在3.6%的低水平，但随着新建办公楼的增加，空置率预计将略升。北京办公楼市场的需求预计将继续来自金融服务、科技、媒体和电信行业的国内企业。在上海<sup>7</sup>，政府计划进一步把上海自由贸易区(如展想广场所在的张江高科技园区)发展为能吸引科技公司的国家级创新中心，这个计划预计将增加对上海商业园物业的需求。

为了巩固我们未来的增长，我们将继续积极加强我们资产的吸引力和定位，并控制成本。我们将继续严格遵守我们的投资选择标准，寻求有潜力的长期增值项目。

鉴于全球经济增长疲软，资本市场前景依然不明朗，我们预计短期内利率和汇率的波动会持续。截至2016年3月31日，MGCCT已将77%的债务利息做成定息，以限制利率上升对DPU的影响。为了减少因港币和人民币汇率波动产生的风险，我们已将16/17财政年度前半年<sup>8</sup>来自三项物业超过70%的预期可派发收入对冲为新元。按照积极的资本管理策略，我们将继续积极关注并采取必要的措施来管理相关的风险，从而为单位信托持有人提供稳定的回报。

### 致谢

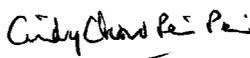
我们谨代表董事会和经理人，衷心感谢于2016年4月20日卸任的非执行董事和独立董事吴凤萍女士，感谢她宝贵的建议和贡献。

我们谨此衷心的感谢董事会的指导及广大单位信托持有人、租户、消费者和业务伙伴始终不渝的信任和支持。我们也向全体员工致以由衷的谢意，正因为他们的付出和贡献，我们实现了又一年的强劲佳绩。

踏入MGCCT的第四个年头，我们将继续恪守标准并坚定地致力推动我们资产组合的增长，为单位信托持有人提供可持续的价值。



**黄钢城先生**  
主席兼独立非执行董事



**周佩佩女士**  
执行董事兼总裁

<sup>1</sup> 基于汇率:1新元=4.57人民币

<sup>2</sup> 实际上拥有八幢三层楼高的楼房，其中一幢属于第三方，不在收购的范围内。

<sup>3</sup> 在2015年6月15日收购公告中，展想广场截至2015年3月31日的租用率为96.2%。

<sup>4</sup> 该数据来自香港特别行政区政府于2016年2月24日发表的“2015经济背景与2016展望报告”。

<sup>5</sup> 高力国际，香港零售(4Q 2015)

<sup>6</sup> 第一太平戴维斯世界研究，北京办公楼市场(2016年1月)

<sup>7</sup> 高力国际，上海商业园(4Q 2015)。

<sup>8</sup> 从2016年4月1日到9月30日。

# YEAR IN BRIEF FY15/16

## 2015

### May

Festival Walk received the 'Outstanding Managed Public Car Park' award for the sixth consecutive year and the 'Double Star Managed Property' awards for both its mall and office tower.

### June

MGCCT completed its maiden acquisition of Sandhill Plaza, a business park property located in Zhangjiang Hi-tech Park, Pudong, Shanghai.

Festival Walk was presented with the 'Indoor Air Quality Certificate (Good Class)' for the mall for the fifth consecutive year.

### July

MGCCT's Available DPU of 1.696 Singapore cents for 1Q FY15/16 was 8.7% higher than 1Q FY14/15.

MGCCT held its 2<sup>nd</sup> Annual General Meeting on 30 July 2015, with all resolutions duly passed by Unitholders.

MGCCT won 'Best Annual Report (Silver)' for its inaugural annual report at the Singapore Corporate Awards 2015.



### August

Festival Walk was the only three-time winner of the 'Yahoo! Emotive Brand Award' in the shopping centre category.



### September

Festival Walk was voted 'My Favourite Greater China Brand' in the shopping mall category by China Travel Service (Hong Kong) Limited.

Festival Walk garnered three accolades at the Marketing Events Awards: 'Best Stunt (Gold)', 'Best Digital Integration (Gold)', and 'Best Exhibition Event (Silver)'.



## October

MGCCT delivered Available DPU of 1.808 Singapore cents for 2Q FY15/16, a year-on-year increase of 12.6%.

Festival Walk clinched the 'Marketing Excellence in Emerging Digital Technology (Silver)' award at the Asia Pacific Shopping Center Awards by the International Council of Shopping Centers.



## November

Mapletree Greater China Commercial Treasury Company (HKSAR) Limited<sup>1</sup> ("MGCCT HK-TCo") issued S\$100 million 7-year 3.96% Fixed Rate Notes due 2022.

Ms Sandra Cheng, Festival Walk's General Manager, receiving the mall's 'Brilliance in Festival Related Event' award at the Experiential Marketing Brilliance Awards Hong Kong event by Metro Radio. The mall also won two other awards: 'Top Ten Experiential Marketing Brilliance Awards' and 'Brilliance in Integrated Digital Media Experience'.



Festival Walk was presented with a Gold for 'Excellence in Use of Apps' and a Bronze for 'Excellence in Mass Event' at the Marketing Excellence Awards.

<sup>1</sup> A wholly-owned subsidiary of MGCCT.

# 2016

## January

MGCCT achieved Available DPU of 1.854 Singapore cents for 3Q FY15/16, 11.6% higher year-on-year.

## February

Festival Walk received the 'Indoor Air Quality Certificate (Excellent Class)' for the office building for the eighth consecutive year.

Festival Walk was voted the 'Top 10 My Favourite Mall' and the 'Most Trendy Shopping Mall' at the Apple Daily Best Mall Awards for the second consecutive year.

## March

MGCCT HK-TCo issued S\$120 million 7-year 3.50% Fixed Rate Notes due 2023.

Festival Walk was awarded the 'Caring Company Certificate' for the fourth consecutive year.

## April

MGCCT's Available DPU of 1.923 Singapore cents for 4Q FY15/16 was 10.4% higher year-on-year.

# STRATEGY

## Vision

To be a leading Greater China-focused commercial REIT by portfolio size, quality of assets and returns

## Mission

- To deliver regular and stable returns to Unitholders and to achieve long-term sustainable growth in DPU and Net Asset Value ("NAV") per unit
- To be the landlord of choice for our tenants and be committed to the delivery of quality products and services
- To acquire high-quality assets that are yield accretive

### KEY STRATEGIES

## Active Asset Management

### STRATEGIC OBJECTIVES

- Achieve growth in revenue and NPI
- Maintain optimal occupancy levels
- Drive organic growth
- Build strong relationships with tenants
- Leverage on Sponsor's experience

### PLANS IN ACTION

- Actively manage leases to achieve an optimal tenant mix and mall positioning
- Introduce first-of-its kind retail concepts and align tenant mix with current market trends
- Implement innovative marketing concepts to improve shopper traffic and consumption for retail assets
- Improve operational efficiency and reduce operating costs without compromising safety and quality
- Manage and monitor rental arrears to minimise bad debts

Refer to:  
[p40-43 Operations Review](#), [p97-144 Financial Statements](#)



Festival Walk's focus on mid-tier and affordable brands attracts locals and tourists.

## Active Asset Enhancement

### STRATEGIC OBJECTIVES

- Increase property value through asset enhancement initiatives (AEI) to support and enhance organic growth
- Convert under-utilised space into leasable space

### PLANS IN ACTION

- Offer better amenities and upgrade facilities to attract and retain tenants
- Optimise or increase leasable area to enhance rental revenue potential
- Enhance the quality of assets through a regular preventive maintenance schedule
- Incorporate energy-efficient and environmentally-friendly technologies and/or initiatives where feasible to enhance the sustainability of assets

Refer to:  
[p40-43 Operations Review](#), [p86-96 Sustainability Report](#)



The lobby at Gateway Plaza, after the completion of asset enhancement works.

## Investment Mandate

- To invest in a diversified portfolio of income-producing real estate in the Greater China region
- For commercial purposes (including real estate used predominantly for retail and/or office purposes), as well as real estate-related assets
- Key markets include:
  - Hong Kong and first-tier cities in China (Beijing, Shanghai, Guangzhou and Shenzhen)
  - Major urban centres along Beijing-Tianjin corridor, Shanghai-Suzhou-Hangzhou-Nanjing corridor and the Pearl River Delta (including Guangzhou, Shenzhen and Foshan)
  - Main growth centres and beneficiaries of the “go-west” policies (Chengdu, Chongqing, Wuhan and Xi’an)

## Value-creating Acquisition Growth

### STRATEGIC OBJECTIVES

- Acquire good quality income-producing commercial properties that are aligned with our investment strategy
- Enhance sustainable returns to Unitholders

### PLANS IN ACTION

- On the ground investment team focused on acquisitions that meet the following criteria:
  - Yield and DPU accretion
  - Location of asset
  - Asset enhancement potential
  - Building and facilities specification
  - Tenant mix and occupancy characteristics
- Leverage on the Sponsor’s experience in the Greater China region and the Sponsor’s right of first refusal offered to MGCCT

Refer to:  
[p40-43 Operations Review](#)



Sandhill Plaza is home to many local conglomerates and MNCs.

## Proactive & Prudent Capital and Risk Management

### STRATEGIC OBJECTIVES

- Maintain a strong balance sheet and credit rating
- Ensure sufficient liquidity for working capital and acquisition needs
- Mitigate exposure to interest rate and foreign exchange volatility
- Implement risk management strategies

### PLANS IN ACTION

- Actively monitor, manage and balance cost of debt and duration
- Diversify sources of funding in debt and equity capital markets and maintain a well-distributed debt maturity profile to minimise refinancing risk
- Proactively monitor and undertake hedging strategies to minimise interest rate and currency risks
- Regularly review risk management policies, processes and system of controls and monitor key risks

Refer to:  
[p35-39 Financial Review](#), [p69-71 Risk Management](#),  
[p97-144 Financial Statements](#)



Festival Walk: Tenants gathering at an external assembly area during a fire drill.



Gateway Plaza  
佳程广场

# NURTURING VALUE

MGCCT is committed to nurturing its assets to uphold their best-in-class status through proactive asset management and asset enhancement initiatives. This reinforces the resilience of our portfolio, giving us the flexibility to grow the Trust and create value for Unitholders.

佳  
jiā  
(Pinyin) denotes  
"good or beautiful"

**S\$336.6m**

**FY15/16  
GROSS  
REVENUE**

**S\$277.5m**

**FY15/16  
NPI**

**7.248cents**

**FY15/16  
DPU<sup>1</sup>**

<sup>1</sup> Available DPU is calculated based on income available for distribution for the year over the number of issued units as of 31 March 2016.

# 慎

shèn  
(Pinyin) denotes  
"cautious"

## MAINTAINING STABILITY

MGCCT has been delivering a steady and robust performance even in times of moderate economic growth. This validates our proactive capital and risk management approach, which is key to maintaining financial stability and ensuring sustainable returns.

**3.01 years**

**AVERAGE TERM  
TO MATURITY  
FOR DEBT**  
(as of 31 March 2016)

**77.0%**

**% OF DEBT FIXED<sup>1</sup>**  
(as of 31 March 2016)

**2.83%**

**AVERAGE ALL-IN  
COST OF DEBT**  
(as of 31 March 2016)

<sup>1</sup> Interest cost on 77.0% of the total debt was fixed.





OVERVIEW

STRATEGY

PERFORMANCE

GOVERNANCE & SUSTAINABILITY

FINANCIALS & OTHERS

Festival Walk  
又一城



Sandhill Plaza

Sandhill Plaza  
展想广场



# 展

zhǎn  
 (Pinyin) denotes  
 "expansion"

## DRIVING GROWTH

The strong organic growth of Festival Walk and Gateway Plaza, coupled with the additional income contribution from Sandhill Plaza, demonstrates MGCCT's focus and ability to drive consistent portfolio growth.

**98.6%**

**PORTFOLIO  
 OCCUPANCY**  
 (as of 31 March 2016)

Festival Walk

**+37.0%**

**RENTAL UPLIFT**  
 (FY15/16)

Gateway Plaza

**+25.0%**

Sandhill Plaza

**+33.0%**

# 续

xù  
(Pinyin) denotes  
"continuity"

## PURSUING SUSTAINABILITY

Guided by the Sponsor's corporate social responsibility framework, the 'Shaping & Sharing' Programme, MGCCT seeks to manage and grow our businesses sustainably, empower individuals and enrich the communities that we operate in.

▼ **3.6%**

**ENERGY<sup>1</sup>  
CONSUMPTION  
SAVED y-o-y**

▼ **3.0%**

**WATER<sup>1</sup>  
CONSUMPTION  
SAVED y-o-y**

**2,160 tonnes**

**WASTE<sup>1</sup>  
RECYCLED y-o-y**

<sup>1</sup> Applies to both Festival Walk and Gateway Plaza in FY15/16 only.





OVERVIEW

STRATEGY

PERFORMANCE

GOVERNANCE & SUSTAINABILITY

FINANCIALS & OTHERS

Sandhill Plaza  
展想广场



# PROPERTY PORTFOLIO

## PROPERTY PORTFOLIO SUMMARY<sup>1</sup>

GROSS REVENUE  
FY15/16

S\$336.6m

NET PROPERTY INCOME  
FY15/16

S\$277.5m

Occupancy  
Rate

98.6%

Top  
Tenants<sup>2</sup>

Apple, Arup, Bank of China, BMW, China Fortune Land Development (CFLD), Cummins, H&M, I.T, Spreadtrum, TaSTe

Gross Floor Area  
3,256,667 sq ft<sup>3</sup>

Lettable Area  
2,625,438 sq ft

Office: 1,621,114 sq ft  
Retail: 1,004,324 sq ft

Market Valuation  
AS OF 31 MARCH 2016<sup>4</sup>

S\$5,922m

# Hong Kong, Beijing and Shanghai

## Retail and Office

MGCCT's portfolio comprises three prime commercial properties located in Hong Kong, Beijing and Shanghai, covering a net lettable area of 2.6 million square feet. All three assets enjoy excellent connectivity with convenient access to major roads, expressways and subway lines. With high quality tenants operating across diversified trade sectors contributing to the portfolio's steady rental growth, the three properties are expected to deliver stable DPU growth.

Weighted Average Lease Expiry (WALE) by Monthly Gross Rental Income (GRI)<sup>5</sup>

# 2.6 years

<sup>1</sup> All portfolio information and numbers presented in this section are as of 31 March 2016 unless otherwise specified. The footnotes below also apply to this section.

<sup>2</sup> Top 10 tenants by gross rental income for the month of March 2016.

<sup>3</sup> sq ft (square feet).

<sup>4</sup> Based on valuation on each property carried out by Colliers International (Hong Kong) Limited as of 31 March 2016.

<sup>5</sup> Based on committed leases.

### FESTIVAL WALK 又一城



Festival Walk is a premier one-stop shopping, dining and lifestyle destination that offers more than 200 local and international brands as well as more than 30 food outlets over seven retail levels. Situated in the upscale residential area of Kowloon Tong, Festival Walk is directly linked to the Kowloon Tong MTR station and enjoys excellent connectivity between the underground Kwun Tong Line and the overland East Rail Line which links Hong Kong directly to the Shenzhen border. Adjacent to two universities and neighbouring schools, the mall is also accessible by bus and road networks. The mall is well-supported by commuters passing through the busy transport node as well as a catchment area with a population of more than 1.4 million. Key tenants at the mall include the Apple store, H&M, LOG-ON, Marks & Spencer, Page One bookstore, TaSTe supermarket, UNIQLO and Zara Home. The mall also features a large multiplex cinema<sup>1</sup>, "FoodFest" food court and one of Hong Kong's largest ice rinks, the "Glacier". Festival Walk also has a four-storey office block with tenants such as Arup and Prudential.

### GATEWAY PLAZA 佳程广场



Strategically located in the well-established "Lufthansa" commercial hub within the Third Ring Road in Beijing, Gateway Plaza is a Grade-A office building which is home to a diverse group of well-known multinationals and local companies including BASF, BMW, CFLD, and Cummins. It occupies a vantage position, well-linked by major train, bus and road networks and next to the Airport Expressway with direct access to the Beijing Capital International Airport. Amenities provided at the podium area of the building include Bank of China, Nanyang Commercial Bank, a medical clinic and a selection of food & beverage ("F&B") outlets including Starbucks and a Western café.

### SANDHILL PLAZA 展想广场



Acquired in June 2015, Sandhill Plaza is one of the newest premium quality business park developments in the mature area of Zhangjiang Hi-tech Park, designated as a Free Trade Zone in Shanghai. Located between the Middle Ring and Outer Ring Expressways of Shanghai, it is within a 30-minute drive to Pudong International Airport, Lujiazui Central Business District and People's Square in Puxi as well as within a 5-minute walk to Metro Line 2 Guanglan Road Station. The tenants come from diverse sectors and include Analog Devices, Axalta, Borouge, Disney, Spreadtrum, Univar and Wincor Nixdorf. Sandhill Plaza offers a range of amenities including a staff canteen, F&B outlets and a convenience store.

<sup>1</sup> The cinema has been undergoing renovations since early 2016 and is expected to re-open under a new operator in June 2016.

# Festival Walk

Hong Kong



## GROSS REVENUE FY15/16

s\$236.5m

Market Valuation  
LOCAL CURRENCY/S\$

HK\$23,930m  
(S\$4,253 million)

Occupancy Rate  
AS OF 31 MARCH 2016:

100.0%

As of 31 March 2015: 100%

## NET PROPERTY INCOME FY15/16

s\$187.2m

## Top Tenants

RETAIL  
Apple Store, H&M,  
HSBC and Premier Centre,  
I.T, LOG-ON,  
Marks & Spencer,  
TaStE, UNIQLO

OFFICE  
Arup, Prudential

80  
Tat Chee  
Avenue,  
Kowloon Tong,  
Hong Kong

Comprises a  
four-storey office tower  
atop a seven-storey  
territorial retail mall and  
three underground  
car park levels

Gross Floor Area  
1,208,754 sq ft

Office : 228,665 sq ft  
Retail : 980,089 sq ft

Lettable Area  
798,372 sq ft

Office : 213,982 sq ft  
Retail : 584,390 sq ft

WALE by Monthly GRI  
Overall: 2.3 years

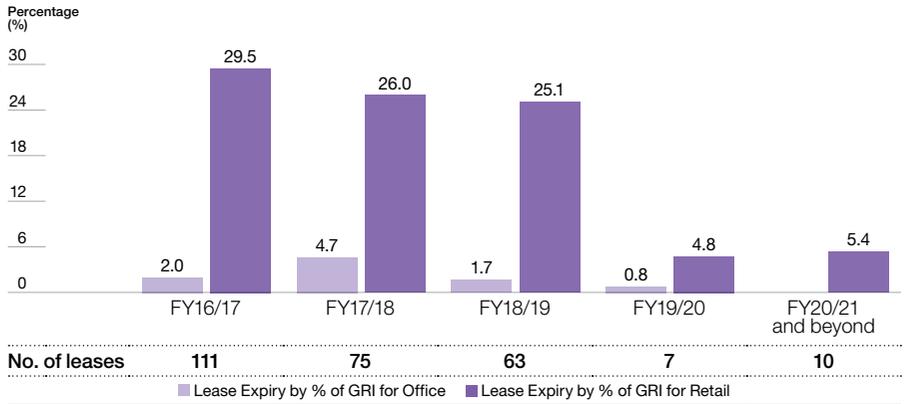
Office : 1.8 years  
Retail : 2.4 years

# Demonstrates Consistently Strong Performance in FY15/16

Festival Walk, positioned as a shopping, dining and lifestyle destination in Kowloon Tong, Hong Kong, continued to demonstrate consistently strong performance in FY15/16, with gross revenue and NPI increasing by 14.6% and 15.5% respectively. Its strategic location, excellent connectivity and diverse range of retail options and amenities drew more than 40 million shoppers, with tenant sales reaching HK\$5,321 million in the year ended 31 March 2016.

## Festival Walk's Lease Expiry Profile by Monthly GRI

As of 31 March 2016



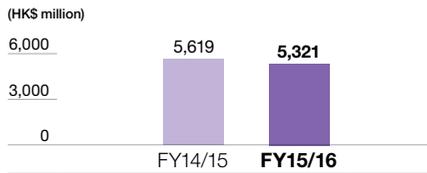
Note: The lease expiry profile is based on existing leases.

## Festival Walk's Tenant Mix by GRI

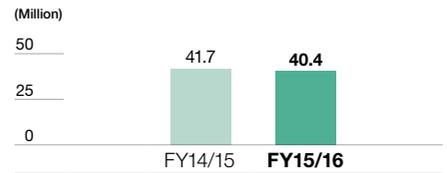
As of 31 March 2016



## Retail Sales



## Footfall



Car Park Lots  
830

Building Completion  
November 1998

Date of Purchase  
7 March 2013

Government Lease Term/  
Land Use Right Expiry  
30 June 2047

Number of Leases  
266



# PROPERTY PORTFOLIO



Nike Basketball

Festival Walk  
Hong Kong



kate spade new york



fresh



J.LINDBERGB



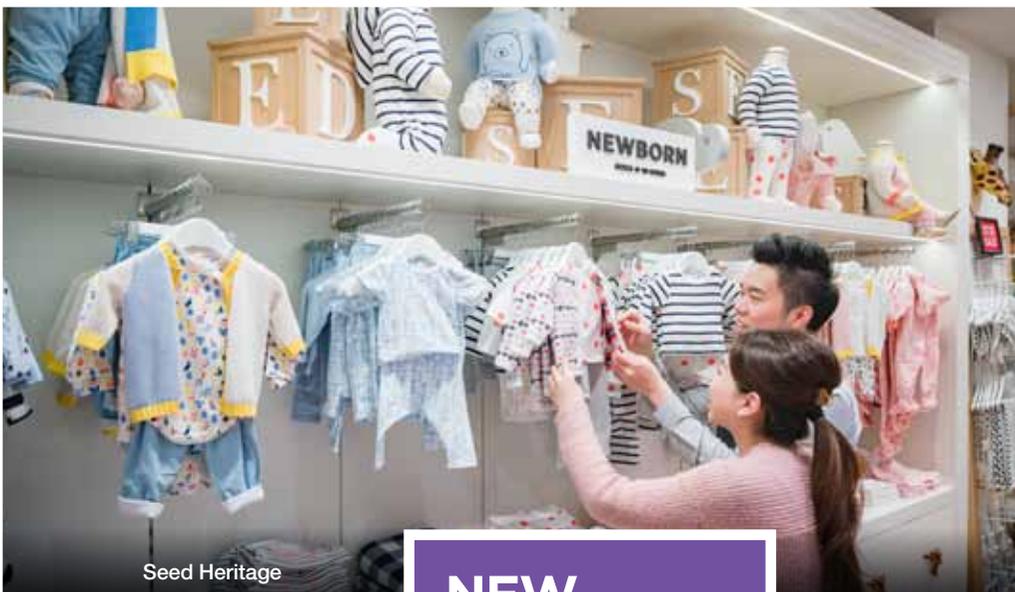
An Nam Restaurant



"Ted 2" Novelty Concept Store



Zara Home



Seed Heritage



Nespresso

**NEW  
CONCEPTS  
AND  
BRANDS**



Ferrari Store Junior



sen-ryo

# PROPERTY PORTFOLIO



Festival Walk  
Hong Kong

The grand Christmas opening by international celebrity Tang Wei.



"Canon Wonderland" event promotion.



Football game on skates at the Glacier.



The popular car shows were staple events at the mall.



Hunter, a tenant at Festival Walk, promoting its colourful range of rainboots.



Ushering in the new year at Festival Walk.



Many shoppers were attracted to the first-ever Disney Tsum Tsum promotion held in Hong Kong.



“Sports Craze” event featuring an indoor rock climbing wall and the latest sportswear fashion.



Make-up demonstrations by tenants at the Pink Panther Poolside Party.

**GALORE  
OF  
EXCITING  
ACTIVITIES**



Maiden exhibition of the life-size Batmobile in Hong Kong, at the “BATMAN v SUPERMAN: Dawn of Justice” movie promotional event.

PROPERTY  
PORTFOLIO

# Gateway Plaza

Beijing



**GROSS REVENUE**  
FY15/16

**S\$82.3m**

Market Valuation  
LOCAL CURRENCY/S\$

**RMB5,930m**  
(S\$1,256 million)

Occupancy Rate  
AS OF 31 MARCH 2016:

**96.8%**

As of 31 March 2015: 98.0%

**NET PROPERTY INCOME**  
FY15/16

**S\$73.7m**

## Top Tenants

**OFFICE**  
Anhui Yucheng<sup>1</sup>, BMW,  
CFLD<sup>2</sup>, Changjiu Group,  
Cummins, Doosan,  
John Deere,  
SBC Business Service

**PODIUM**  
Bank of China,  
Nanyang Commercial Bank

18 Xiaguangli,  
East 3rd Ring Road  
North, Lufthansa  
Area, Beijing

A premier Grade-A office  
building, consisting of two  
25-storey towers connected  
by a three-storey podium area  
and three underground floors

<sup>1</sup> Anhui Yucheng is no longer a tenant of Gateway Plaza since 1 April 2016.

<sup>2</sup> China Fortune Land Development (CFLD).

<sup>3</sup> Square metres (sqm) is the standard convention for area in China.

<sup>4</sup> During the quarter, one of the largest tenants of the portfolio (by gross rental income) has committed a further five-year term, which extended its lease from FY17/18 to FY22/23.

Gross Floor Area<sup>3</sup>  
**106,456 sqm**

Office : 94,715 sqm  
Podium: 11,741 sqm

Lettable Area  
**106,456 sqm**

Office : 94,715 sqm  
Podium: 11,741 sqm

WALE by Monthly GRI  
**Overall: 3.9 years<sup>4</sup>**

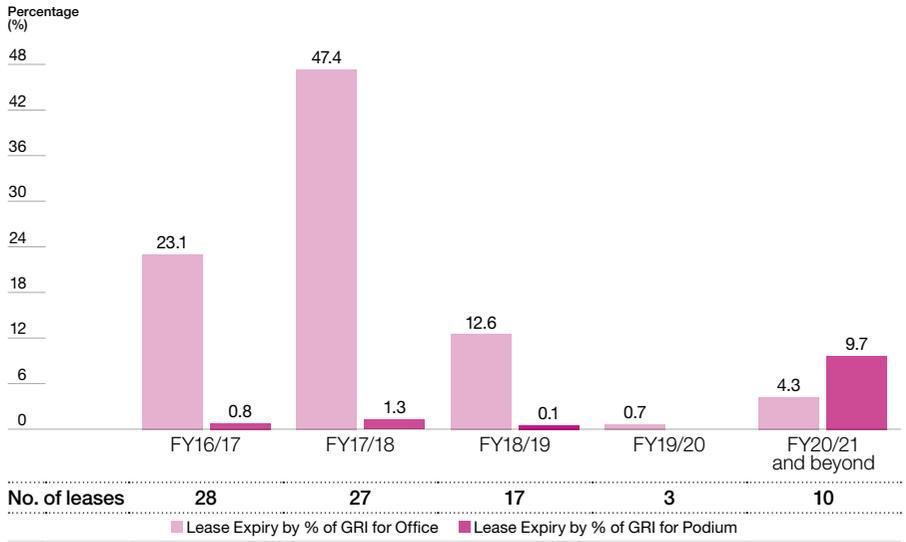
Office : 3.4 years  
Podium: 7.8 years

# An Attractive Office Location in Beijing

Gateway Plaza, with its proximity to hotels, shopping arcades, international schools, embassies and residences in the Lufthansa area, is an attractive office location to multinationals and local conglomerates. Tenants continued to recognise the building's high quality specifications and well-managed property services, leading to its high occupancy level of 96.8% as of 31 March 2016. During FY15/16, the building's podium area was improved following the completion of the asset enhancement initiative which would feature more F&B outlets, better visibility and accessibility.

## Gateway Plaza's Lease Expiry Profile by Monthly GRI

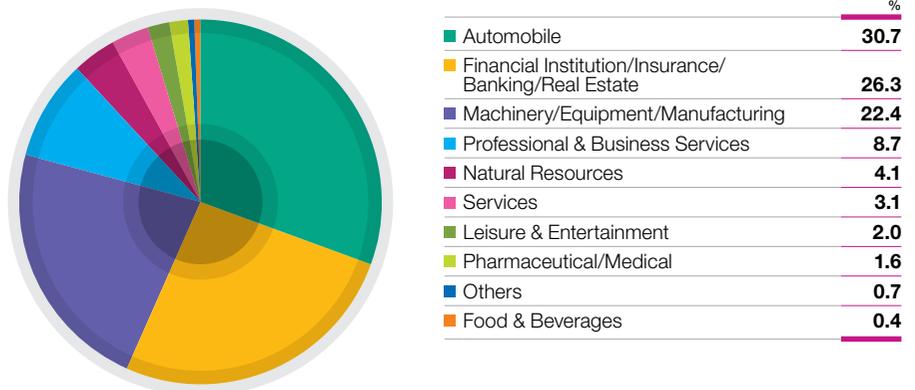
As of 31 March 2016



Note: The lease expiry profile is based on existing leases.

## Gateway Plaza's Tenant Mix by GRI

As of 31 March 2016



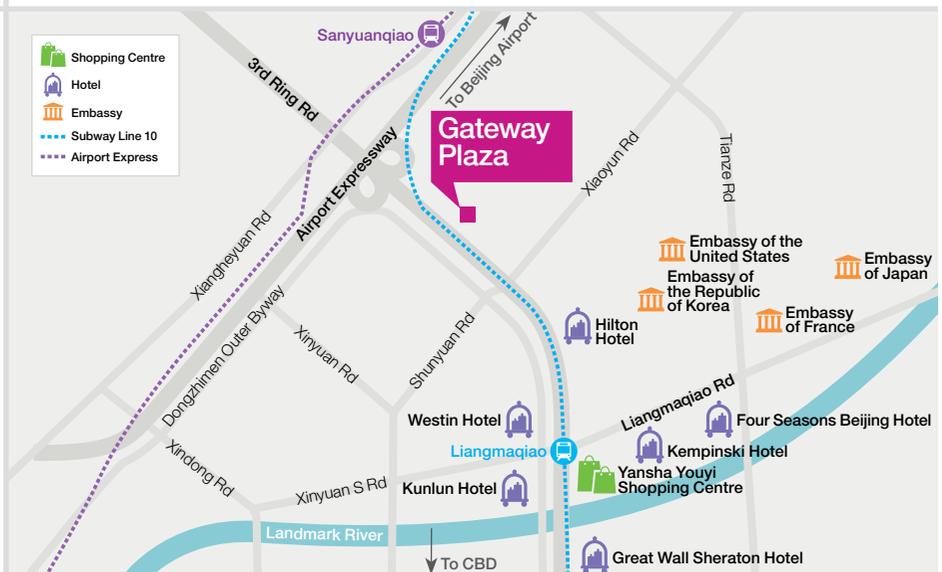
Car Park Lots  
**692**

Building Completion  
**August 2005**

Date of Purchase  
**7 March 2013**

Government Lease Term/  
Land Use Right Expiry  
**25 February 2053**

Number of Leases  
**85**



PROPERTY  
PORTFOLIO

# Sandhill Plaza

Shanghai



**GROSS REVENUE**  
FY15/16

**S\$17.8m**

Market Valuation  
LOCAL CURRENCY/S\$

**RMB1,950m**  
(S\$413 million)

Occupancy Rate  
AS OF 31 MARCH 2016:

**100.0%**

**NET PROPERTY INCOME**  
FY15/16

**S\$16.5m**

**Top  
Tenants**

Analog Devices,  
Axalta, Bourouge,  
Broadcom, Han Ting,  
Hexagon, Shan Lin Finance,  
Spreadtrum,  
Wincor Nixdorf,  
Xin Wei Lai

2290 Zuchongzhi  
Road, Zhangjiang  
Hi-tech Park,  
Pudong New Area,  
Shanghai

A premium business park  
development comprising  
one 20-storey tower,  
seven blocks of 3-storey  
buildings<sup>1</sup> and two basement  
levels of car park

<sup>1</sup> There are eight blocks of low-rise (three-storey) buildings within the subject premises, of which one block is separately owned by a third party and does not form part of the acquisition.

Gross Floor Area  
**83,801sqm**

Lettable Area  
**63,284sqm**

Office : 61,684 sqm  
Amenities: 1,600 sqm

WALE by Monthly GRI  
**Overall: 1.7 years**

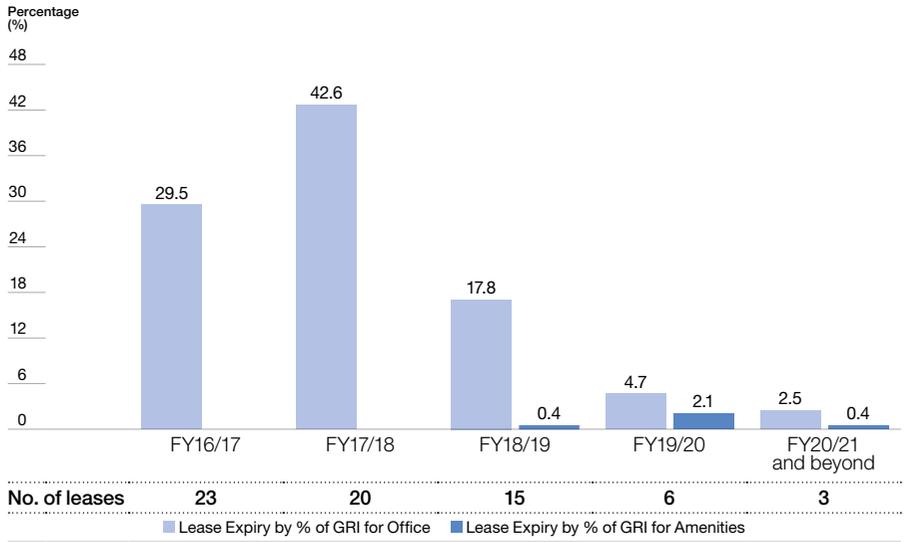
Office : 1.6 years  
Amenities : 3.8 years

# Positive Contribution to Both Gross Revenue and NPI in FY15/16

The newest addition to MGCCT, Sandhill Plaza was an accretive acquisition that had contributed positively to both the portfolio gross revenue and NPI in FY15/16. Since its acquisition on 17 June 2015, the Manager had focused on establishing and refining the processes and procedures at Sandhill Plaza to ensure that the property operated efficiently and remained well-maintained. As of end March 2016, Sandhill Plaza had achieved full occupancy and is expected to ride on the growing decentralisation trend and benefit from the resulting rise in demand for business park space in Shanghai.

## Sandhill Plaza's Lease Expiry Profile by Monthly GRI

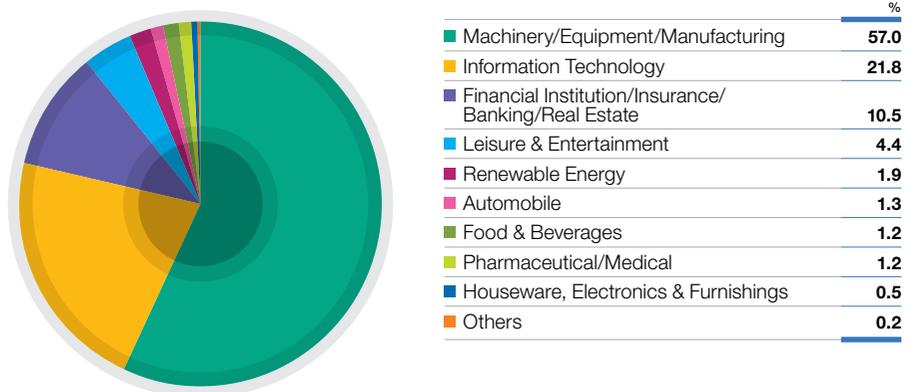
As of 31 March 2016



Note: The lease expiry profile is based on existing leases.

## Sandhill Plaza's Tenant Mix by GRI

As of 31 March 2016



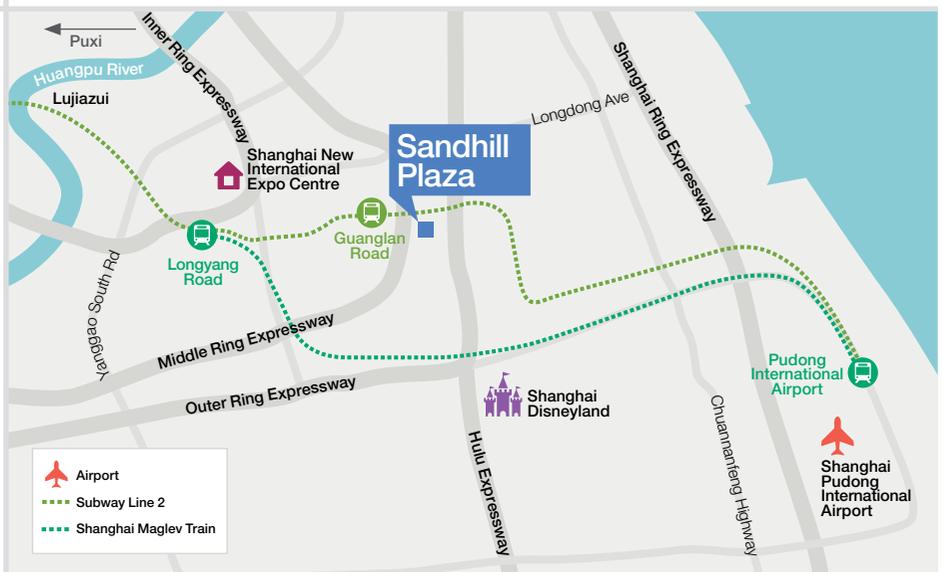
Car Park Lots  
460

Building Completion  
December 2012

Date of Acquisition  
17 June 2015

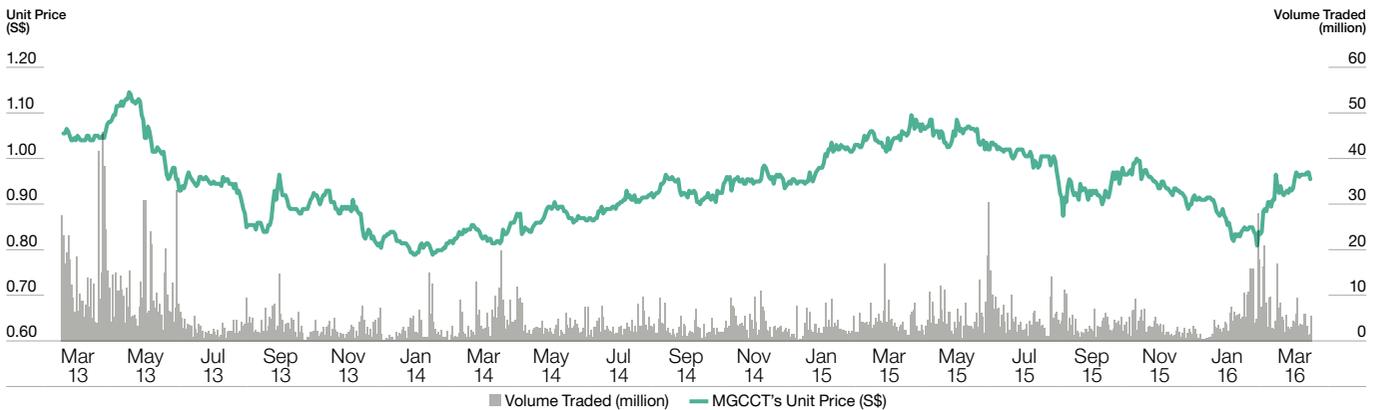
Government Lease Term/  
Land Use Right Expiry  
3 February 2060

Number of Leases  
67



# UNIT PRICE PERFORMANCE

## MGCCT Trading Performance since IPO<sup>1</sup>



<sup>1</sup> Excludes first three days of trading to remove IPO effect. Period is from 12 March 2013 to 31 March 2016.

During FY15/16, the global financial markets saw heightened volatility as a result of widespread concerns over a slowdown in China's economy, a potential increase in interest rates and a devaluation of the Chinese renminbi. While MGCCT's unit price closed at S\$0.955 on 31 March 2016, 8.2% lower compared to the closing price of S\$1.04 on 31 March 2015, it outperformed the Straits Times Index (STI), FTSE Straits Times Real Estate Investment Trusts (FTSE ST REIT) Index and Hang Seng Index (HSI) which declined 17.6%, 10.5% and 16.6% respectively compared to FY14/15.

During the year, MGCCT's closing unit price averaged S\$0.964. The highest closing price was S\$1.095 while the lowest was S\$0.810 and a total of 1,310.3 million units were traded, translating to an average daily trading volume of 5.0 million units. As of 31 March 2016, MGCCT's unit price has increased 2.7% from its listing price of S\$0.93 and its market capitalisation has also increased from S\$2.48 billion at listing date to S\$2.63 billion as of 31 March 2016.

At an attractive distribution yield of 7.6% as of 31 March 2016, MGCCT offers a higher return than the FTSE ST REIT Index and HSI at yields of 6.3% and 4.1% respectively.

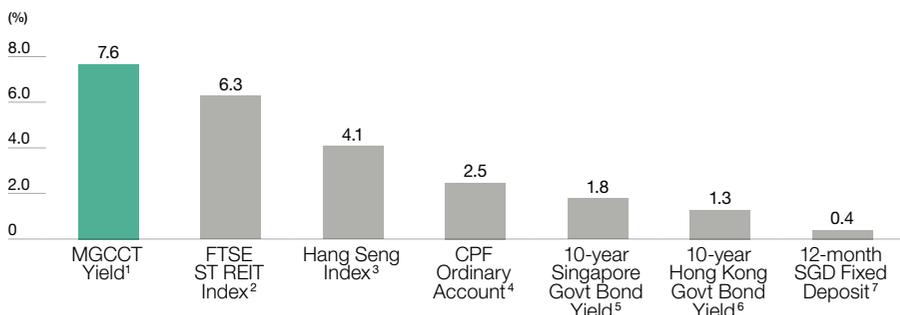
## Better Trading Performance vs Major Indices in FY15/16

(31 March 2015 to 31 March 2016)



## MGCCT Offers a Higher Return vs Other Comparable Instruments

(as of 31 March 2016)



<sup>1</sup> Based on actual DPU of 7.248 cents for the period 1 April 2015 to 31 March 2016 and closing unit price of S\$0.955 on 31 March 2016.

<sup>2</sup> 12-month gross dividend yield of FTSE Straits Times (ST) REIT Index as of 31 March 2016, Bloomberg.

<sup>3</sup> 12-month gross dividend yield of Hang Seng Index as of 31 March 2016, Bloomberg.

<sup>4</sup> Prevailing interest rate on Central Provident Fund ("CPF") Ordinary Account Savings from CPF Board, Jan-Mar 2016.

<sup>5</sup> Singapore Government Bond Yield from Monetary Authority of Singapore, as of 31 March 2016.

<sup>6</sup> Hong Kong Government Bond Yield from Hong Kong Government Bond Programme website, as of 31 March 2016.

<sup>7</sup> 12-month SGD fixed deposit savings rate from Monetary Authority of Singapore, as of 31 March 2016.

# FINANCIAL REVIEW

## GROSS REVENUE

MGCCT achieved gross revenue of S\$336.6 million for the year from 1 April 2015 to 31 March 2016 ("FY15/16"), an increase of 19.7% compared to the same period last year ("FY14/15"). The increase was contributed by high rental reversions at Festival Walk and Gateway Plaza, resulting from active asset management by the Manager. The acquisition of Sandhill Plaza on 17 June 2015 as well as the appreciation of Hong Kong Dollar ("HKD") and Renminbi ("RMB") against Singapore Dollar ("SGD") also added to the growth in gross revenue. By asset, Festival Walk, Gateway Plaza and Sandhill Plaza contributed 70%, 25% and 5% respectively to the portfolio gross revenue in FY15/16.

## PROPERTY OPERATING EXPENSES

Property operating expenses of S\$59.2 million in FY15/16 was 14.2% higher than FY14/15. This was mainly due to the addition of Sandhill Plaza, higher maintenance costs at Festival Walk, higher property and lease management fees in line with the growth in revenue, as well as the appreciation of HKD and RMB against SGD.

## NET PROPERTY INCOME

The increase in gross revenue outpaced the rise in property operating expenses resulting in a higher NPI of S\$277.5 million, 21.0% higher than FY14/15. Consequently, portfolio NPI margin<sup>1</sup> improved from 81.6% in FY14/15 to 82.4% in FY15/16.

By percentage contribution to NPI, Festival Walk, Gateway Plaza and Sandhill Plaza accounted for 67%, 27% and 6% respectively in FY15/16.

## MANAGEMENT FEES

Aligned to the interest of the Unitholders, MGCCT's base and performance fee structures are based on distributable income (or income available for distribution to the Unitholders) and DPU growth respectively.

Management fees<sup>2</sup> of S\$24.9 million in FY15/16 comprises Manager's base fee of S\$20.0 million, calculated as 10% of distributable income in FY15/16, and performance fee of S\$4.9 million, calculated as 25% of growth of FY15/16 DPU over FY14/15 DPU multiplied by the weighted average number of Units in issue for FY15/16.

## FINANCE COSTS (NET) AND FOREIGN EXCHANGE GAIN

Finance costs (net) for FY15/16 rose 59.7% or S\$24.1 million to S\$64.5 million. In accordance with the Manager's proactive capital management strategy to extend debt maturity and reduce exposure to interest rate volatility, expiring debt was refinanced with medium term notes and longer term debt, and interest rate swaps were undertaken to increase the fixed to floating debt ratio. These increased interest cost by S\$5.0 million and S\$5.9 million respectively. In addition, MGCCT increased borrowings to finance the acquisition of Sandhill Plaza which gave rise to an additional interest cost of S\$9.7 million. The appreciation of HKD against SGD also added a further S\$3.1 million to interest cost. More information on the medium term notes and debt is available in the Capital Management section.

<sup>1</sup> NPI Margin = NPI/gross revenue.

<sup>2</sup> 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.

## Overview

	FY15/16 (S\$'000)	FY14/15 (S\$'000)	Variance % Positive/ (Negative)
Gross Revenue	336,638	281,144	19.7
Property Operating Expenses	(59,172)	(51,834)	(14.2)
<b>Net Property Income</b>	<b>277,466</b>	<b>229,310</b>	<b>21.0</b>
Management Fees	(24,871)	(22,012)	(13.0)
Finance Costs (Net)	(64,451)	(40,366)	(59.7)
Foreign Exchange Gain/(Loss)	32,340	(3,957)	NM
Trust Expenses	(2,839)	(3,054)	7.0
<b>Total Trust Expenses</b>	<b>(59,821)</b>	<b>(69,389)</b>	<b>13.8</b>
Net Change in Fair Value of Investment Properties	239,921	196,383	22.2
Net Change in Fair Value of Financial Derivatives	8,378	(3,086)	NM
Income Tax Expenses	(37,843)	(33,819)	(11.9)
<b>Total Return for the Year</b>	<b>428,101</b>	<b>319,399</b>	<b>34.0</b>
Distribution Adjustments	(228,227)	(141,360)	(61.5)
<b>Income Available for Distribution to Unitholders</b>	<b>199,874</b>	<b>178,039</b>	<b>12.3</b>

NM – Not Meaningful

## FINANCIAL REVIEW

The exchange gain of S\$32.3 million arising in FY15/16 was largely due to the settlement of an inter-company loan. This foreign exchange gain is capital in nature and is therefore not distributable. The gain is partially offset by realised exchange losses of S\$4.3 million arising from currency forward contracts undertaken to hedge HKD and RMB income, consistent with the Manager's active hedging policy to reduce currency risk exposure and ensure consistency of distributions.

### 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\$239.9 million represents the aggregate revaluation gains on investment properties based on the valuation of each property carried out by Colliers International (Hong Kong) Limited as of 31 March 2016, compared to the carrying value of the respective properties. Festival Walk, Gateway Plaza and Sandhill Plaza contributed S\$172.6 million (2015: S\$134.2 million), S\$48.2 million (2015: S\$62.2 million) and S\$19.1 million (2015: not applicable) of revaluation gains respectively. Revaluation gains are unrealised and do not have an impact on income available for distribution to Unitholders in FY15/16.

Net change in fair value of financial derivatives of S\$8.4 million arises from the marking-to-market of currency forward contracts entered into to hedge foreign currency risk exposures for future HKD and RMB distributable income arising from the assets. As these contracts are unrealised, it will not have an impact on current year income available for distribution to Unitholders. As the income streams for FY15/16 are substantially hedged, the impact of currency volatility on current year distributions is mitigated.

### INCOME TAX EXPENSES

The increase in taxation of 11.9% for FY15/16 was mainly due to higher current and withholding taxes arising from higher total return before tax as well as higher deferred tax expense arising from revaluation gains.

### DISTRIBUTION ADJUSTMENTS

Distribution adjustments include the Manager's management fees and property management fees which are payable in the form of Units, financing fees on borrowings, deferred tax in relation to the claim in capital allowance for Festival Walk, deferred tax on net change in fair value of Gateway Plaza and Sandhill Plaza, foreign exchange gain on capital item as well as change in the fair value of investment properties and financial derivatives.

### INCOME AVAILABLE FOR DISTRIBUTION AND DISTRIBUTION PER UNIT

After taking into account the distribution adjustments, income available for distribution to Unitholders for FY15/16 was S\$199.9 million, 12.3% higher than FY14/15. This translates to a DPU of 7.248 cents for FY15/16, a 10.8% increase compared to FY14/15. The Manager continues to pay out 100% of MGCCT's income available for distribution to Unitholders.

### UNITS IN ISSUE

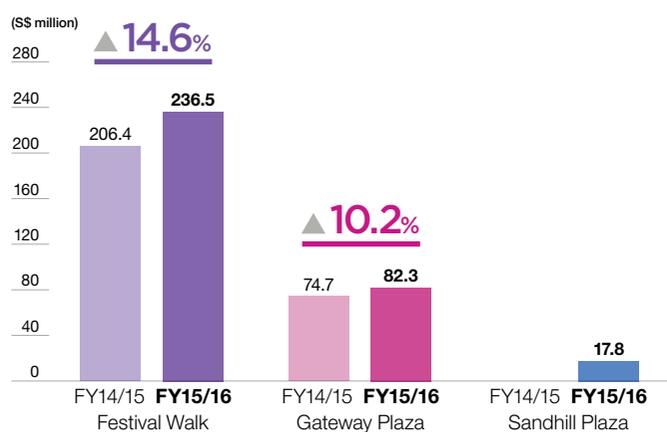
During FY15/16, MGCCT issued 36,546,223 new Units, in respect of the payment of management fees to the Manager and the Property Manager in Units. As a result, the total number of Units in issue increased from 2,721,032,794 as of 31 March 2015 to 2,757,579,017 as of 31 March 2016.

### ACQUISITION

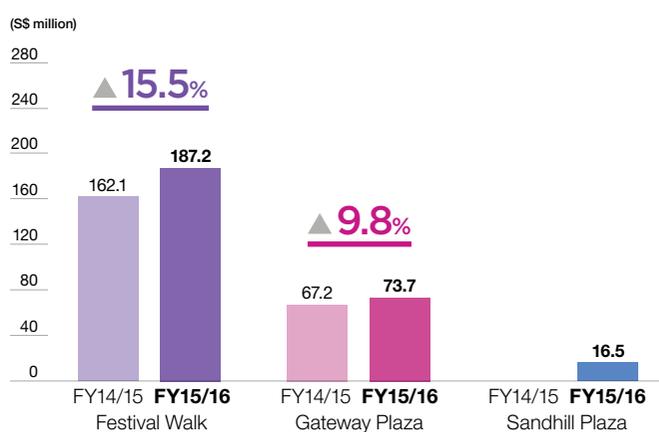
On 17 June 2015, MGCCT completed the acquisition of Sandhill Plaza in Pudong, Shanghai for a purchase consideration of RMB1,888.2 million (equivalent to S\$413.0 million<sup>1</sup>), which comprised the property purchase price of RMB1,840.3 million (equivalent to S\$402.5 million<sup>1</sup>) and the working

<sup>1</sup> Based on the exchange rate of S\$1 = RMB4.57.

### Gross Revenue by Asset



### Net Property Income by Asset



## Semi-Annual Distributions<sup>(a)</sup>

	Period	Payment Date	Distributable Income for the Period S\$'000	Number of Issued Units as at End Period	DPU <sup>(b)</sup> cents
FY15/16	1 April to 30 September 2015	26 November 2015	95,879	2,739,815,998	3.499
	1 October 2015 to 31 March 2016	27 May 2016	103,995	2,757,579,017	3.771
FY14/15	1 April to 30 September 2014	24 November 2014	85,547	2,705,865,469	3.162
	1 October 2014 to 31 March 2015	25 May 2015	92,492	2,721,032,794	3.398

## Units Issued in FY15/16

Type of Fees	For Period	Issued Date	Number of Units	Issued Price <sup>(c)</sup> (S\$)
Base & Property Management <sup>(d)</sup> Fees	1 January to 31 March 2015	26 May 2015	7,428,793	1.0352
Performance Fee	1 April 2014 to 31 March 2015	26 May 2015	4,064,847	1.0352
Base & Property Management <sup>(d)</sup> Fees	1 April to 30 June 2015	24 August 2015	7,289,564	1.0260
Base & Property Management <sup>(d)</sup> Fees	1 July to 30 September 2015	26 November 2015	8,825,027	0.9210
Base & Property Management <sup>(d)</sup> Fees	1 October to 31 December 2015	24 February 2016	8,937,992	0.9124
<b>Total:</b>			<b>36,546,223</b>	

<sup>(a)</sup> MGCCT's distribution policy is to distribute on a semi-annual basis.

<sup>(b)</sup> The DPU is calculated based on the income available for distribution ("Distributable Income") for the period over the number of issued units as at the end of the period. FY15/16 DPU for the period from 1 April 2015 to 31 March 2016 is 7.248 cents based on the distributable income of S\$199.9 million over the total issued units of 2,757,579,017 as of 31 March 2016.

<sup>(c)</sup> 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.

<sup>(d)</sup> The Property Management Fees relate only to Festival Walk and Gateway Plaza. For Sandhill Plaza, the Manager has elected to pay the Property Management Fee in cash.

capital adjustments<sup>1</sup> attributable to the entities being acquired. Sandhill Plaza was appraised by Cushman & Wakefield Valuation Advisory Services (HK) Ltd, which is an independent valuer appointed by DBS Trustee Limited (in its capacity as trustee of MGCCT), and its valuation<sup>2</sup> of Sandhill Plaza as of 8 June 2015 was RMB1,902.0 million (or approximately S\$415.3 million). The acquisition from an unrelated third party vendor, MSREF VII LEAPHART BV, was fully debt funded by existing available banking facilities, with a combination of both RMB<sup>3</sup> and HKD denominated debt facilities. The Manager elected to be paid the Acquisition Fee of RMB18.4 million (equivalent to S\$4.0 million<sup>4</sup>) in cash.

### VALUATION OF PROPERTIES

As of 31 March 2016, MGCCT's properties were valued at S\$5,922.5 million by Colliers International (Hong Kong) Limited, 10.7% or S\$573.2 million higher than the S\$5,349.3 million valued as at 31 March 2015. The increased portfolio value was mainly due to the acquisition of Sandhill Plaza which contributed S\$407.2 million and recognition of aggregate revaluation gains on fair value

of investment properties of S\$239.9 million (refer to the "Net Change in Fair Value of Investment Properties" section), partially offset by a translation loss of S\$86.9 million using year-end balance sheet rates.

### TOTAL ASSETS AND NET ASSET VALUE

The total assets of MGCCT amounted to S\$6,153.5 million as of 31 March 2016, 12.1% higher than a year ago. This was mainly attributed to the increase in portfolio valuation as mentioned earlier. There was also an increase in cash balances of S\$81.0 million due to higher net cash generated from operating activities offset by distributions to Unitholders. Additionally, there was a cash receipt of RMB213.4 million (equivalent to S\$45.2 million), which was released from People's Republic of China ("PRC") courts to a subsidiary company HK Gateway Plaza Company Limited ("HKGW") relating to the resolution of the Litigation Action<sup>5</sup> in the PRC courts between Beijing Bestride Real Estate Development Co. Ltd. and HKGW in favour of HKGW, as disclosed in the SGXNet Announcement dated

4 August 2015. This cash amount of RMB213.4 million (equivalent to S\$45.2 million) is due to be repaid to a related party, Mapletree India China Fund Ltd. There is a balance of RMB51.5 million (equivalent to S\$10.9 million) which continues to be held by the PRC courts pending a damages claim against Beijing Bestride Real Estate Development Co. Ltd. arising from the resolution of the Litigation Action.

The total liabilities of MGCCT amounted to S\$2,737.3 million as of 31 March 2016, which was S\$509.4 million higher than last year. The increase in total liabilities was mainly due to additional borrowings of S\$417.6 million for the acquisition of Sandhill Plaza and the amount payable to Mapletree India China Fund Ltd. of S\$45.2 million as explained earlier. In addition, there was an increase in

<sup>1</sup> Computed as the net assets less liabilities of the group of entities being acquired.

<sup>2</sup> The Valuer has estimated the open market value of Sandhill Plaza using the direct comparison approach, capitalisation analysis, and discounted cash flow analysis.

<sup>3</sup> The property had an existing RMB349 million debt facility as of 17 June 2015.

<sup>4</sup> Based on exchange rate of S\$1 = RMB4.57.

<sup>5</sup> Details of the Litigation Action can be found on pages 53-55 and 237 of MGCCT's IPO Prospectus dated 27 February 2013.

## FINANCIAL REVIEW

deferred tax liabilities of S\$17.5 million mainly arising from the fair valuation gain on investment properties, and higher trade and other creditor balances of S\$10.6 million arising from the acquisition of Sandhill Plaza.

As of 31 March 2016, MGCCT had net current liabilities of S\$425.7 million which was mainly due to borrowings maturing in March 2017. As part of the Group's refinancing strategy, these borrowings will be refinanced with medium term notes or bank debt prior to maturity. On 12 April 2016, MGCCT announced the issuance of a HK\$600 million, 7-year bond which was utilised to refinance part of the existing debt due in March 2017 and further extend MGCCT's debt maturity.

Correspondingly, NAV per Unit increased from S\$1.198 as of 31 March 2015 to S\$1.239<sup>1</sup> as of 31 March 2016.

The total operating expenses<sup>2</sup> incurred by MGCCT in FY15/16 amounted to S\$86.9 million (FY14/15: S\$76.9 million), which was equivalent to 2.54% (2015: 2.36%) of NAV as of 31 March 2016.

### CAPITAL MANAGEMENT

MGCCT adopts a proactive 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.

Following the first three note issuances in FY14/15, Mapletree Greater China Commercial Treasury Company (HKSAR) Limited ("MGCCT HK-TCO")<sup>3</sup> took advantage of favourable market conditions and successfully completed two note issuances<sup>4</sup> in FY15/16, which were issued under the US\$1.5 billion Euro Medium Term Securities Programme ("MTN Programme") established on 31 May 2013. During the year, MGCCT also extended and upsized existing revolving credit facilities and entered into a new five-year revolving credit facility as well as two new four-year and five-year term loan facilities. The proceeds raised from the notes and debt issuances were utilised to fund the acquisition of Sandhill Plaza (HK\$2,395 million), refinance the remaining debt of HK\$1,476 million expiring in March 2016, and partially refinance HK\$1,632 million of the debt due in March 2017. This has extended MGCCT's average debt maturity from 2.75 years as of 31 March 2015 to 3.01 years as of 31 March 2016.

As of 31 March 2016, MGCCT's borrowings stood at HK\$13,733 million, comprising bank debt of HK\$10,913 million and HK\$2,820 million of notes issued. MGCCT has an untapped balance of US\$1,143 million from its MTN Programme

as well as available committed bank facilities of HK\$948 million which can be utilised for future financial obligations.

MGCCT ended the financial year with a gearing ratio of 39.5%, which is below the regulatory limit of 45% under the revised Code of Collective Investment Schemes. The increase in gearing level from 36.2% as of 31 March 2015 was mainly due to additional borrowings to fund the acquisition of Sandhill Plaza. As of 31 March 2016, MGCCT recorded a healthy interest coverage ratio of 3.9 times and achieved an average all-in cost of debt of 2.83%.

### FINANCIAL RISK MANAGEMENT

MGCCT operates across three cities in Hong Kong and Greater China and is exposed to a variety of financial risks, including credit, liquidity and market (foreign currency and interest rate) risks. While carrying out financial risk management in accordance with

<sup>1</sup> NAV per Unit as of 31 March 2016, after payment of distributions to Unitholders on 27 May 2016, will be S\$1.201.

<sup>2</sup> Operating expenses for the financial year comprised property expenses, which include fees and charges paid/payable to interested persons, Manager's management fees, trustee's fee and other trust expenses.

<sup>3</sup> A wholly-owned subsidiary of MGCCT.

<sup>4</sup> Comprises two bond issuances in FY15/16: S\$100 million 7-year 3.96% Notes due 2022 in November 2015 and S\$120 million 7-year 3.5% Notes due 2023 in March 2016.

### Valuation of Properties

\$ million	Purchase Price	Valuation as of 7 March 2013 <sup>(a)</sup> (Local Currency/S\$)	Valuation as of 31 March 2014 <sup>(b)</sup> (Local Currency/S\$)	Valuation as of 31 March 2015 <sup>(c)</sup> (Local Currency/S\$)	Valuation as of 31 March 2016 <sup>(d)</sup> (Local Currency/S\$)	Valuation Cap Rate (Gross) as of 31 March 2016
Festival Walk	HK\$20,700 S\$3,296 <sup>(e)</sup>	HK\$20,700 S\$3,296	HK\$22,100 S\$3,609	HK\$22,930 S\$4,078	HK\$23,930 S\$4,253	4.5% (no change)
Gateway Plaza	RMB5,150 S\$1,013 <sup>(e)</sup>	RMB5,165 S\$1,016	RMB5,371 S\$1,113	RMB5,675 S\$1,271	RMB5,930 S\$1,256	6.5% (no change)
Sandhill Plaza (SP)	RMB1,862 S\$407 <sup>(f)</sup>	-	-	-	RMB1,950 S\$413	5.75%
<b>Portfolio</b>		<b>S\$4,312</b>	<b>S\$4,722</b>	<b>S\$5,349</b>	<b>S\$5,922</b>	
<i>Year-on-Year Growth (excludes SP)</i>		<i>0.1%</i>	<i>9.5%</i>	<i>13.3%</i>	<i>Excludes SP: 3.0%</i> <i>Includes SP: 10.7%</i>	

<sup>(a)</sup> 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.

<sup>(b)</sup> Based on exchange rates S\$1 = HK\$6.12 and S\$1 = RMB4.83.

<sup>(c)</sup> Based on exchange rates S\$1 = HK\$5.62 and S\$1 = RMB4.46.

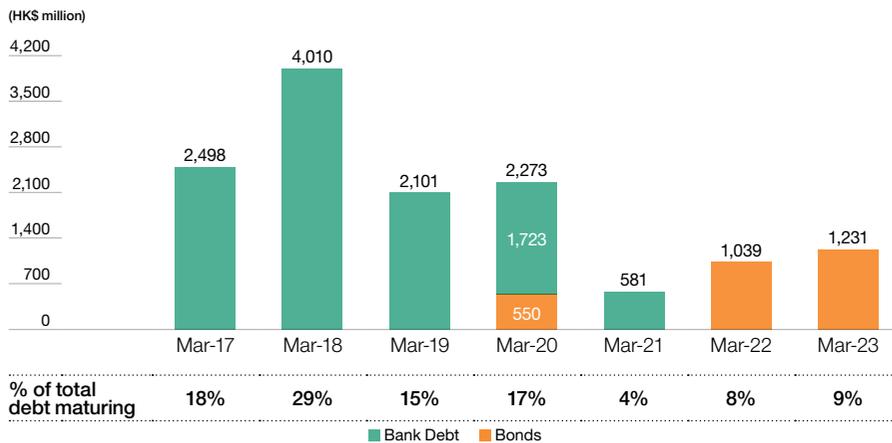
<sup>(d)</sup> Valuation methodologies used as of 31 March 2016 by independent valuer include: Term & Reversion Analysis and Discounted Cash Flow Analysis. Based on exchange rates S\$1 = HK\$5.627 and S\$1 = RMB4.720.

<sup>(e)</sup> Purchase price as of 7 March 2013 (IPO).

<sup>(f)</sup> As of Acquisition date of 17 June 2015. Based on exchange rate: S\$1 = RMB4.57.

## Well-staggered Debt Maturity

As of 31 March 2016



## Key Financial Indicators

	As of 31 March 2016	As of 31 March 2015
Total Debt Outstanding (million)	<b>HK\$13,733</b>	HK\$11,286
Gearing Ratio (%) <sup>(a)</sup>	<b>39.5</b>	36.2
Interest Cover Ratio (times) <sup>(a)</sup>	<b>3.9</b>	5.0
Average Term to Maturity for Debt (years)	<b>3.01</b>	2.75
Average All-in Cost of Debt (% per annum)	<b>2.83</b>	2.55
Unencumbered Assets as % of Total Assets (%)	<b>100</b>	100
MGCCT Corporate Rating by Moody's	<b>Baa1 Stable</b>	Baa1 Stable

<sup>(a)</sup> This is within the financial covenants stipulated in the unsecured debt facility agreements.

established policies and limits, the Manager also seeks to balance the probability of risks occurring, the impact and cost of managing them. Further details of MGCCT's financial risk management objectives and policies can be found under Note 22 of the Financial Statements.

Since listing, MGCCT has been adopting appropriate hedging strategies to manage interest rate and foreign currency exposure so as to ensure stability of distributions to Unitholders. Almost all of the borrowings are denominated in HKD with a small percentage of total borrowings denominated in RMB, providing a natural hedge for MGCCT's portfolio properties. As of 31 March 2016, interest cost on 77% of the borrowings was fixed using interest rate swaps, cross currency interest rate swaps and fixed rate notes, providing certainty of

interest costs and limiting MGCCT's exposure to rising interest rates.

To manage foreign currency exposure, the Manager uses currency forwards to hedge expected portfolio distributable income four quarters forward, on a rolling basis. As of 31 March 2016, more than 70% of the expected HKD and RMB distributable income for the period from 1 April 2016 to 30 September 2016 ("1H FY16/17") has been hedged into SGD. The Manager will continue to actively monitor the markets and progressively hedge distributable income as appropriate.

The fair value of derivative financial instruments stood at S\$9.6 million (2015: Nil) of assets and S\$16.3 million (2015: S\$30.0 million) of liabilities. This represented 0.2% (2015: 0.9%) of the net assets of MGCCT Group as of 31 March 2016.

## CASH FLOWS AND LIQUIDITY

MGCCT's cash and bank balances amounted to S\$206.1 million as of 31 March 2016, compared with S\$125.1 million as of 31 March 2015. As a result of improved operational performance, net cash provided by operating activities for FY15/16 was higher at S\$264.9 million compared with S\$223.0 million for FY14/15.

Net cash used in investing activities for FY15/16 was S\$335.4 million, compared with FY14/15 of S\$5.2 million, mainly due to the acquisition of Sandhill Plaza. Correspondingly, net cash provided by financing activities in FY15/16 was S\$108.1 million, compared to the net cash used in financing activities of S\$229.3 million in FY14/15, primarily due to additional borrowings to fund the acquisition of Sandhill Plaza, partially offset by higher distribution to Unitholders.

## ACCOUNTING POLICIES

The financial statements have been prepared in accordance with the Statement of Recommended Accounting Practice 7 ("RAP 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. RAP 7 requires that accounting policies adopted should generally comply with the recognition and measurement principles of Singapore Financial Reporting Standards.

## SENSITIVITY ANALYSIS

As of 31 March 2016, interest cost on 77% of the total debt was fixed, minimising exposure to interest rate volatility. It is estimated that an increase of 50 basis points in the interest rate would result in a 1.2% reduction in distributable income. MGCCT has a gearing ratio of 39.5% as of 31 March 2016. A 1.0% increase in portfolio valuation would improve the gearing by approximately 0.4 percentage point.

# OPERATIONS REVIEW

For FY15/16, in addition to proactive management of retail and office leases at the properties, the Manager had embarked on asset enhancement initiatives (“AEI”) at Gateway Plaza and Festival Walk, and executed the strategic acquisition of Sandhill Plaza.



The Disney Tsum Tsum event was one of the most popular marketing events at Festival Walk.

## STRATEGIC ACQUISITION FOR GROWTH

In June 2015, MGCCT made its first acquisition since listing with the purchase of Sandhill Plaza located in Pudong, Shanghai at a consideration of S\$413.0 million<sup>1</sup>. The addition expanded the REIT’s footprint to Shanghai, the first-tier commercial hub in the People’s Republic of China. Completed at the end of 2012, Sandhill Plaza is a premium business park property in Zhangjiang Hi-tech Park, designated as a Free Trade Zone. Enjoying good accessibility and transportation links, the property is situated within a 30-minute drive from Pudong International Airport and Lujiazui Central Business District as well as within a 5-minute walk to the nearest metro station. Sandhill Plaza, which spans an overall Gross Floor Area (“GFA”) of 83,801 square metres, comprises one 20-storey tower, seven blocks of three-storey buildings<sup>2</sup> and two basement levels of car park. As of 31 March 2016, Sandhill Plaza was fully occupied with a large concentration of multinationals and corporates from the communications, industrial, information technology and research & development sectors. The growing trend towards decentralisation, where office tenants benefit from significant cost savings, favourable tax incentives and improved accessibility, is expected to further enhance the demand for rental in Sandhill Plaza.

## ACTIVE ASSET MANAGEMENT

MGCCT’s proactive leasing strategy contributed to continued strong demand from existing and prospective tenants, thus achieving a healthy portfolio occupancy rate of 98.6% as of 31 March 2016. Festival Walk and Sandhill Plaza were fully leased, while Gateway Plaza maintained a high occupancy rate of 96.8%, attesting to the high quality of the assets.

### Festival Walk Refreshing Tenant Mix

To enhance shoppers’ experience and cater to the latest retail trends, the Manager further strengthened Festival Walk’s positioning as a top destination mall by refreshing its tenant mix in food & beverage (“F&B”), apparel, cosmetics and sportswear, recording a tenant retention rate of 41% as of 31 March 2016. All retail leases in FY15/16 were renewed or re-let at a high average rental uplift of 37%. Several established and popular brands as well as new retail and lifestyle concepts were added to

the mall. These included kate spade new york, fresh, GEOX, Nespresso, Nike Basketball, 10/10 Hope and Zara Home as well as the first Ferrari Store Junior in Hong Kong. New F&B brands which expanded the wide range of dining choices at Festival Walk include An Nam, a Vietnamese dining outlet, sen-ryo’s Japanese restaurant flagship store and TamJai SamGor, a specialty noodle shop at the popular “FoodFest” foodcourt. Novelty concept stores were introduced during the year, starting with the first and only pop-up store in Hong Kong selling merchandise from the movie “Ted 2”.

### Exciting Events and Promotions

The mall remains an attractive location for marketing promotions, events and social activities. During the year, many of the crowd pullers including festive

<sup>1</sup> Based on exchange rate: S\$1 = RMB4.57.

<sup>2</sup> Note that there are eight blocks of low-rise (3-storey) buildings within the subject premises. However, one block is separately owned by a third party, and does not form part of the acquisition.

## Occupancy Rates

As of 31 March

	2016	2015	2014
Festival Walk	100.0%	100.0%	100.0%
Gateway Plaza	96.8%	98.0%	97.5%
Sandhill Plaza	100.0%	n.a.	n.a.
<b>Portfolio</b>	<b>98.6%</b>	<b>98.8%</b>	<b>98.5%</b>

event openings, shop openings and charity fund-raising events were graced by Hong Kong celebrities, attracting media, fans and shoppers to the mall. The first-of-its-kind Disney Tsum Tsum Festival exhibition was a resounding success, drawing thousands of fans and shoppers to the eye-catching decorative installations as well as the pop-up store which sells limited-edition products. Festival Walk also hosted the first "BATMAN v SUPERMAN: Dawn of Justice" mall event in Hong Kong ahead of the film release, featuring a 1:1 scale replica of the Batmobile, as well as life-sized statues of Batman and Superman. Catering to fans of Pink Panther, the mall held a spectacular Pink Panther-themed party featuring the season's hottest fashions, latest beauty products and irresistible F&B offerings, set against a relaxing backdrop of a model swimming pool, poolside bar, palm trees and summer beach. Other popular events at the mall include tenant product launches, car shows, sports competitions and beauty shows.

Festive-themed marketing promotions were also organised in close partnership with banks and credit card companies including American Express, Citibank and Bank of China. In October 2015, Festival Walk launched an integrated

marketing campaign to publicise its new theme "In You Inspired" through print advertorials, outdoor banners, lightboxes, bus advertisements and social media activation. Other customer-centric activities during the year include a new mobile application "U-Card App" for the U-Card loyalty programme for the university students as well as the launch of a WeChat site to actively connect with users in the digital era. "Glacier", the ice rink, continued to be a popular venue for many local and regional skating competitions as well as performances.

#### Retail Sales and Shopper Traffic

The busy year-long calendar of events attracted a high shopper traffic of 40.4 million and tenant sales of HK\$5,321 million for Festival Walk in FY15/16. Compared to the same period last year, the decline of 3.3% in footfall and 5.3% drop in tenant sales for the mall were largely due to the ongoing renovations by the new cinema operator<sup>1</sup> and continued headwinds affecting Hong Kong's retail sector especially in the second half of the financial year. Expected to open in June 2016, the new cinema will offer an enhanced cinematic experience complete with a VIP house, state-of-the-art digital projection and latest audio facilities.

#### Gateway Plaza and Sandhill Plaza

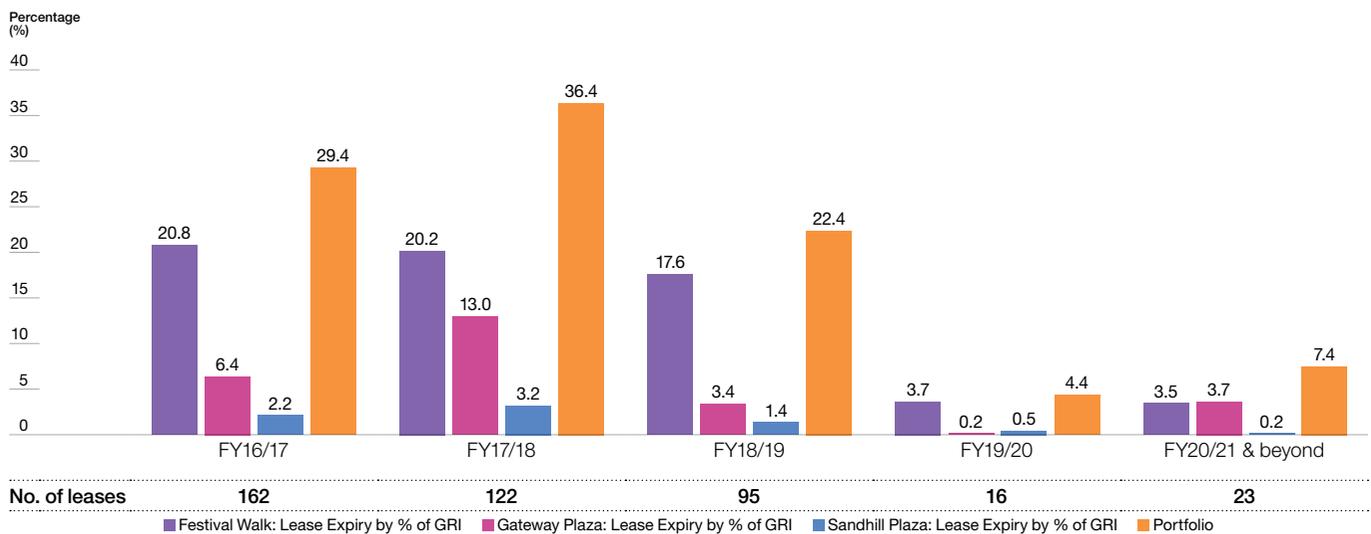
The other office assets, Gateway Plaza and Sandhill Plaza, also contributed positively to the portfolio's NPI growth for FY15/16. At Gateway Plaza, office leases that expired in FY15/16 were renewed or re-let at an average uplift of 25% compared with those of preceding leases, and recorded a retention rate of 66%. The new leases represent tenants from education, shipping and professional services sectors. For Sandhill Plaza, there were only two leases that expired in the year and were renewed or re-let at an average rental uplift of 33%.

The office and retail leases of MGCCT's properties typically have a three-year lease term, consistent with the usual market practice in Hong Kong and China. As of 31 March 2016, at least 90% of leases at Festival Walk (including both retail and office leases), 16% of leases at Gateway Plaza and about 19% of leases at Sandhill Plaza have step-up structures in the base rent, which contribute to stable and growing income streams.

<sup>1</sup> The cinema has been undergoing renovations since early 2016.

### Portfolio Lease Expiry Profile by Percentage of Monthly GRI

As of 31 March 2016



## OPERATIONS REVIEW

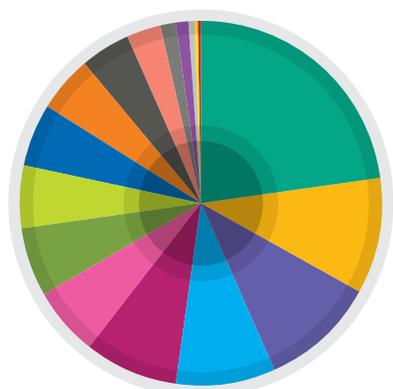
### MGCCT's Top 10 Tenants by Monthly GRI

As of 31 March 2016

Building	Tenant	Sector	Trade Sector	% of Monthly GRI
1 Gateway Plaza	BMW	Office	Automobile	8.2
2 Festival Walk	Arup	Office	Professional & Business Services	3.8
3 Festival Walk	TaSTe	Retail	Departmental Store & Supermarket	2.8
4 Gateway Plaza	China Fortune Land Development Co., Ltd. (CFLD)	Office	Financial Institution/Insurance/Banking/Real Estate	2.3
5 Festival Walk	Apple	Retail	Houseware, Electronics & Furnishings	2.1
6 Festival Walk	I.T	Retail	Apparel & Fashion Accessories	1.9
7 Gateway Plaza	Bank of China	Retail	Financial Institution/Insurance/Banking/Real Estate	1.8
8 Gateway Plaza	Cummins	Office	Machinery/Equipment/Manufacturing	1.7
9 Sandhill Plaza	Spreadtrum	Office	Machinery/Equipment/Manufacturing	1.4
10 Festival Walk	H&M	Retail	Apparel & Fashion Accessories	1.3

### MGCCT Trade Mix by Monthly GRI

As of 31 March 2016



	%
Apparel & Fashion Accessories	22.8
Machinery/Equipment/Manufacturing	10.3
Food & Beverages	10.3
Financial Institution/Insurance/Banking/Real Estate	9.0
Automobile	8.3
Professional & Business Services	6.2
Leisure & Entertainment	5.9
Personal Cosmetics	5.7
Services	5.4
Departmental Store & Supermarket	5.0
Houseware, Electronics & Furnishings	4.6
Luxury Jewellery, Watches & Accessories	2.9
Information Technology	1.7
Natural Resources	1.1
Pharmaceutical/Medical	0.4
Renewable Energy	0.2
Others	0.2

### Breakdown of Tenants in MGCCT's Portfolio

As of 31 March 2016

Property	No. of Tenants
Festival Walk	182
Gateway Plaza	109
Sandhill Plaza	58
<b>Total</b>	<b>349</b>

contributed about 10.3% each. Only about 2.9% of the leases in terms of GRI caters to the luxury shopping segment. Collectively, the top ten tenants of the portfolio based on GRI accounted for 27.3% for the month of March 2016, with the largest tenant BMW contributing 8.2%. No single trade sector contributed more than 22.8% of the portfolio's GRI, mitigating concentration risk from any one particular tenant or sector.

### DRIVING VALUE THROUGH ASSET ENHANCEMENT INITIATIVES

As part of its strategy to support organic growth, the Manager identifies and evaluates opportunities to enhance the quality and rental returns of its assets, particularly through more effective use of space. To further enhance the prime positioning of Gateway Plaza as a premier Grade-A office building in Beijing, the Manager completed the asset enhancement programme to add more F&B amenities as well as improved accessibility at the three-storey podium,

<sup>1</sup> During the year, one of the largest tenants of the portfolio, by GRI, has committed a further five-year term, which extended its lease from FY17/18 to FY22/23.

### FAVOURABLE LEASE EXPIRY PROFILE

As of 31 March 2016, MGCCT's lease expiry profile based on current leases remains well-staggered with a weighted average lease expiry ("WALE") by gross rental income ("GRI") of 2.6 years<sup>1</sup>, an improvement from 2.4 years a year ago. Based on committed leases, Festival Walk, Gateway Plaza and Sandhill Plaza have a WALE of 2.3 years, 3.9 years and 1.7 years respectively. The leases that are up for renewal in FY16/17, FY17/18 and FY18/19 accounted for 29.4%, 36.4% and 22.4% of the portfolio's GRI respectively. For new leases in

FY15/16, the WALE based on the date of commencement of the leases was 4.1 years and they accounted for 16.5% of GRI in FY15/16.

### STRONG AND DIVERSE TENANT BASE

MGCCT derives its gross income from a large base of 418 retail and office leases from various countries across key trade sectors as of 31 March 2016. The Apparel & Fashion Accessories sector represented the largest source of GRI of about 22.8%, while tenants from both the F&B sector and the Machinery, Equipment & Manufacturing sector

## Spotlight on: AEI at Gateway Plaza



The pond area next to the escalator was removed. A new staircase and a pair of see-through lifts were installed to improve accessibility.



A portion of the rear stone wall was converted to glass curtain wall to create prominent frontage and visibility for the F&B units.

which connects the two office towers of Gateway Plaza. Approximately 800 square metres of under-utilised area had been converted into F&B units. Improved accessibility at the podium include a pair of new see-through lifts that would bring users from the basement levels to all three levels of the podium, and a newly installed staircase that allows ease of access from the first to the third levels of the podium. At Festival Walk, upgrading works to revitalise and refresh the mall's restrooms commenced during FY15/16. To be carried out in phases, the asset enhancement works are expected to be completed by the end of FY16/17.

### SPONSOR'S PIPELINE

In Hong Kong, the Sponsor won the tender for a prime commercial site

spanning a site area of about 55,026 square feet in Kwun Tong, Kowloon. At a total development cost of approximately HK\$6.0 billion, the site will house a Grade-A office building with a total GFA of 660,301 square feet to cater to the growing demand for quality office space with large floor plate and column-free. The construction is expected to be completed by the end of 2017. In Beijing, the Sponsor acquired the Arca Building, a three-storey business park property with a GFA of 19,695 square metres that is located in Zhongguancun. MGCCT has been granted a right of first refusal to acquire both assets in the event that the Sponsor decides to divest the assets.

### UPDATE ON FESTIVAL WALK

On 28 October 2015, Festival Walk (2011) Limited, a Hong Kong company which is 100% wholly owned by MGCCT, as the registered owner of Festival Walk, filed an application to the Hong Kong High Court for a declaratory order, in response to a letter dated 30 September 2015 from the Lands Department (the "Letter"), to seek the Court to declare that two kiosks in Festival Walk, cited in the Letter, did not contravene the Conditions of Sale issued by the Government of Hong Kong (which Conditions were dated 30 March 1993). The Manager has sought legal advice and is of the view that the said kiosks were and at all times in compliant with fire safety regulations and the Conditions. The proceedings are still ongoing.

# INDEPENDENT MARKET RESEARCH

by Savills (Hong Kong) Limited, 31 March 2016

## HONG KONG

### HONG KONG ECONOMY

According to the Census and Statistics Department, Hong Kong's Gross Domestic Product ("GDP") increased moderately by 2.4% in 2015, compared to a 2.6% increase in 2014, on the back of a muted external performance from external economies which Hong Kong is heavily reliant on. Tourist arrivals in Hong Kong declined by 2.5% to 59.3 million in 2015 due to a decrease in Mainland visitors. As a result, retail sales performance softened in 2015, with total retail sales value down 3.7% to \$475.2 billion and down 0.3% in volume when compared to 2014. However, the labour market in Hong Kong remained strong, with the unemployment rate maintained at a low level of 3.3% at the end of 2015. Private consumption grew by 4.8% in 2015, reflecting strong local

consumption and providing support to the overall Hong Kong retail market.

In 2016, the GDP of Hong Kong is forecast to increase by 1.5% according to the Census and Statistics Department. From 2017 to 2020, the trend in growth of Hong Kong's economy is forecast at 3.0% per annum, compared to the previous 5-year (2011-2015) average trend growth of 2.9% per annum. [01](#) [04](#)

### HONG KONG RETAIL MARKET<sup>1</sup> Supply and Vacancy

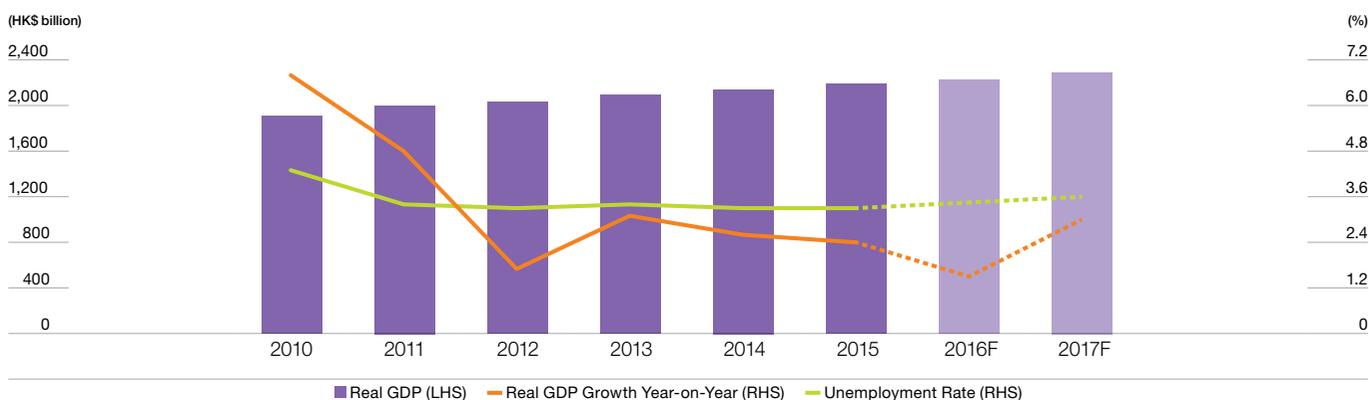
Total retail stock amounted to 116.7 million sq ft in 2015, of which 7.7%, or 9.0 million sq ft was vacant. Out of the leased space, 10.2 million sq ft of shopping centres was concentrated within four core retail areas comprising Central, Tsim Sha Tsui, Mong Kok and Causeway Bay/Wan Chai. In the rest of Hong Kong, there are three key

decentralised retail areas (Kowloon East, Sha Tin and Quarry Bay), which feature well-known territorial shopping malls including Festival Walk in Kowloon East. [02](#)

In 2015, a total of 190,000 sq ft of shopping centre space was completed, of which 101,073 sq ft came on stream in Causeway Bay/Wan Chai. The average vacancy rate of shopping centres in the seven key retail areas (comprising four core and three key decentralised areas) stood at 7.3% in 2015 with a slight negative net absorption of 75,000 sq ft net, compared to a vacancy rate of 6.9% in 2014. [03](#)

<sup>1</sup> Unless otherwise stated, all floor areas in this section are "internal floor area", which is defined as the area of all enclosed space of the unit measured to the internal face of enclosing external and/or party walls.

## 01 Hong Kong GDP, GDP Growth and Unemployment Rate, 2010-2017F



Source: Census and Statistics Department, FocusEconomics

Note: Figures for 2016 to 2017 are based on forecasts

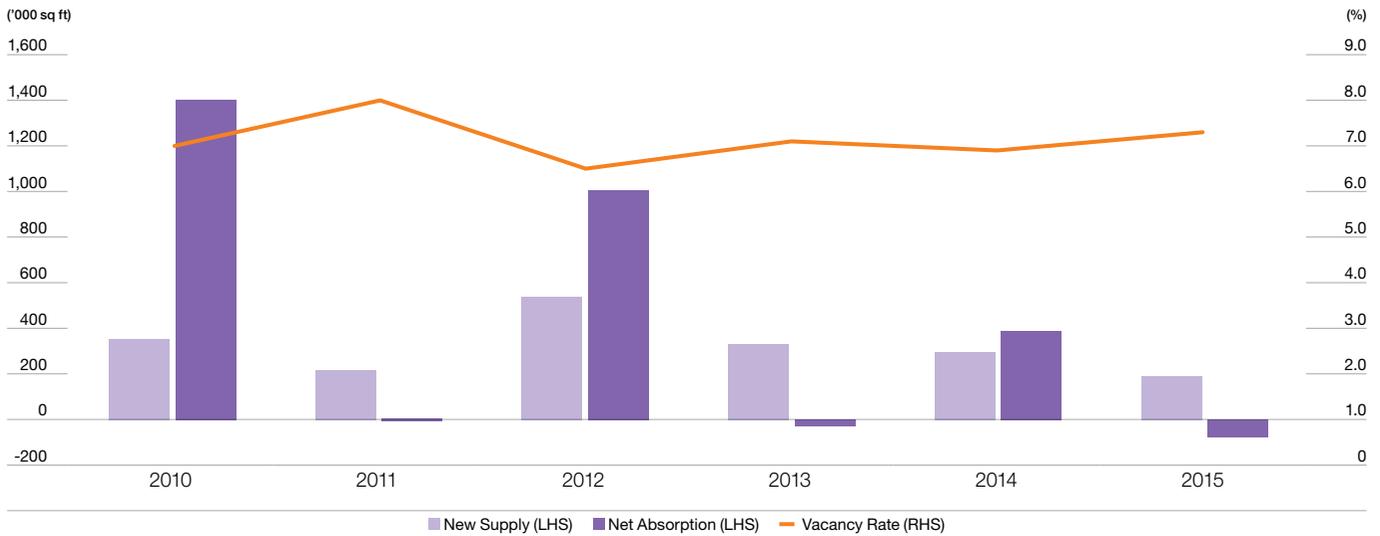
## 02 Hong Kong Retail Market Key Metrics

Segment	Total Stock as of End 2015 (million sq ft)	Total Projected Stock by End 2016 (million sq ft)	1Q/2016 Average Monthly Rents (HK\$ per sq ft)
Prime street shops	2.0	2.0	\$650
Shopping malls in four core retail areas	10.2	10.2	\$590
Shopping malls in rest of Hong Kong <sup>(a)</sup>	38.2	38.9	\$170
Others	66.3	66.9	NA
<b>Total</b>	<b>116.7</b>	<b>118.0</b>	<b>-</b>

Source: Hong Kong Government's Rating and Valuation Department and Savills Research & Consultancy

<sup>(a)</sup> Includes the three key decentralised retail areas

**03 New Supply, Net Absorption and Vacancy Rates of Shopping Centres in Hong Kong's Four Core Retail Areas and Three Key Decentralised Retail Areas, 2010 - 2015**



Source: Rating and Valuation Department, Savills Research & Consultancy

Between 2016 and 2018, approximately 4.0 million gross sq ft (3.0 million net sq ft) of shopping centre space will be added in Hong Kong. The development pipeline includes five large-scale retail malls (gross floor area over 200,000 sq ft), none of which is in the vicinity of Festival Walk. The retail portion of the redevelopment of the New World Centre (approximately 1.0 million gross sq ft) in Tsim Sha Tsui is the only large-scale retail project and is expected to be positioned as a high-end mall. The remaining upcoming large-scale malls are positioned at the mid-to-high end and are located outside the seven key retail areas in non-prime retail locations in Kowloon (Nam Cheong) and New Territories (Tsuen Wan, Tsing Yi and Tung Chung).

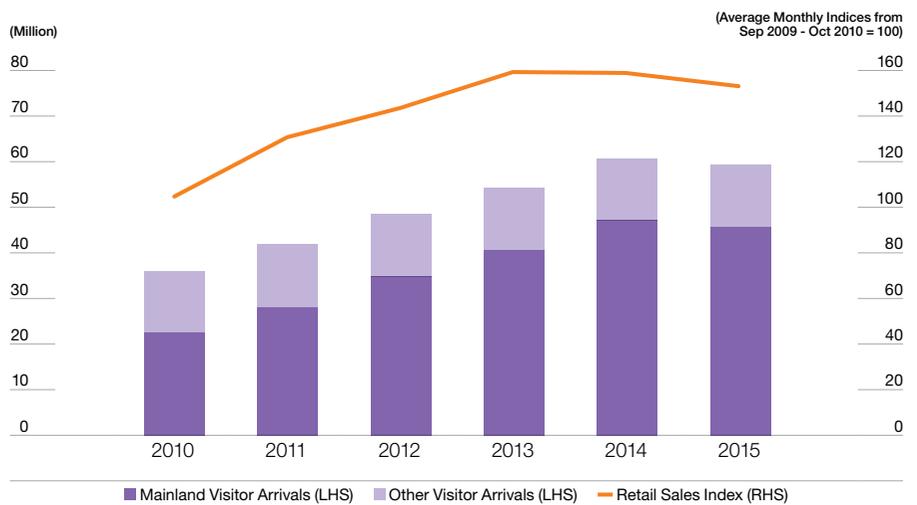
**Demand**

Amid slower visitor arrivals growth and an uncertain economic outlook, Hong Kong retail sales saw a slowdown in sales of high-end items, with jewellery, watches and clocks, and valuable gifts down in value by 15.6% in 2015. On the domestic front, consumption demand showed a mixed picture with consumer durables rising by 6.1% but clothing, footwear and allied product sales falling by 6.7%. Sales of foodstuffs and at supermarkets however, remained resilient, with sales up by 5.9% and 1.3% respectively in 2015.

Mainland tourist spending and local consumption demand continue to drive Hong Kong's retail market. Nevertheless, the change in shopping behavior of Chinese visitors and the depreciation of the Renminbi against the Hong Kong Dollar have impacted Mainland visitor arrivals which declined by 3.0% to 45.8 million in 2015. In addition, the protests against Mainland visitors in 2014 and 2015 deterred Mainland

visits, while the revision of the policy on one-year, multiple-entry Individual Visit Endorsements (commonly known as 'multiple-entry endorsements') to one visit per week in 2015 kept visitor numbers in check. Coupled with China's ongoing anti-corruption measures and slowing economic growth, this has further reduced Mainland tourist spending on luxury goods to focus more on the 'affordable luxury' category. **04**

**04 Hong Kong Visitor Arrivals and Retail Sales Index, 2010 - 2015**



Source: Census and Statistics Department, Hong Kong Tourism Board and Savills Research & Consultancy

## INDEPENDENT MARKET RESEARCH

by Savills (Hong Kong) Limited, 31 March 2016

Stability in the labour market and consistently low unemployment have supported local retail consumption. The proliferation of international retail brands in decentralised areas has also helped to boost local consumption for such items. Competition from e-commerce has so far been minimal as the bulk of local online purchases are still focused on low-cost items and products not readily available in the local market. The estimated e-commerce market in Hong Kong in 2014 was HK\$3.5 billion<sup>1</sup>, representing only 0.7% of total retail sales in 2014 of HK\$493.2 billion.

### Rents

The strong take-up of leasing space by international retailers and the proactive management of landlords continue to support shopping mall rents. Rents for shopping malls increased by 4.5% year-on-year (“y-o-y”) in 1Q/2016, with rents in Kowloon East<sup>2</sup> outperforming the overall market, registering a 10.2% increase. **05**

### Gross Yields and Retail Sales Index

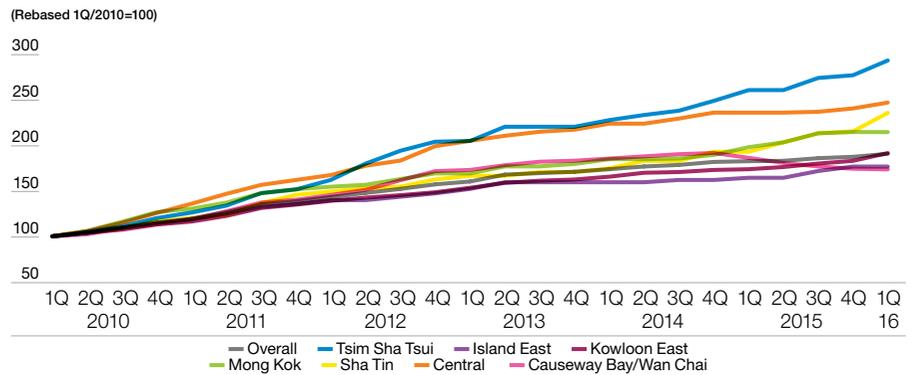
The low global interest rate environment and the low cost of capital, coupled with tight stock availability, have pushed retail prices up from 2010 onwards, registering a 145% increase from 1Q/2010 to 3Q/2015. While retail yields have remained at a low level of 2.4% over the past two years, slowing luxury retail demand from Mainland tourists is affecting the rental performance of prime street shop premises in core areas, leading to a 3% decline in overall retail prices in 4Q/2015 compared to 3Q/2015. **06**

### Outlook

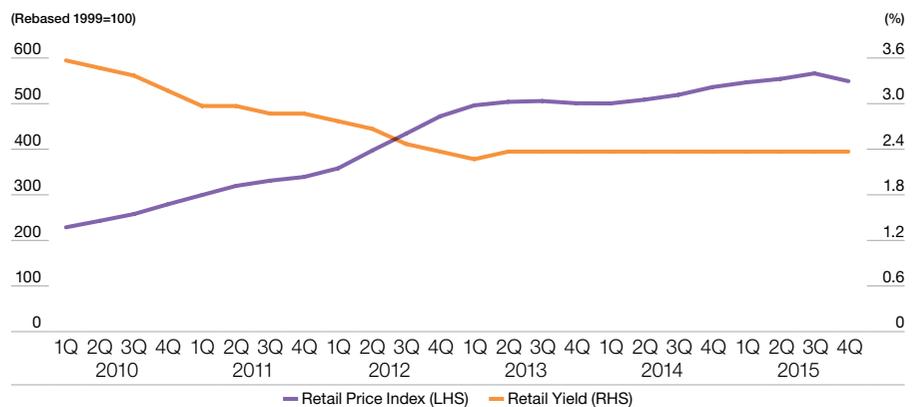
In the short term, the retail market in Hong Kong will remain impacted by a strengthening domestic currency, China’s economic slowdown and the anti-corruption campaign in China. The shift in preference of mainland visitors towards mid-end products will result in retail landlords adjusting their tenant mix to meet the new demand.

The resilience of local consumption, robust demand for retail space by international retailers and improving

### 05 Hong Kong Shopping Centre Rental Index by District, 1Q/2010 – 1Q/2016



### 06 Hong Kong Retail Price Index and Retail Yields, 1Q/2010 – 4Q/2015



**“The resilience of local consumption, robust demand for retail space by international retailers and improving transportation, will underpin the performance of the decentralised retail market (including Kowloon East where Festival Walk is located).”**

transportation, will underpin the performance of the decentralised retail market.

However, the low retail yield of 2.4% in 2015 is expected to rise alongside

expected rises in interest rates by the US Federal Reserve. This will put further pressure on overall retail prices, especially if leasing demand remains weak.

The challenge for shopping centres in the longer term will be the penetration of e-commerce to a wider spectrum of goods and services. However, as more online stores are now opening physical shops to provide a more holistic shopping experience, the threat of e-commerce replacing physical stores should be mitigated to some extent.

<sup>1</sup> Source: Ekos Global

<sup>2</sup> Shopping mall rental basket in Kowloon East includes Festival Walk.

## HONG KONG OFFICE MARKET<sup>1</sup> Supply and Vacancy

Central is Hong Kong's administrative centre and central business district (CBD) while Wanchai/Causeway Bay and Tsim Sha Tsui are the other two core business locations. A notable trend in the office market witnessed over the past few years has been tenant relocations to non-core locations, such as Kowloon East and Western Corridor, supported by significant rental differentials between core and non-core areas. Total Grade-A office stock reached 77.3 million sq ft and the vacancy rate hit 7.8% at the end of 2015 compared to 6.4% at the end of 2014 according to Hong Kong's Rating and Valuation Department. Savills believes that the bulk of this vacancy is vacant

## 07 Hong Kong Grade-A Office Market Key Metrics by District

District	Total Stock as of End 2015 (million sq ft)	1Q/2016 Average Monthly Rents (HK\$ per sq ft net effective)
Central	17.5	117.0
Wanchai/Causeway Bay	9.8	68.1
Tsim Sha Tsui	8.5	52.0
Island East	8.0	47.5
Kowloon East	13.6	35.8
Western Corridor	8.3	34.0
Others	11.6	NA
<b>Overall</b>	<b>77.3</b>	<b>65.5</b>

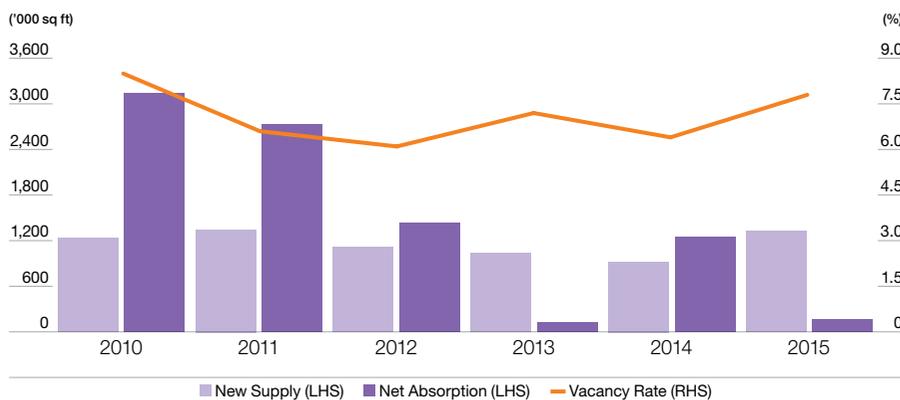
Source: Rating and Valuation Department, Savills Research & Consultancy

strata-titled stock held by investors, accounting for 82%. Compared to 2014, 1.33 million sq ft more office space was added in 2015, of which 62% was developed in Kowloon East. 07 08

New Grade-A office supply in Hong Kong between 2016 and 2018 is expected to amount to 6.3 million sq ft, or 2.1 million sq ft per annum, which is higher than the historical six-year annual average (2010–2015) of 1.2 million sq ft. In terms of demand, the take up from 2010 to 2015 averaged around 1.5 million sq ft per annum, which is lower than the upcoming 2.1 million sq ft per annum of new supply. Savills also notes that much of the future stock will be strata-titled for sale, accounting for 23% or 1.4 million sq ft between 2016 and 2018. 08 09

Around 80% or 5.0 million sq ft of the new supply from 2016 to 2018 will come from outside the core business districts, with about 2.3 million sq ft from Kowloon East, including Mapletree Investments' Grade-A office development (660,301 gross sq ft) scheduled for completion in 2017. The new supply in Kowloon East will inevitably create some short term pressure on both occupancy and rental levels, but in the long-run, the potential clustering of high quality Grade-A offices should strengthen the area as it emerges as the second CBD of Hong Kong (CBD2). Based on Savills' estimates, in the long term, Kowloon East will surpass Central, to account for 44% of total Grade-A office stock in Hong Kong, upon the full development of Kai Tak and the substantial redevelopment of industrial buildings in the area into Grade-A offices. 09

## 08 Hong Kong Overall Grade-A Office New Supply, Net Absorption and Vacancy Rates, 2010 – 2015



Source: Rating & Valuation Department, Savills Research & Consultancy

## 09 Estimated Hong Kong Future Grade-A Office Supply, 2016 – 2018



Source: Buildings Department and Savills Research & Consultancy

<sup>1</sup> All floor areas in this section are "internal floor area" unless otherwise stated, which is defined as the area of all enclosed space of the unit measured to the internal face of enclosing external and/or party walls.

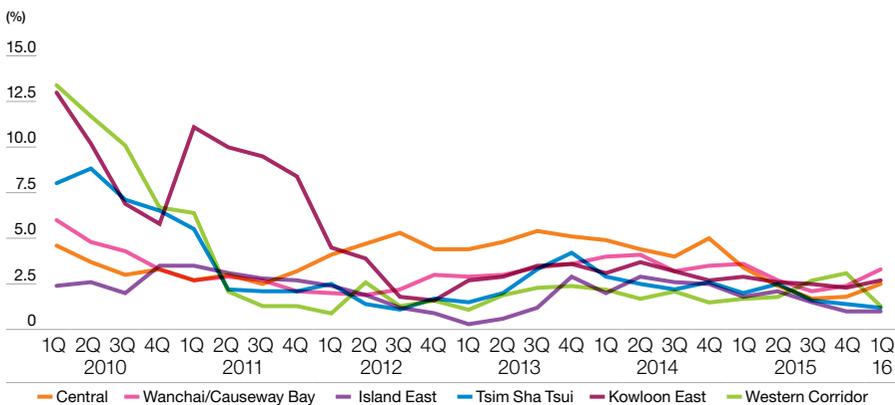
# INDEPENDENT MARKET RESEARCH

by Savills (Hong Kong) Limited, 31 March 2016

## Demand and Vacancy

The overall Grade-A office vacancy rate in Hong Kong remained low at around 2%. Demand for Grade-A office space in the central parts of Hong Kong remained strong in 2015 due to strong take-up by both local and mainland companies in light of the Stock Connect schemes and the Mainland-Hong Kong Mutual Recognition of Funds regulation. In Kowloon East, demand was mainly driven by tenant relocations including MNCs who are more cost-conscious and relatively flexible in terms of location. This led to a vacancy rate in Kowloon East of only 2.7% by the end of March 2016. **10**

**10 Hong Kong Grade-A Office Vacancy by District, 1Q/2010 - 1Q/2016**

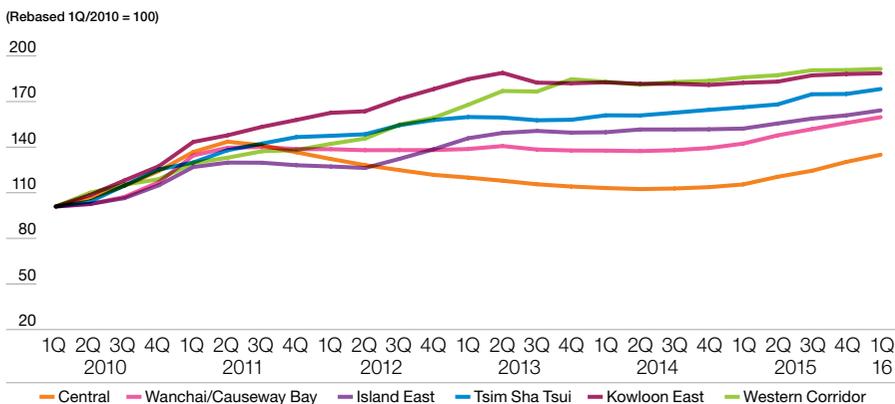


Source: Savills Research & Consultancy

## Rents

Supported by expansion demand in core areas and cost-saving relocation demand in non-core areas, Grade-A office rents in Hong Kong enjoyed strong growth of 8.5% in 2015 and continued to grow by 2.1% in 1Q/2016 to reach an average of HK\$65.5 per sq ft, net effective per month. In Kowloon East, rents grew slightly by 0.3% in 1Q/2016 compared to 4Q/2015 to reach HK\$36 per sq ft, net effective per month due to increased competition in the vicinity. **07 11**

**11 Hong Kong Grade-A Office Rental Index by District, 1Q/2010 - 1Q/2016**

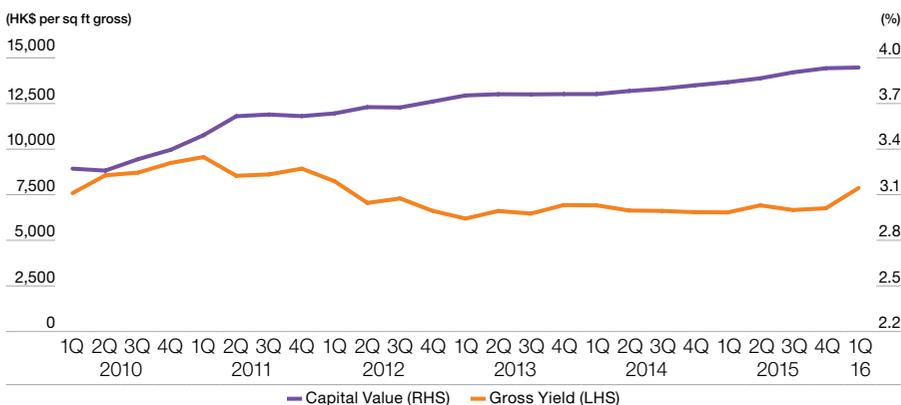


Source: Savills Research & Consultancy

## Capital Values and Gross Yields

Historically, Grade-A office yields compressed on the back of quantitative easing measures introduced in both the US and Mainland China since 2010. Correspondingly, office yields have remained between 2.9% and 3.1% since 2013. **12**

**12 Hong Kong Grade-A Office Capital Values and Gross Yields 1Q/2010 - 1Q/2016**



Source: Savills Research & Consultancy

## Outlook

Looking ahead, rents are expected to rise steadily due to a lack of available space in 2016, even if demand remains relatively weak. However, with 6.3 million sq ft of new office supply (80% outside of the core business districts) expected to enter the market from 2016 and beyond, vacancy rates are expected to rise which will likely prove a turning point for Grade-A office rents. Meanwhile, capital values of Grade-A offices could decline in the next three years due to softening

“The CBD2 initiative will, in the long-run, further transform Kowloon East into an important core business district outside Central, which will in turn support economic growth and strengthen the territory’s global competitiveness.”

rents and rising interest rates. Given Hong Kong’s reputation as an international financial hub as well as its close proximity to China, it should continue to attract multinational companies to set up regional headquarters/offices to tap both the Asian and China markets.

The CBD2 initiative will, in the long-run, further transform Kowloon East into an important core business district outside Central, which will in turn support economic growth and strengthen the territory’s global competitiveness.

## BEIJING

### BEIJING OFFICE MARKET

#### Beijing’s Economy

On the back of a softening global economy, China’s GDP growth in 2015 registered 6.9% according to the National Statistics Bureau and is forecast by the Asian Development Bank to grow by 6.5% and 6.3% in 2016 and 2017 respectively. As the economy continues to undergo a period of transition, growth in domestic consumption and services will continue to rise in importance. The backing from the ongoing government spending and the “One Belt, One Road” development strategy are expected to underpin China’s economic growth, and continue to support the development of key industries such as finance, information technology (IT) & high-tech and manufacturing.

As the political and economic hub of China, Beijing has maintained a GDP growth rate very similar to that of China’s countrywide figure. In 2015, Beijing achieved a respectable GDP growth rate of 6.9% to reach RMB2,297 billion, according to the Beijing Municipal Statistics Bureau. <sup>13</sup>

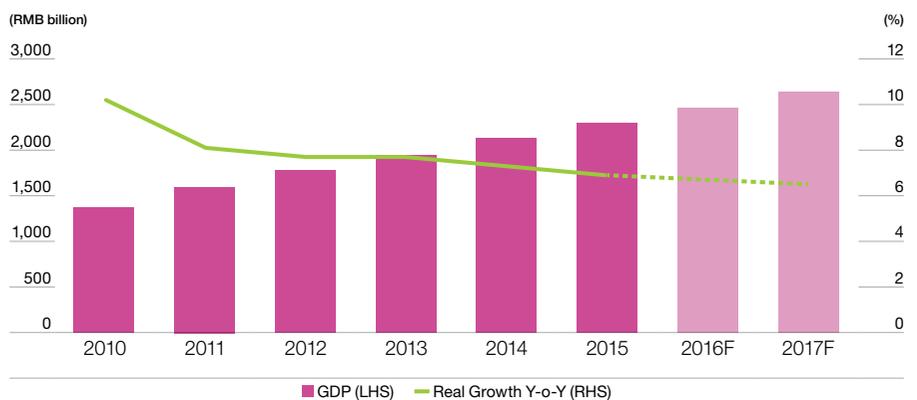
China’s service industry will play a crucial role in attracting foreign direct investment (FDI) over the coming decade. Having been selected in 2015 as the pilot city in China, Beijing opened its doors to a trial system for foreign investment which saw increased access to investment channels in

six key service industries. This, along with the easing of controls on the financial markets, has boosted confidence among foreign companies in China’s market potential. Reflecting this, FDI in Beijing reached US\$13 billion in 2015, up a staggering 43.8% from the previous year. <sup>14</sup>

#### Supply

Beijing had the largest and most expensive office market in China by the end of 1Q/2016, with a total stock of 9.2 million sq m and an average effective achievable rent of RMB339.8 per sq m per month. Grade-A office leasable stock comprises 7.2 million sq m or

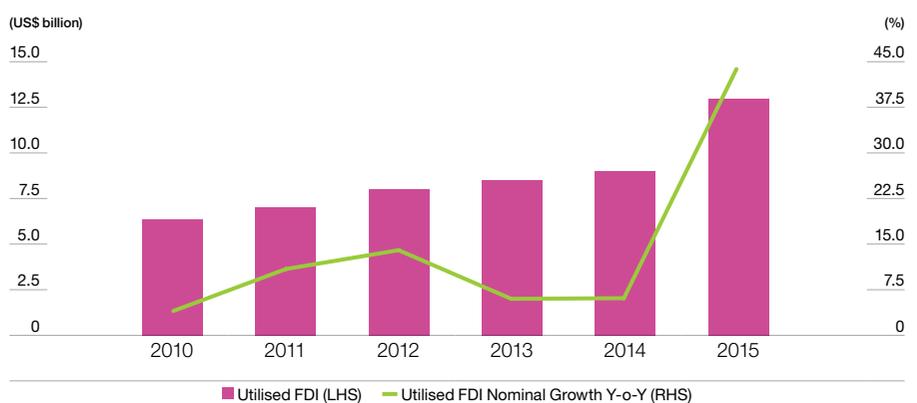
### 13 Beijing GDP and GDP Growth, 2010 – 2017F



Source: Beijing Municipal Statistics Bureau, Focus Economics, Savills Research & Consultancy

Note: Forecast assumes similar growth trajectory to the wider Chinese economy.

### 14 Beijing Utilised FDI and Growth Rate, 2010 – 2015



Source: Savills Research & Consultancy

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approximately 78% of the total office space in Beijing. The city also has one of the lowest vacancy rates of any city in China of 3.9% at the end of 1Q/2016, down from 4.8% at the end of 2014. **15**

Beijing's office market is divided into three prime locations (CBD, Beijing Financial Street [BFS] and Zhongguancun [ZGC]) and four non-prime but established business locations (CBD Vicinity, East Second Ring Road, East Chang'an Avenue and Lufthansa). Emerging business locations include Wangjing and Asian & Olympics as well as new master planned areas such as the Lize Financial Business District.

The two largest districts, CBD and BFS, account for 25% and 15% of Grade-A office leasable stock respectively. The Lufthansa area, where Gateway Plaza is located, is one of Beijing's most established and well-known international commercial zones with a current Grade-A office stock of 625,000 sq m. This amounts to approximately 8.7% of Beijing's total Grade-A leasable stock.

In 1Q/2016, a total of 46,400 sq m of Grade-A office space was completed. Despite the strong performance of new projects, a number of early lease terminations saw overall net absorption weaken, reaching only 12,650 sq m at the end of the period. Consequently,

### 15 Beijing Grade-A Office Market Key Metrics by Submarket

	Leasable Stock as of end 1Q/2016 (million sq m)	Leasable Stock by end of 2018 (million sq m)	Vacancy Rate (%)	1Q/2016 Rent (RMB per sq m per month)
Prime	3.7	4.1	2.6	397.3
Non-prime	2.6	3.2	2.9	302.3
Emerging	0.9	1.5	10.7	284.7
<b>Overall</b>	<b>7.2</b>	<b>8.8</b>	<b>3.9</b>	<b>339.8</b>

Source: Savills Research & Consultancy

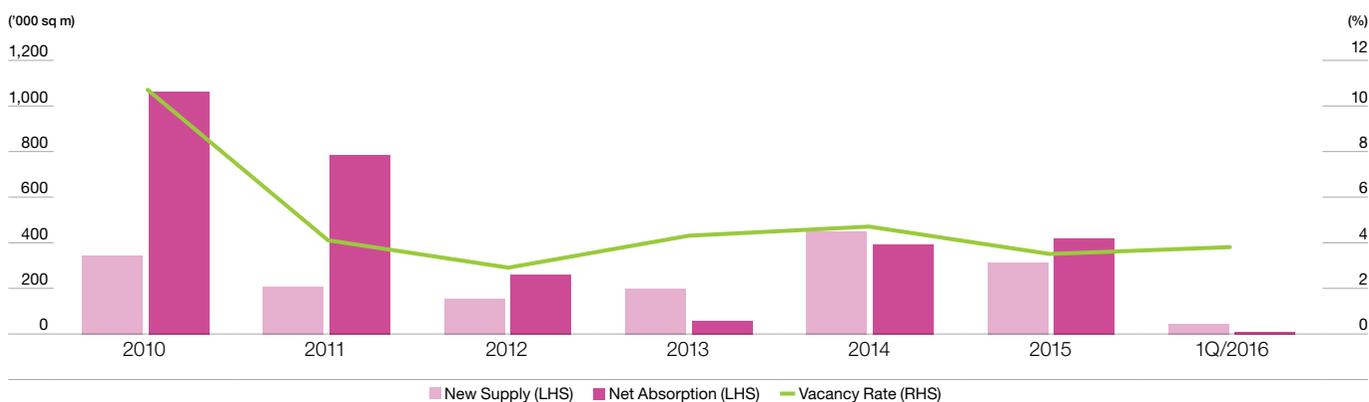
the average vacancy rate climbed slightly from 3.6% at the end of 2015 to 3.9% by the end of 1Q/2016. Beijing's Grade-A office market is expected to see increasing levels of supply over the next three years from 2016 to 2018, with an average annual supply of 678,000 sq m, 2.1 times more than the average historical supply between 2013 and 2015. Only 30% of the new supply is expected to be located in the prime areas of CBD and BFS, while a further 25% will be located in non-prime markets such as CBD Vicinity, East Second Ring Road, East Chang'an Avenue and Lufthansa. The remaining 45% will be in the emerging areas such as Wangjing and Asian & Olympics. As a result, the emerging areas are likely to see greater competition among landlords compared to other areas, such as BFS and the CBD. However, between 2018 to 2020, supply in the CBD area is expected to peak as it receives new supply averaging 300,000 sq m per annum. **16 17**

### Demand Drivers

In Beijing, a significant proportion of occupiers are large state-owned enterprises (SOEs), regional financial institutions and national headquarters of domestic companies. Multinational corporations (MNCs) by contrast make up a relatively small proportion of the total demand. Domestic companies began to dominate demand from 2010, and accounted for 75% of all recorded leasing transactions in 2015. Overseas companies only contributed 25% of the total demand.

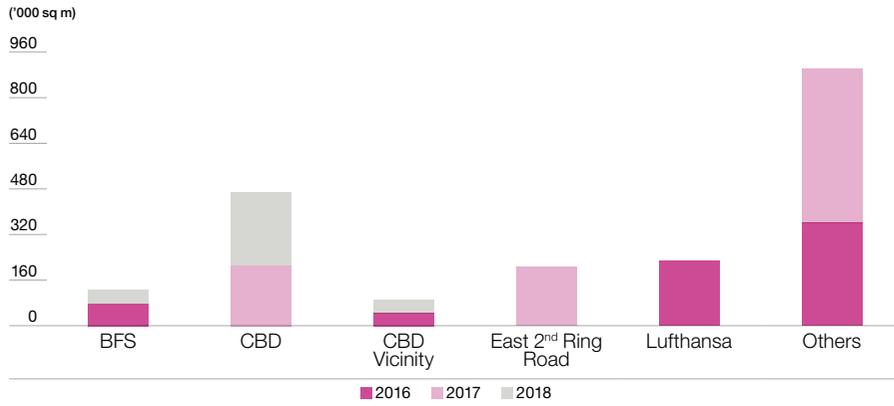
Financial services companies continued to be the strongest demand driver for Grade-A office space, accounting for 34.0% of all recorded transactions in 1Q/2016. The rapid development of the financial sector, including the Peer-to-Peer (P2P) financing companies, is largely supporting this trend, though landlords of high quality Grade-A offices are increasingly reluctant to lease to newly-launched financial companies

### 16 Beijing Grade-A Office New Supply, Net Absorption and Vacancy Rates, 2010 - 1Q/2016



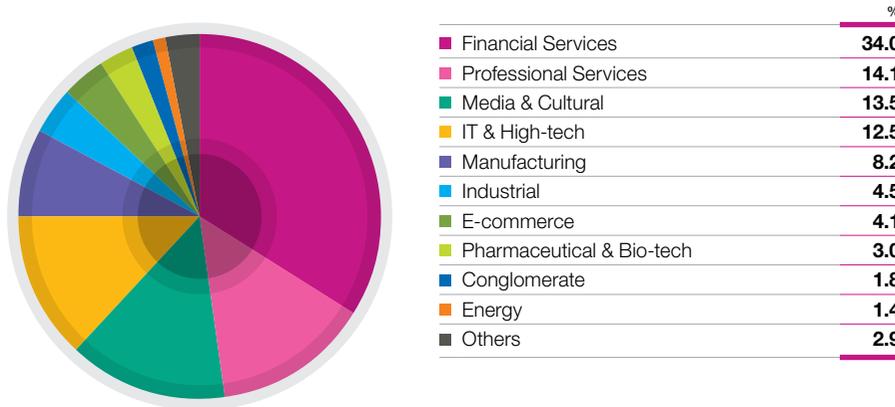
Source: Savills Research & Consultancy

**17 Beijing Estimated Future Grade-A Office Supply, 2016 - 2018**



Source: Savills Research & Consultancy

**18 Grade-A Office Demand Drivers (Transacted Floor Area) by Industry, 1Q/2016**



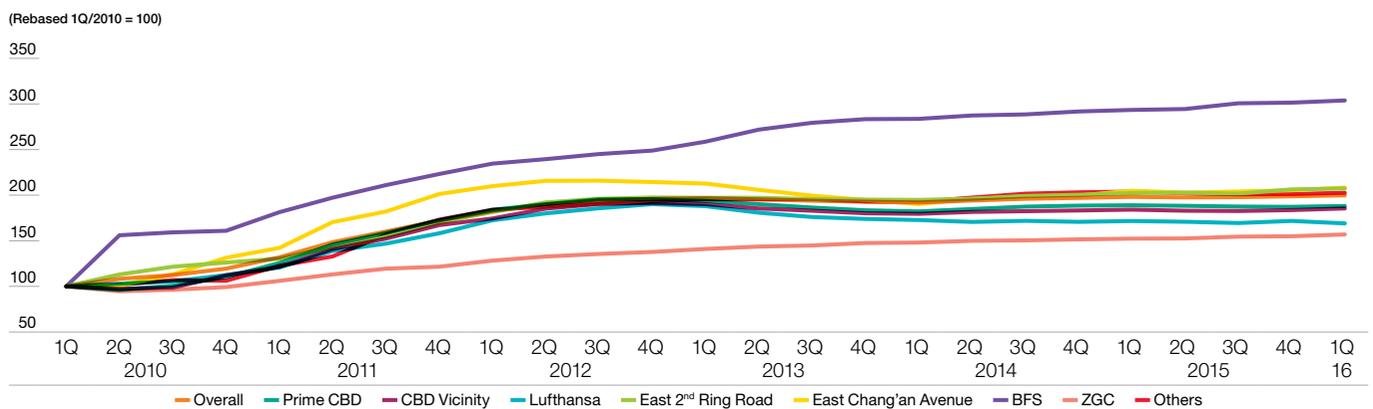
Source: Savills Research & Consultancy

with no track record. Demand from IT & High-tech and Professional Services companies remains strong, accounting for 26.6% of transactions in 1Q/2016. **18**

**Rents**

After achieving double-digit growth in the early 2010s, Grade-A office rental growth in Beijing began to moderate in 2012, with rents declining slightly by 1.6% in 2013. However, growing confidence in the market, backed by an increasingly stable economy, witnessed demand strengthening. Consequently, average Grade-A office rental rates rebounded by 2.2% in 2014. While demand has held stable, the anticipation of an influx of new supply has seen rental growth largely constrained in recent years, rising by only 0.9% y-o-y in 2015. By the end of 1Q/2016, the rental rate grew 0.5% to a city-wide average of RMB339.8 per sq m per month. In the Lufthansa area, rents have held stable at RMB295.5 per sq m per month by the end of 1Q/2016. At first glance, average rents in non-prime yet established business locations may appear slightly below the city-wide average. However, it is important to note that rental ranges in these locations often have a large spread (RMB250 - RMB350 per sq m per month), with top class assets in Lufthansa for example often commanding a rental premium above other projects. **19 20**

**19 Beijing Grade-A Office Rental Index by Submarket, 1Q/2010 - 1Q/2016**

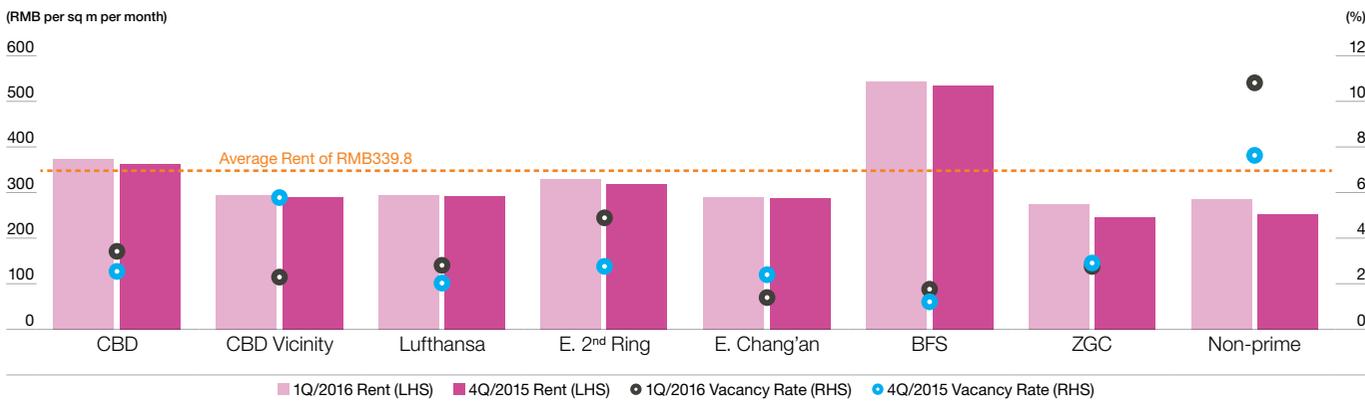


Source: Savills Research & Consultancy

# INDEPENDENT MARKET RESEARCH

by Savills (Hong Kong) Limited, 31 March 2016

## 20 Beijing Grade-A Office Rents and Vacancy Rates by Submarket, 1Q/2016 vs 4Q/2015



Source: Beijing Statistics Bureau

### Capital Values and Gross Yields

Beijing's Grade-A office capital values continued to rise to an average of RMB74,600 per sq m in 1Q/2016, up 6.7% y-o-y<sup>1</sup>. This was largely supported by limited prime investment stock, combined with steady demand from both domestic and overseas investors. As a result, Grade-A office gross reversionary yields further narrowed by 1 basis point (bps) to 5.46% compared to 4Q/2015. **21**

### Outlook

Over the next few years, the arrival of new supply in the key office markets, combined with the rapid development

of suburban areas and infrastructure, is expected to speed up the decentralisation trend. With the majority of the new supply located in decentralised locations, overall Grade-A office rents in Beijing are expected to fall to an average of RMB310 to RMB320 per sq m per month over the coming two years. Demand is not likely to absorb the significant levels of new supply. Consequently, the city-wide vacancy rate is expected to increase modestly to about 7% to 8% over the short term. In established office markets, such as the Lufthansa area, it is anticipated that properties backed by international property

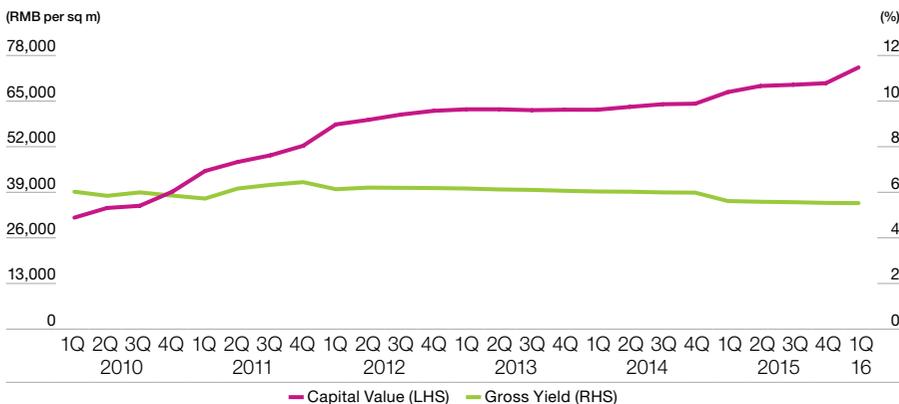
management services will have a competitive edge when it comes to rental negotiations.

Limited prime investment stock, combined with steady demand from both domestic and overseas investors, is expected to support Grade-A office capital values despite further rental declines. As a result, Grade-A office gross yields are anticipated to continue on a moderately declining trend throughout 2016.

<sup>1</sup> The 6.7% y-o-y growth is calculated based on the capital value index from Savills with a base year of 1Q/2010 = 100.

**In established office markets, such as the Lufthansa area, it is anticipated that properties backed by international property management services will have a competitive edge when it comes to rental negotiations.**

## 21 Beijing Grade-A Office Capital Values and Gross Yields, 1Q/2010 - 1Q/2016



Source: Savills Research & Consultancy

## SHANGHAI

### SHANGHAI BUSINESS PARK MARKET

#### Shanghai's Economy

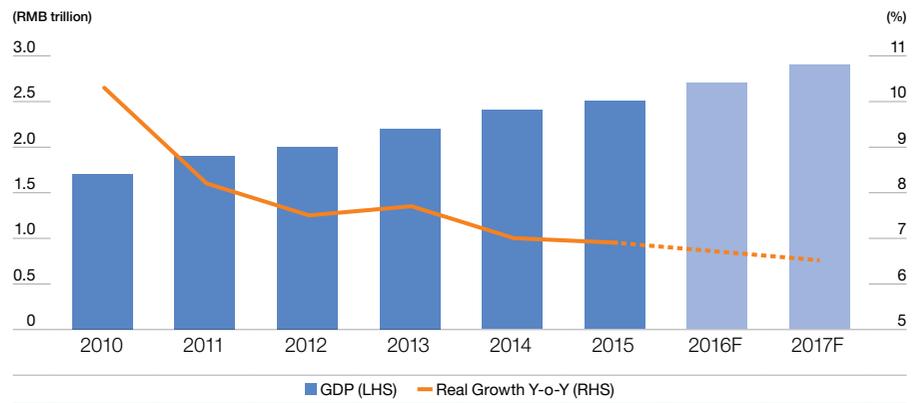
Shanghai's GDP grew by 6.9% to reach RMB2.5 trillion in 2015. Tertiary industries were the key driving force behind the city's economy, contributing 67.8% of GDP in 2015, up 3% y-o-y. The tertiary sector, especially financial and insurance institutions, professional and business service firms, and high-tech and IT companies, is expected to be the major driver of economic growth over the coming years. <sup>22</sup>

Shanghai's utilised FDI grew at a more moderate rate of 1.6% to reach US\$18.5 billion in 2015. According to the Shanghai Statistics Bureau, MNCs continue to choose Shanghai as a platform for conducting business in the region with 535 regional headquarters and 396 foreign funded research centres located in the city by the end of 2015. Shanghai was the first city in China to have a free trade zone (FTZ) with the goal of opening new industries to foreign competition based on the negative list approach<sup>1</sup> and enabling the development of trade, finance and capital flows as well as other liberalising pilot policies. Initially limited to Waigaoqiao, Pudong Airport and Lingang, the geographical scope of the FTZ was later enlarged to include Zhangjiang Hi-tech Industrial Development Zone ("Zhangjiang"), Jinqiao and Lujiazui. <sup>23</sup>

#### Overview of the Shanghai Office Market

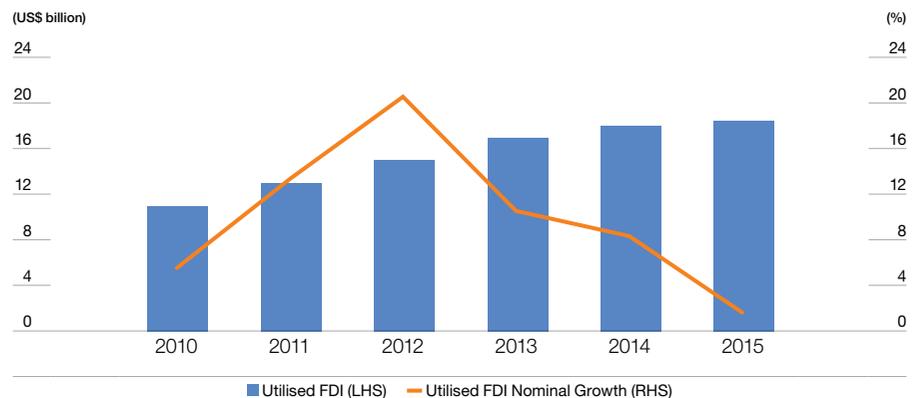
The Shanghai office market comprises core business areas<sup>2</sup>, decentralised business areas<sup>3</sup> and business parks. There are many business parks in Shanghai of varying sizes and Savills is of the opinion that the three most important and established business parks are Caohejing, located in Puxi, and Jinqiao and Zhangjiang, located in Pudong. The scope for this Shanghai business park market study comprises only these three business park areas. Business parks are located further away from the city centre and they offer

### 22 Shanghai GDP and GDP Growth, 2010 - 2017F



Source: Shanghai Statistics Bureau, Focus Economics, Savills Research & Consultancy  
Note: Forecast assumes similar growth trajectory to the wider Chinese economy.

### 23 Shanghai FDI and Nominal Growth Rate, 2010 - 2015



Source: Shanghai Statistics Bureau, Savills Research & Consultancy

### 24 Shanghai Grade-A Office Market Key Metrics

	Stock as of end 1Q/2016 (million sq m)	Stock by end of 2017 (million sq m)	1Q/2016 Rent (RMB per sq m per day)	Vacancy Rate (%)
Core <sup>2</sup>	6.5	9.2	8.7	5.7
Decentralised <sup>3</sup>	2.0	5.7	5.1	30.4
Business Park <sup>4</sup>	6.1	7.2	4.1	8.6

Source: Savills Research & Consultancy

<sup>1</sup> Source: State Council. This refers to the sectors which are prohibited or restricted under the Negative List.

<sup>2</sup> Core business areas are centrally-located established business districts typically located within Shanghai's Inner Ring Road.

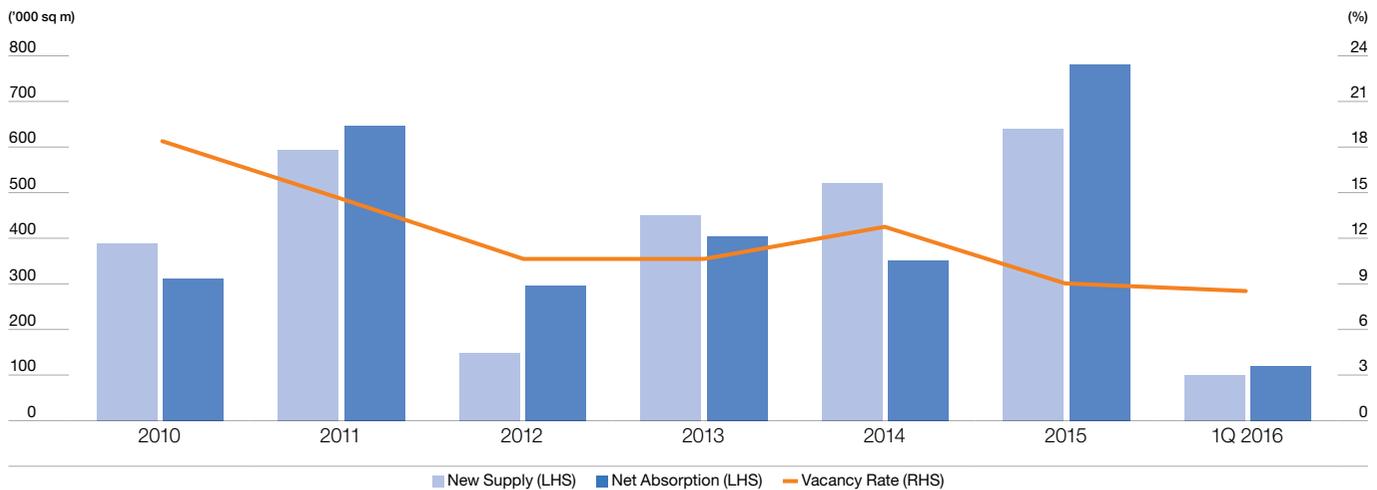
<sup>3</sup> Decentralised business areas are located outside the Inner Ring Road and not located in core business areas or business parks.

<sup>4</sup> For the purpose of this report, Business Parks only include the three key parks comprising Caohejing, Jinqiao and Zhangjiang.

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by Savills (Hong Kong) Limited, 31 March 2016

### 25 New Supply, Net Absorption and Vacancy Rates in Shanghai's Three Key Business Parks, 2010 - 1Q/2016



Source: Savills Research & Consultancy

tenants significant rental savings, with rents often less than half those of office developments in core locations. [24](#)

#### Background to Business Parks in Shanghai

Industrial and business parks have been around in China for over 35 years. Initially, industrial and business parks attracted primarily R&D, pharmaceutical and manufacturing companies, by offering tax incentives and build-to-suit developments. However, following the relocation of the manufacturing industries to the less developed central and western regions in China, business parks in the first-tier cities saw the introduction of newer, higher-specification developments with designs suited for conventional office usage. Demand for business park space has also increased alongside the development of the domestic and international high-tech manufacturing, IT, e-commerce, trade and logistics industries, combined with the establishment of the FTZ and favourable government policies.

#### Supply

Zhangjiang, where Sandhill Plaza is located, is the largest business park in Shanghai, covering an area of 42 sq km. It is also one of the earliest business parks to be established.

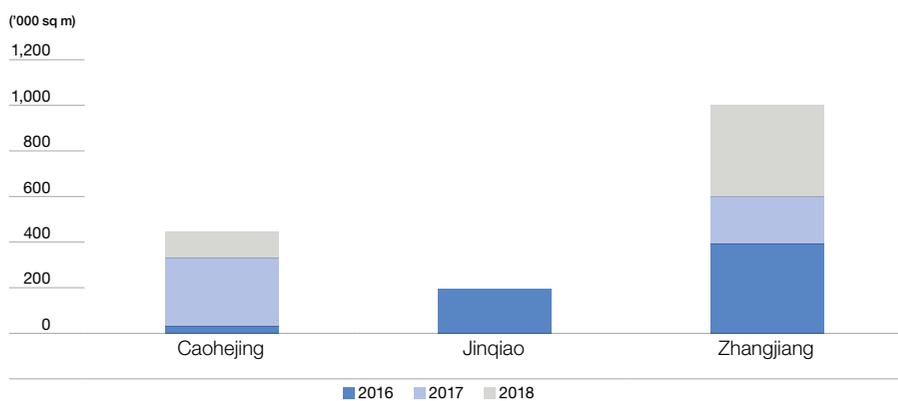
Key industries include information technology, biopharmaceuticals and electronics assembly & manufacturing.

Improving infrastructure linkages, a maturing business atmosphere as well as significant cost saving and expansion options have made business parks an attractive choice for many companies. Zhangjiang, located within Shanghai's FTZ, also offers special economic and tax incentives.

By the end of March 2016, there was 6.1 million sq m of Grade-A office space in the three key business parks,

of which 643,000 sq m was added in 2015, and 100,000 sq m was added in the first quarter of 2016. Zhangjiang accounted for 33%, or 2.05 million sq m. Approximately 622,000 sq m of Grade-A office space is expected to enter the business park market in 2016, followed by another 512,000 sq m per year over the next two years. Between 2016 and 2018, Zhangjiang is forecast to witness the largest growth and is expected to account for nearly 61% of the new supply. Of the new supply in Zhangjiang, 8% is expected to be of high-quality Grade-A office space. [25](#) [26](#)

### 26 Future Supply of Shanghai's Three Key Business Parks, 2016 - 2018



Source: Savills Research & Consultancy

**Demand and Vacancy**

Strong demand from both domestic and overseas companies continues to drive take-up for quality office projects in the key business parks. In 1Q/2016, a total of 100,000 sq m of Grade-A office space was completed in the three key business parks. Net take-up totalled 120,000 sq m in 1Q/2016, lowering the average vacancy rate to 8.6%. Given current rates of take-up and more limited development opportunities in two of the three key business parks, vacancy rates are expected to remain in check or fall in the coming two to three years. Zhangjiang accounted for roughly a third of the total net take-up in

1Q/2016, with around 31,000 sq m being absorbed, bringing vacancy rates down to 9.9%. **25 27**

Demand for business parks as a whole in recent years has been largely driven by the IT and high-tech enterprises, pharmaceutical companies and some of the back office operations of financial institutions, with domestic companies leading the growth.

**Rents**

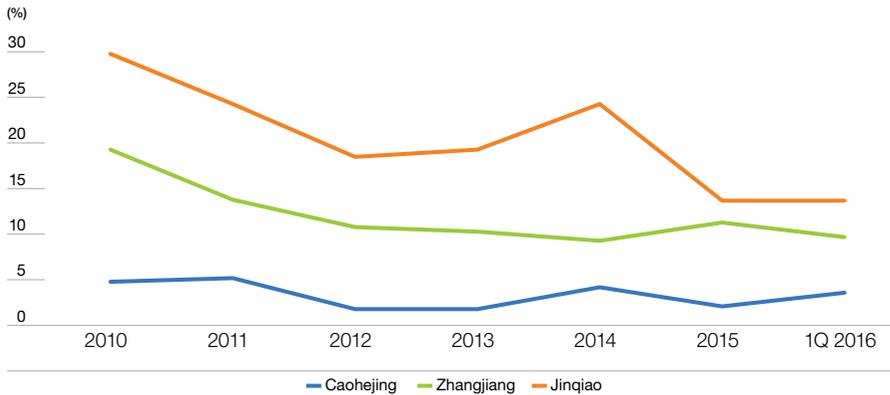
Average rents for the three key business parks stood at roughly RMB4.06 per sq m per day by the end of 1Q/2016, up 1.0% compared to 4Q/2015. Rental growth has slowed in recent years as

vacancy rates have risen on the back of additional supply as well as competition from decentralised space including the Former Expo site, Hongqiao transportation hub, Wujiaochang and Xuhui Binjiang. Rents in Caohejing remained the highest at an average of RMB4.24 per sq m per day, while rents in Zhangjiang ranked second at an average of RMB4.00 per sq m per day. **28**

**Gross Yields and Capital Values**

In recent years, gross yields of business park offices have experienced mounting downward pressure as investment activity has increased. As such, investors broadened their search

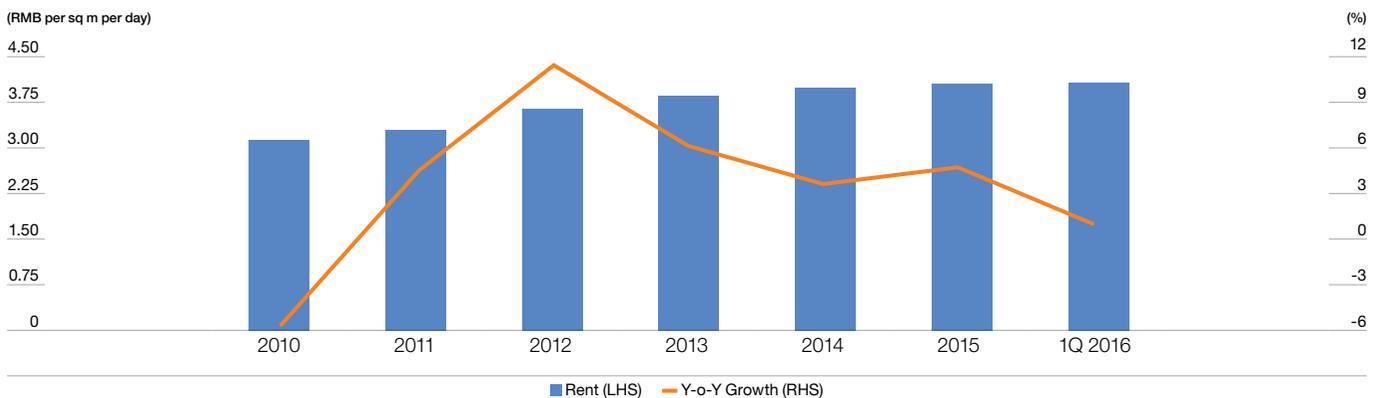
**27 Vacancy Rates in Shanghai's Three Key Business Parks, 2010 - 1Q/2016**



Source: Savills Research & Consultancy

“Vacancy rates in the three business parks are expected to stay relatively constant, allowing for moderate growth in rents for the more established projects with strong property management and easy access to transportation links.”

**28 Average Rental Rates and Growth in Shanghai's Three Key Business Parks, 2010 - 1Q/2016**

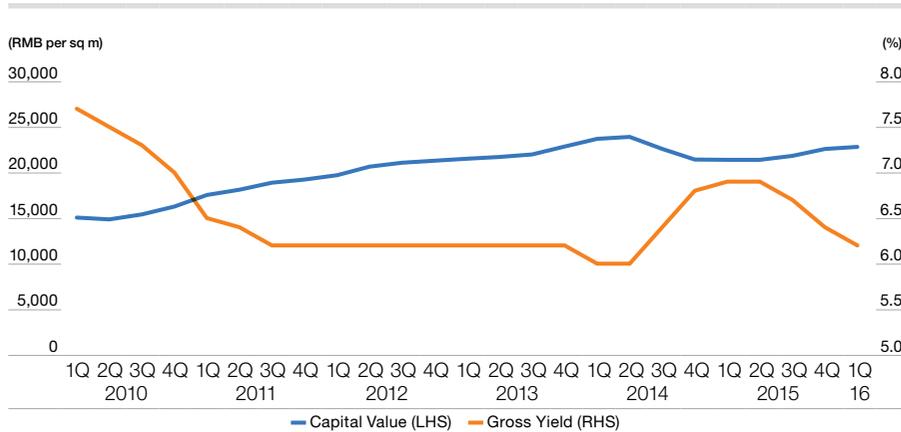


Source: Savills Research & Consultancy

## INDEPENDENT MARKET RESEARCH

by Savills (Hong Kong) Limited, 31 March 2016

### 29 Capital Values and Gross Yields in Shanghai's Three Key Business Parks, 1Q/2010 - 1Q/2016



Source: Savills Research & Consultancy

for higher yielding assets outside the traditional downtown office markets. Shanghai business parks gross reversionary yields stood at roughly 6.2% by the end of 1Q/2016, equating to approximately RMB22,780 per sq m. **29**

#### Outlook

While supply in the three business parks is forecast to rise, demand is expected to increase resulting from improved business environments, continued investment in infrastructure,

and sustained suburbanisation. Additionally, there is expected to be continued government support for business parks as a means of coping with rising congestion issues in the city centre. Foreign investment in China is also expected to continue to grow, with particular focus on areas covered by the FTZ. Vacancy rates in the three business parks are expected to stay relatively constant, allowing for moderate growth in rents for the more established projects with strong property management and easy access to transportation links. Much of the expected new supply in Zhangjiang is located to the south of the established northern section, with developments occurring on a patchwork basis and public transportation infrastructure being planned for. Tenants looking for immediate occupation are still likely to prioritise quality projects in the established north section of the park, which offers better accessibility and supporting amenities.

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For and on behalf of  
**Savills (Hong Kong) Limited**

**SIMON SMITH**  
Senior Director  
Head of Research & Consultancy

# TRUST STRUCTURE

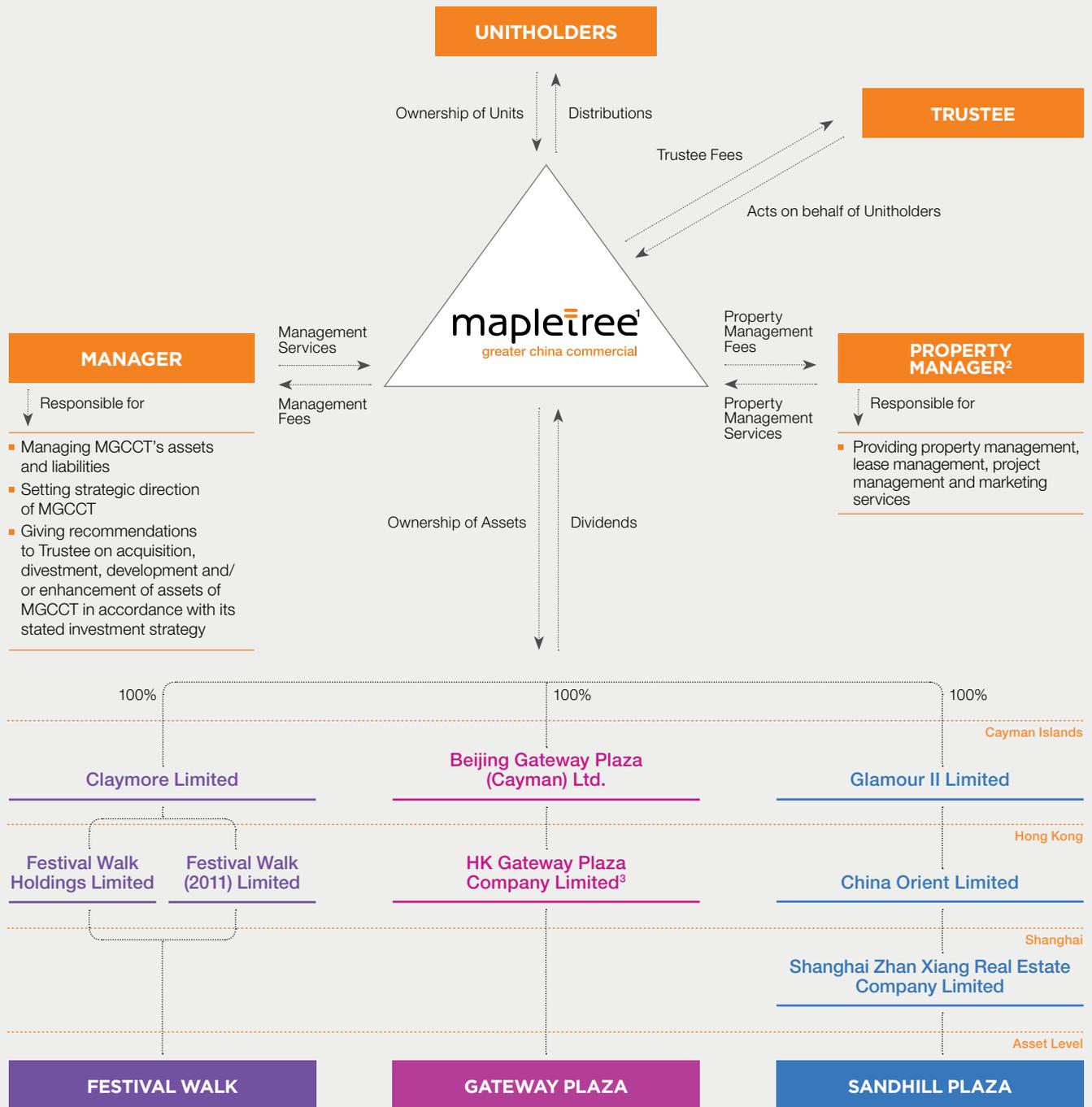
OVERVIEW

STRATEGY

PERFORMANCE

GOVERNANCE & SUSTAINABILITY

FINANCIALS & OTHERS



<sup>1</sup> The Trustee holds 100.0% of Maple<sup>tree</sup> Greater China Commercial Trust Treasury Company (S) Pte. Ltd., in which it holds 100.0% of Maple<sup>tree</sup> Greater China Commercial Treasury Company (HK SAR) Limited (the "Hong Kong Treasury Company"). The Hong Kong Treasury Company is a special purpose vehicle incorporated in Hong Kong and owned by MGCCT for the purposes of (i) lending, borrowing or raising money, (ii) carrying out foreign exchange and interest rate hedging activities, financial futures trading, financial derivatives trading and other risk management activities in foreign currency or (iii) any other treasury management functions for and on behalf of MGCCT.

<sup>2</sup> The Property Manager is appointed pursuant to the Master Property Management agreement entered into between the Manager, the Trustee and the Property Manager.

<sup>3</sup> HK Gateway Plaza Company Limited holds 100.0% of Gateway Plaza Property Operations (Beijing) Limited, a company incorporated in China. Gateway Plaza Property Operations (Beijing) Limited is established to facilitate the registration of tenancy agreements between HK Gateway Plaza Company Limited and tenants of Gateway Plaza. HK Gateway Plaza Company Limited pays Gateway Plaza Property Operations (Beijing) Limited the costs incurred in rendering such services, and an administrative cost equivalent to 5.0% of such costs. Both the Manager and Property Manager are wholly-owned subsidiaries of the Sponsor.

# ORGANISATION STRUCTURE

## THE MANAGER

Mapletree Greater China Commercial Trust Management Ltd.

### BOARD OF DIRECTORS

**Mr Frank Wong Kwong Shing**  
Chairman and  
Independent Non-Executive Director

**Mr Kevin Kwok Khien**  
Independent Non-Executive Director and  
Chairman of the Audit and Risk Committee

**Mr Lok Vi Ming**  
Independent Non-Executive Director,  
Chairman of the Nominating and  
Remuneration Committee and Member  
of the Audit and Risk Committee

**Mr Michael Kok Pak Kuan**  
Independent Non-Executive Director and  
Member of the Audit and Risk Committee

**Mrs Ow Foong Pheng<sup>1</sup>**  
Independent Non-Executive Director and Member  
of the Nominating and Remuneration Committee

**Mr Hiew Yoon Khong**  
Non-Executive Director and  
Member of the Nominating and  
Remuneration Committee

**Mr Chua Tiow Chye**  
Non-Executive Director

**Ms Cindy Chow Pei Pei**  
Executive Director and  
Chief Executive Officer

### CHIEF EXECUTIVE OFFICER

**Ms Cindy Chow**

### JOINT COMPANY SECRETARIES

**Mr Wan Kwong Weng**  
**Ms See Hui Hui**

### CHIEF FINANCIAL OFFICER

**Ms Jean Low**

### FINANCE

**Mr Lawrence Ng**  
Vice President

**Ms Jessie Hoe**  
Vice President

### INVESTOR RELATIONS

**Ms Elizabeth Loo**  
Vice President

### INVESTMENT & ASSET MANAGEMENT

**Mr Ng Chern Shiong**  
General Manager

### PORTFOLIO MANAGEMENT

**Ms Ng Eharn**  
Vice President

### INVESTMENT & ASSET MANAGEMENT (HONG KONG)

**Mr Matthew Wong**  
Senior Manager

### ASSET MANAGEMENT (BEIJING)

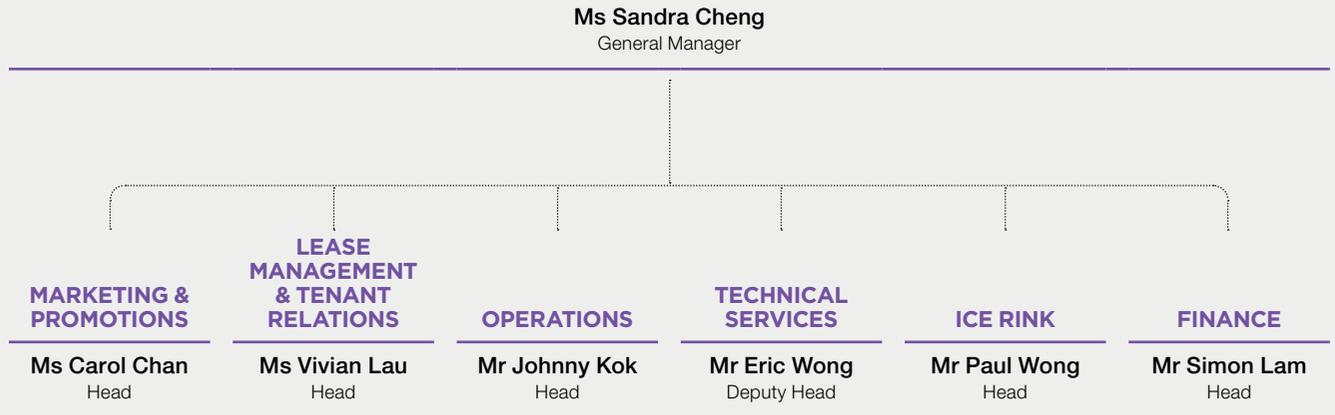
**Mr Eddy Handaja**  
Senior Manager

### INVESTMENT & ASSET MANAGEMENT (SHANGHAI)

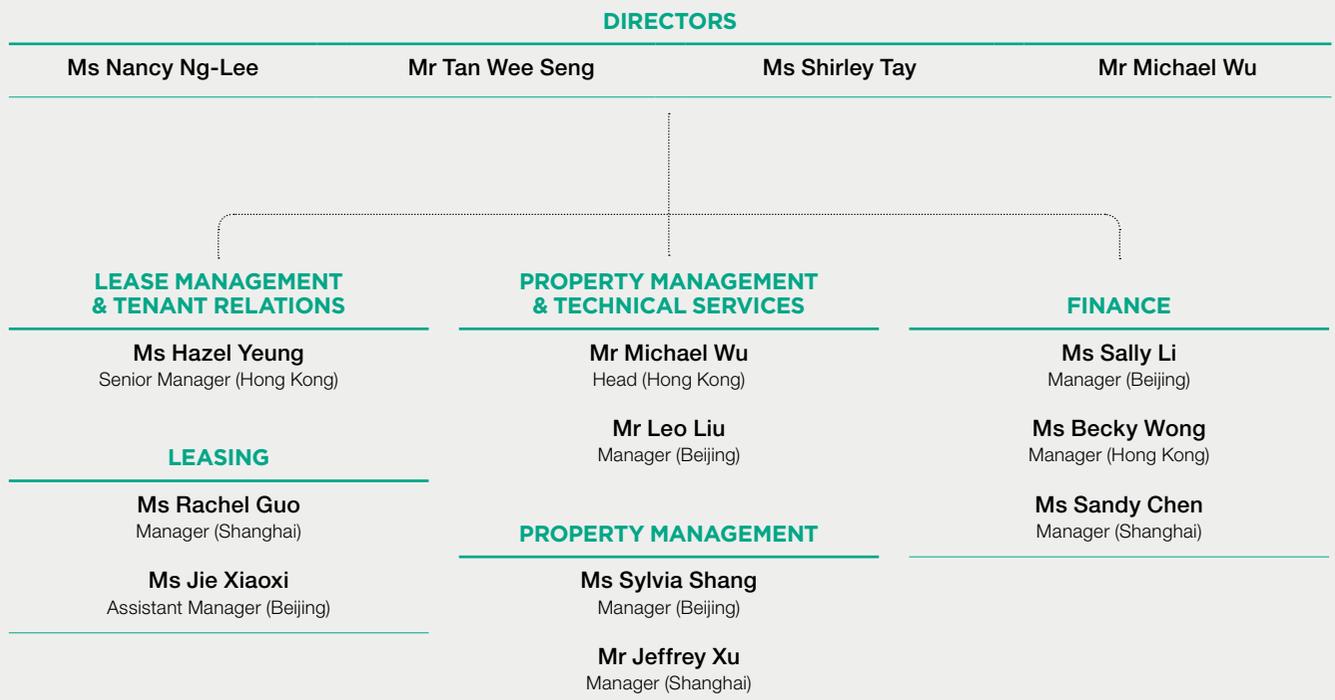
**Mr Miguel Su**  
Manager

<sup>1</sup> As per the SGXNet announcement on 20 April 2016, Mrs Ow has resigned as an Independent Non-Executive Director as well as a Member of the Nominating and Remuneration Committee with effect from 20 April 2016.

**FESTIVAL WALK**



**THE PROPERTY MANAGER**  
Mapletree Greater China Property Management Limited (“MGCPM”)



OVERVIEW

STRATEGY

PERFORMANCE

GOVERNANCE & SUSTAINABILITY

FINANCIALS & OTHERS

# BOARD OF DIRECTORS



**MR FRANK WONG KWONG SHING**  
Chairman and Independent Non-Executive Director

Mr Frank Wong Kwong Shing is the Chairman and an Independent Non-Executive Director of the Manager.

Mr Wong is also an Independent Non-Executive Board Director of China Mobile Limited, a position he has held since 2002, and a Non-Executive Board Director of both PSA International Pte Ltd and PSA Corporation Limited, Singapore.

From 1999 to August 2008, Mr Wong was a key senior leader at DBS Group Holdings Ltd, Singapore, one of the largest financial services groups in Asia. As Vice Chairman of DBS Bank, he had responsibility for the strategic development and financial performance of all DBS's revenue generating businesses. Mr Wong was also an Executive Board Director of DBS Group Holdings Ltd., and Chairman of both DBS Bank (Hong Kong) Limited, Hong Kong and DBS Bank (China) Limited, China.

Earlier in his career, from 1966 to 1999, he held a series of progressively senior positions in Asia and Europe with major financial services firms including Citibank, JP Morgan and NatWest. Mr Wong had also served in various roles with Hong Kong Government bodies and business associations including terms as Chairman of the Hong Kong Futures Exchange Limited, Chairman of The Arbitration Panel for Leveraged Foreign Exchange Trading and member of Hong Kong SAR's Financial Services Development Council.



**MR KEVIN KWOK KHIEH**  
Independent Non-Executive Director and  
Chairman of the Audit and Risk Committee

Mr Kevin Kwok Khien is an Independent Non-Executive Director of the Manager and is the Chairman of the Audit and Risk Committee.

Mr Kwok is a Non-Executive Director and Chairman of the Audit Committee of the Singapore Exchange Ltd. He is also a Non-Executive Director and a member of the Audit and Risk Management Committee of Wheelock Properties (Singapore) Ltd. He is a Council Member and Fellow of the Singapore Institute of Directors and Chairman of the Accounting Standards Council of Singapore.

He was formerly a Senior Partner of Ernst & Young LLP where he retired after 35 years with the firm. He was the Head of the firm's Assurance Services in Singapore and ASEAN.

Mr Kwok holds a Bachelor of Arts (Second Class Upper Honours, with Dual Honours in Economics and Accounting & Financial Management) from the University of Sheffield (UK). He qualified as a Chartered Accountant and is a member of the Institute of Chartered Accountants in England and Wales. He is also a Chartered Accountant of the Malaysian Institute of Accountants and a Fellow of the Chartered Malaysian Institute of Taxation. Mr Kwok is also a Fellow of the Institute of Singapore Chartered Accountants.



### MR LOK VI MING

Independent Non-Executive Director, Chairman of the Nominating and Remuneration Committee and Member of the Audit and Risk Committee

Mr Lok Vi Ming, Senior Counsel is an Independent Non-Executive Director of the Manager and is the Chairman of the Nominating and Remuneration Committee.

Mr Lok has been with Rodyk & Davidson LLP (now known as Dentons Rodyk & Davidson LLP) since the start of his legal career 29 years ago. He is currently a senior partner in the firm's Litigation & Arbitration Practice Group, and heads the firm's Aviation Practice.

A Fellow of the Singapore Institute of Arbitrators, Mr Lok is an established arbitration practitioner and arbitrator. He has been appointed to the Regional Panel of Arbitrators with the Singapore International Arbitration Centre, CIETAC Beijing and Shanghai, the Shenzhen Court of International Arbitration and with numerous other Arbitration Commissions in China.

In 2005, Mr Lok was appointed by the Honourable Chief Justice as the head of the China Desk of the Committee for the International Promotion of Singapore Law, to promote Singapore law to corporations and state owned enterprises in China. He currently chairs the International Relations Committee and the Professional Indemnity Committee of the Law Society.

Mr Lok is currently a Fellow of the Singapore Academy of Law. He is also a member of the Board of the Singapore International Mediation Centre and is a Principal Mediator with the Singapore Mediation Centre.

Mr Lok holds a Bachelor of Law degree from the National University of Singapore.



### MR MICHAEL KOK PAK KUAN

Independent Non-Executive Director and Member of the Audit and Risk Committee

Mr Michael Kok Pak Kuan is an Independent Non-Executive Director of the Manager.

Mr Kok is currently a Non-Executive Director of Dairy Farm International Holdings Limited, a leading retailer in Asia listed on the London Stock Exchange and the SGX-ST and a member of the Jardine Matheson Group. Mr Kok is also a Non-Executive Director of Jardine Cycle and Carriage Limited and SATS Ltd.

Prior to his retirement in December 2012, he was an Executive Director and Group Chief Executive Officer of Dairy Farm from April 2007, and was responsible for over 5,400 outlets in the region, operating under various well-known brands in the area of supermarkets, hypermarkets, health and beauty stores, convenience stores and home furnishings stores. Under his watch, Dairy Farm employed over 85,000 people and annual sales grew from US\$6.8 billion in 2007 to over US\$10 billion in 2011.

Mr Kok joined Dairy Farm in 1987, and has over 30 years' experience in retailing in Asia. He also resided in Hong Kong from 2007 to 2012. He is a member of the UK Chartered Institute of Marketing, and attended the Senior Executive Programme at London Business School and the Advanced Management Program at Harvard Business School.

## BOARD OF DIRECTORS



### MRS OW FOONG PHENG<sup>1</sup>

Independent Non-Executive Director and Member of the Nominating and Remuneration Committee

Mrs Ow Foong Pheng is an Independent Non-Executive Director of the Manager.

As of 1 May 2016, Mrs Ow is the Permanent Secretary (National Development) as well as the Permanent Secretary in charge of the Municipal Services Office. Prior to that, Mrs Ow was the Permanent Secretary of the Singapore Ministry of Trade and Industry. She started her career in the Administrative Service, in the Ministry of Education and subsequently served in several ministries including National Development, Finance, Defence, Home Affairs and Manpower. In 2006, she was appointed Chief Executive Officer, Jurong Town Corporation, Singapore's principal developer of industrial estate and related facilities.

Mrs Ow is also a Director of DBS Bank Ltd. and DBS Group Holdings Ltd. She is also a member of the Audit Committee and Nominating Committee of DBS Bank Ltd. and DBS Group Holdings Ltd.

Mrs Ow graduated with a Bachelor of Arts (Honours) degree in Political Science, Philosophy and Economics from Oxford University. An Overseas Merit Scholar, she also holds a Master of Science in Management from Stanford University.



### MR HIEW YOON KHONG

Non-Executive Director and Member of the Nominating and Remuneration Committee

Mr Hiew Yoon Khong is a Non-Executive Director of the Manager.

Mr Hiew is currently the Executive Director and Group Chief Executive Officer of the Sponsor. He is also a Non-Executive Director of Mapletree Logistics Trust Management Ltd. (Manager of Mapletree Logistics Trust), Mapletree Industrial Trust Management Ltd. (Manager of Mapletree Industrial Trust) and Mapletree Commercial Trust Management Ltd. (Manager of Mapletree Commercial Trust).

Mr Hiew joined the Sponsor in 2003 as Group Chief Executive Officer. He has since led the Mapletree Group from a Singapore-centric real estate company worth S\$2.3 billion to a global company with total assets in excess of S\$30 billion.

From 2003 to 2011, Mr Hiew was concurrently Senior Managing Director (Special Projects) in Temasek Holdings. His past directorships include serving as a member on the Board of Trustees of the National University of Singapore.

Mr Hiew holds a Master of Arts degree in Economics from the University of Warwick, and a Bachelor of Arts degree in Economics from the University of Portsmouth.

<sup>1</sup> As per the SGXNET announcement on 20 April 2016, Mrs Ow has resigned as an Independent Non-Executive Director as well as a Member of the Nominating and Remuneration Committee with effect from 20 April 2016.



**MR CHUA TIOW CHYE**  
Non-Executive Director

Mr Chua Tiow Chye is a Non-Executive Director of the Manager.

Mr Chua is the Group Chief Investment Officer of the Sponsor and is responsible for executing the Sponsor's international real estate investments and developments, including entry strategies into new markets and development of new products. Concurrently, Mr Chua is the Regional Chief Executive Officer, North Asia and New Markets of the Sponsor where he has direct responsibility over the Sponsor's non-REIT assets and growth in these markets, i.e. South Korea, Hong Kong SAR, Australia and Japan, USA, Europe as well as other opportunistic markets.

Mr Chua also serves as a Non-Executive Director of Mapletree Logistics Trust Management Ltd. He was also previously the Chief Executive Officer of Mapletree Logistics Trust Management Ltd.

Prior to joining the Sponsor in 2002, Mr Chua held senior positions with various companies including Vision Century Corporation Ltd, Ascendas Pte Ltd, Singapore Food Industries Pte Ltd and United Overseas Bank Ltd.



**MS CINDY CHOW PEI PEI**  
Executive Director and Chief Executive Officer

Ms Cindy Chow Pei Pei is both an Executive Director and the Chief Executive Officer of the Manager.

She has more than 18 years of investment experience in the region, including Singapore, China, Hong Kong, India, Vietnam and Thailand. Prior to joining the Manager, Ms Chow was Chief Executive Officer, India, with the Sponsor. She was instrumental in establishing Mapletree Group's business in India since 2007.

Ms Chow joined the Sponsor in 2002 as Manager (Business Development) and was one of the key members in executing the listing of Mapletree Logistics Trust ("MLT") on the Mainboard of the SGX-ST in July 2005. She later became the Senior Vice President and Head of Investment for Mapletree Logistics Trust Management Ltd. In that capacity, she was responsible for sourcing and evaluating potential acquisitions in the region, as well as recommending and analysing potential asset enhancement initiatives, with a view to enhance MLT's portfolio.

Ms Chow holds a Master of Science in Real Estate and a Bachelor of Science (Estate Management) (Second Upper Class Honours) from the National University of Singapore.

# MANAGEMENT TEAM (CORPORATE)



**1 MS CINDY CHOW**

Executive Director and Chief Executive Officer

Ms Chow is both an Executive Director and the Chief Executive Officer of the Manager. Her experience is detailed in the Board of Directors' section of this Annual Report.

**2 MS JEAN LOW**

Chief Financial Officer

Ms Low has more than 22 years of regional experience in the area of auditing, consultancy, risk management and performance measurement.

Prior to joining the Manager, Ms Low was the Head of Risk Management and Performance Measurement with the Sponsor where she was responsible for overseeing the management and monitoring of the Sponsor's portfolio risk as well as the development of the Sponsor's internal performance measurement framework.

Ms Low holds a Master of Business Administration from the London Business School and a Bachelor of Science in Economics from the London School of Economics. She is also a Fellow of the Institute of Chartered Accountants in England and Wales.

**3 MR NG CHERN SHIONG**

General Manager, Investment and Asset Management

Based in Shanghai, Mr Ng has 14 years of experience in the real estate business focusing on investment and asset management work.

Prior to joining the Manager, he held various positions including Director of Business Development at Keppel Land China Limited, and Senior Investment Manager and Associate Director of Asset Management at Mapletree Industrial Fund.

Mr Ng holds a Bachelor of Science (Real Estate) (Second Upper Class Honours) from the National University of Singapore and a Graduate Diploma in Financial Management from the Association of Chartered Certified Accountants.

**4 MR LAWRENCE NG**

Vice President, Finance

Mr Ng has 17 years of experience in financial and management reporting, auditing and finance related work.

Prior to joining the Manager, Mr Ng held various finance positions with the Sponsor. Before that, Mr Ng had worked in Pan-United Corporation Ltd and Ernst & Young LLP.

Mr Ng holds an Association of Chartered Certified Accountants professional qualification. He is also a non-practising member of the Institute of Singapore Chartered Accountants.

**5 MS JESSIE HOE**

Vice President, Finance

Ms Hoe has 17 years of experience in auditing, financial and management reporting.

Prior to joining the Manager, Ms Hoe served as Director, Financial Analysis and Reporting at Tiger Airways Holdings Limited. She started her career with Ernst & Young LLP.

Ms Hoe holds a Bachelor of Accountancy (Honours) from the Nanyang Technological University. She is also a Chartered Accountant (Singapore) of the Institute of Singapore Chartered Accountants.

**6 MS ELIZABETH LOO**

Vice President, Investor Relations

With more than 16 years of experience in communications & investor relations, Ms Loo has held various senior positions at Sembcorp Marine Ltd, SMRT Corporation Ltd and Creative Technology Ltd.

Ms Loo obtained a Master of Science in Industrial Administration from the Carnegie Mellon University and a Bachelor of Science (Computer Science & Information Systems) (Second Upper Class Honours) from the National University of Singapore. She is also a Chartered Financial Analyst.

**7 MS NG EHARN**

Vice President, Portfolio Management

Ms Ng has over ten years of experience in consulting, investment, treasury and risk management.

Prior to joining the Manager, Ms Ng had worked in Singapore Power and Dragonfly Consultancy.

Ms Ng holds a Master of Business Administration from the Columbia Business School, the London Business School and the University of Hong Kong ("EMBA Global Asia") and a Bachelor of Accountancy with an additional major in Finance, with Magna Cum Laude, from the Singapore Management University.

## MANAGEMENT TEAM (CORPORATE)

### 8 MR MATTHEW WONG

Senior Manager, Investment and Asset Management (Hong Kong)

Based in Hong Kong, Mr Wong has more than 10 years of experience in asset management, capital management, investment, investor relations and research with organisations including ARA Asset Management Limited, Macquarie Bank and Cushman and Wakefield.

Mr Wong holds a Master of Finance from The University of Hong Kong and a Bachelor of Applied Science from the University of Waterloo.

### 9 MR EDDY HANDAJA

Senior Manager, Asset Management (Beijing)

Mr Handaja has over 13 years of experience in financial and project management.

Prior to joining the Manager, Mr Handaja was the Associate Director for the Sponsor's Asset Management team in China. His previous work experience was at organisations including Accenture, TD Waterhouse and State Street.

Mr Handaja holds a Bachelor of Economics from the Macquarie University as well as a Master of Commerce from the University of New South Wales.

### 10 MR MIGUEL SU

Manager, Investment and Asset Management (Shanghai)

Mr Su has over seven years of real estate consulting, business development, and research experience.

Prior to joining the Manager, Mr Su held positions in Ascendas Pte Ltd. (Shanghai) and CBRE Group, Inc (Beijing). Mr Su started his career as a real estate consultant at KPMG LLP in Los Angeles.

Mr Su holds a Bachelor of Science in Industrial Engineering from Purdue University.

### 11 MR WAN KWONG WENG

Joint Company Secretary

Mr Wan is the Joint Company Secretary of the Manager and concurrently Head, Group Corporate Services and Group General Counsel of the Sponsor, where he oversees the administration, communications, human resources functions as well as all legal, compliance and corporate secretarial matters for the Sponsor across all business units and countries.

Prior to joining the Sponsor, Mr Wan was the Group General Counsel - Asia for Infineon for seven years, where he was a key member of Infineon's management team covering the Asia Pacific and Japan regions. He started his career as a litigation lawyer with one of the oldest law firms in Singapore, Wee Swee Teow & Co., and was subsequently with the Corporate & Commercial/Private Equity practice group of Baker & McKenzie in Singapore and Sydney.

Mr Wan has an LL.B. (Honours) (Newcastle upon Tyne), where he was conferred the Wise Speke Prize, and an LL.M. (Merit) (London). He also attended London Business School Senior Executive Programme. He is called to the Singapore Bar, where he was conferred the Justice FA Chua Memorial Prize, and is also on the Rolls of Solicitors (England & Wales).

He was conferred a Public Service Medal (P.B.M.) in 2012 for his contributions to community service.

### 12 MS SEE HUI HUI

Joint Company Secretary

Ms See is the Joint Company Secretary of the Manager as well as Director, Legal of the Sponsor.

Prior to joining the Sponsor, Ms See was in the Corporate/Mergers & Acquisitions practice group of WongPartnership LLP, one of the leading law firms in Singapore. She started her career as a litigation lawyer with Tan Kok Quan Partnership.

Ms See holds an LL.B. (Honours) from the National University of Singapore, and is admitted to the Singapore Bar.

# PROPERTY MANAGEMENT TEAM (OVERSEAS)

**1 MS SANDRA CHENG**  
General Manager

**2 MR MICHAEL WU**  
Head, Property Management &  
Technical Services

**3 MS VIVIAN LAU**  
Head, Lease Management &  
Tenant Relations

**4 MR JOHNNY KOK**  
Head, Operations

**5 MS CAROL CHAN**  
Head, Marketing & Promotions

**6 MR PAUL WONG**  
Head, Ice Rink

**7 MR SIMON LAM**  
Head, Finance



## PROPERTY MANAGEMENT TEAM (OVERSEAS)



**1 MS SALLY LI**  
Manager, Finance

**2 MS SYLVIA SHANG**  
Manager, Property Management

**3 MR LEO LIU**  
Manager, Property Management &  
Technical Services

**4 MS JIE XIAOXI**  
Assistant Manager, Leasing  
(not in picture)



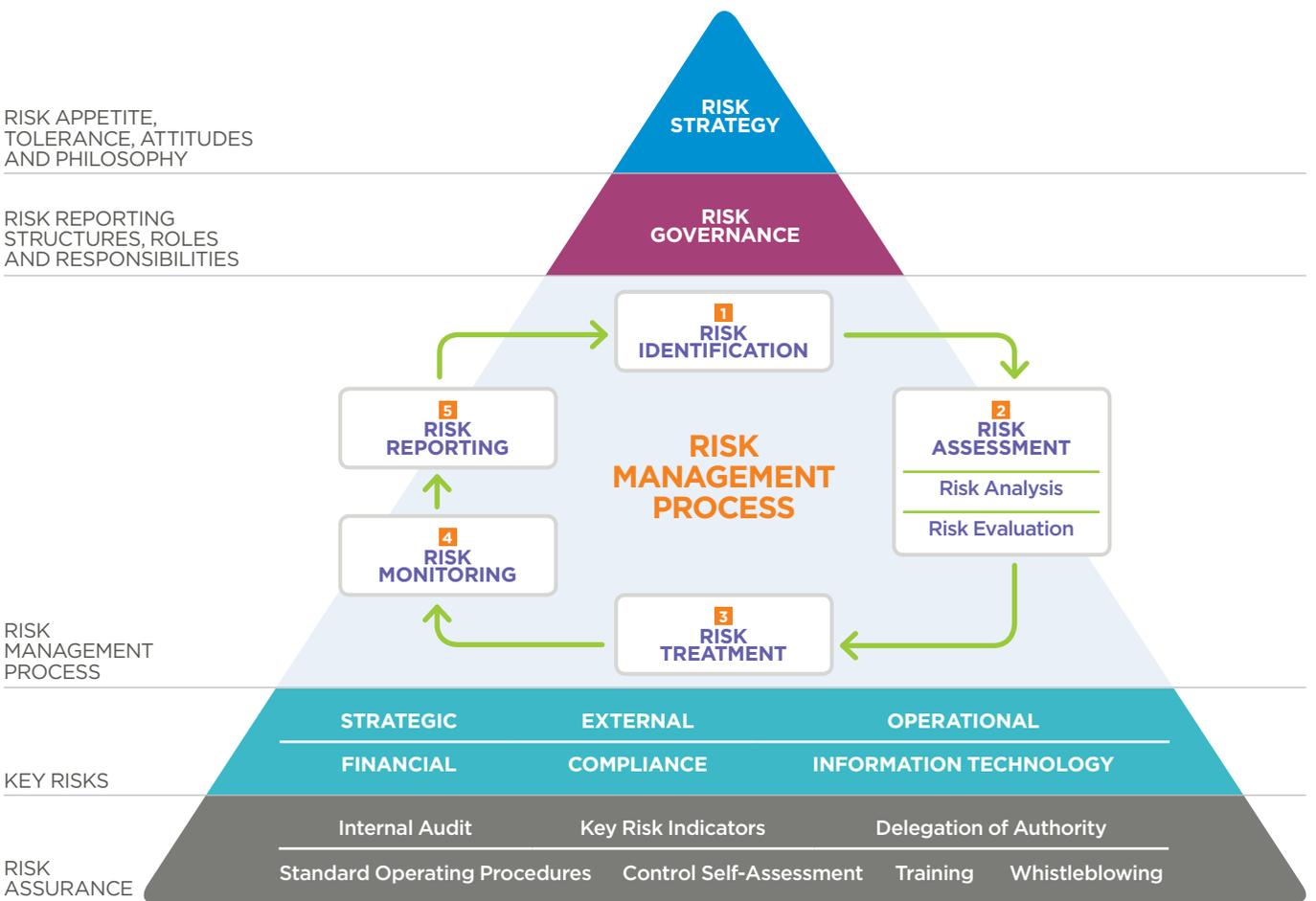
**5 MS SANDY CHEN**  
Manager, Finance

**6 MS RACHEL GUO**  
Manager, Leasing

**7 MR JEFFREY XU**  
Manager, Property Management

# RISK MANAGEMENT

Risk Management is integral to the Manager’s business strategy of delivering sustainable and growing returns. In order to safeguard and create value for Unitholders, the Manager proactively manages risks and embeds the risk management process as part of the planning and decision making processes.



## STRONG OVERSIGHT AND GOVERNANCE

The Board of Directors (“Board”) is responsible for determining the overall risk strategy and risk governance, and ensuring that the Manager implements sound risk management and internal control practices. The Board also approves the risk appetite and tolerance

statements, which set out the nature and extent of risks it is willing to take in achieving the Manager’s business objectives. The Board is assisted by the Audit and Risk Committee (“AC”) who provides oversight of risk management. The AC comprises independent directors, whose collective experience and knowledge serve to

guide and challenge Management, and is supported by the Sponsor’s Risk Management (“RM”) department.

At the Manager, risk management has top-down oversight and bottom-up involvement from all employees. This ensures a risk approach that is aligned with its business objectives and

## RISK MANAGEMENT



Adopting safety practices at Festival Walk.

strategies for MGCCT, and integrated with operational processes for effectiveness and accountability.

The Manager's Enterprise Risk Management ("ERM") framework is dynamic and evolves with the business. The Sponsor's RM department works closely with the Manager to monitor, review and enhance the risk management system, with the guidance and direction of the AC and the Board. A control self-assessment ("CSA") framework further reinforces risk awareness by fostering accountability, control and risk ownership.

### ROBUST MEASUREMENT AND ANALYSIS

The Manager's risk measurement framework is based on Value-at-Risk ("VaR"), a methodology which measures the volatilities of market and property risk drivers such as rental rates, occupancy rates, capital values, interest rates and foreign exchange rates. It takes into consideration changes in market environment and

asset cash flows as they occur. To further complement the VaR methodology, other risks such as refinancing and tenant-related risks are also assessed, monitored and measured as part of the framework where feasible.

With the VaR methodology, risks are measured consistently across the portfolio, enabling the Manager to quantify the benefits that arise from diversification across the portfolio and to assess risk by asset, risk type or country. Recognising the limitations of any statistically-based system that relies on historical data, MGCCT's portfolio is subject to stress tests and scenario analysis to ensure that the business remains resilient in the event of unexpected market shocks.

### RISK IDENTIFICATION AND ASSESSMENT

The Manager also identifies key risks, assesses their likelihood and impact on the business, and establishes corresponding mitigating controls.

The information is maintained in a risk register that is reviewed and updated regularly. The key risks identified include but are not limited to:

#### Strategic Risks

MGCCT's portfolio is subject to real estate market risks such as rental rate and occupancy volatilities in Hong Kong and China, and country specific factors including competition, supply, demand and local regulations. Such risks are quantified, aggregated and monitored for existing assets and prospective acquisitions. Significant risk profile changes or emerging trends are reported for assessment and/or action.

The risks arising from investment activities are managed through a rigorous and disciplined investment approach, particularly in the area of asset evaluation and pricing. All acquisitions are aligned with MGCCT's investment strategy to enhance returns to Unitholders and improve future income and capital growth. Sensitivity analysis is performed for each acquisition on all key project variables to test the robustness of the assumptions used. Due diligence is also conducted for each proposal.

Significant acquisitions are further subject to independent review by the Sponsor's RM department. All findings by the Sponsor's RM department are included in the investment proposals that are submitted to the Board or Management committee for approval, subject to their rigorous scrutiny.

On receiving approval from the Board or Management committee, investment proposals are then submitted to the Trustee, who is the final approving authority for all investment decisions.

The Trustee also monitors the compliance of the Manager's executed investment transactions with the restrictions and requirements of the Listing Manual of the Singapore

Exchange Securities Trading Limited, Monetary Authority of Singapore's ("MAS") Property Funds Appendix and the provisions in the Trust Deed.

### External Risks

To mitigate country risks such as economic uncertainties or political turbulence in countries where it operates, the Manager conducts rigorous country and market research and monitors the economic and political developments closely.

### Operational Risks

Comprehensive operating, reporting and monitoring guidelines enable the Manager to manage day-to-day activities and mitigate operational risks. To ensure relevance, the Manager regularly reviews its Standard Operating Procedures ("SOPs") and benchmarks them against industry practices where appropriate. Compliance with SOPs is assessed under the CSA framework and reinforced through training of employees and regular reviews by the Sponsor's Internal Audit Department.

Loss of key management personnel and identified talents can cause disruptions to the Manager's business operations and hinder the achievement of its business objectives. The Manager has put in place succession planning, talent management and competitive compensation and benefits plans to reward and retain performing personnel.

To deal with catastrophic events such as terrorism and natural disasters, the Manager has put in place and tested a comprehensive business continuity plan to enable it to resume operations with minimal disruption and loss. MGCCT's properties are insured in accordance with industry norms in their respective jurisdictions and benchmarked against those in Singapore.

Credit risks are mitigated from the outset by conducting thorough

tenant credit assessment during the investment stage prior to acquisition. For new and sizeable leases, credit assessments of prospective tenants are undertaken prior to signing of lease agreements. On an ongoing basis, tenant credit is closely monitored by the Manager's asset management team and arrears are managed by the Manager's Credit Control Committee which meets monthly to review debtor balances. To further mitigate risks, security deposits in the form of cash or banker's guarantees are collected from prospective tenants prior to commencement of leases.

### Financial Risks

Financial market risks and capital structure are closely monitored and actively managed by the Manager, and reported to the Board on a quarterly basis. At the portfolio level, the risk impact of currency and interest rate volatilities is quantified, monitored and reported quarterly using the VaR methodology. Refinancing risk is also quantified, taking into account the concentration of the loan maturity profile and credit spread volatility.

MGCCT hedges its portfolio exposure to interest rate volatility arising from its floating rate borrowings by way of interest rate swaps.

Where feasible, after taking into account cost, tax and other relevant considerations, the Manager will borrow in the same currency as the underlying assets to provide some natural hedge. To mitigate foreign exchange risks and to provide investors with a degree of income stability, a large proportion of rental income received from overseas assets is hedged using forward contracts and secured in Singapore Dollar terms.

The Manager also actively monitors MGCCT's cash flow position and requirements to ensure sufficient liquid reserves to fund operations and meet short-term obligations. In addition,

the Manager monitors and mitigates bank concentration risks by having a well-diversified funding base. The limit on aggregate leverage ratio is observed and monitored to ensure compliance with Appendix 6 of the Code on Collective Investment Schemes issued by the MAS.

### Compliance Risks

MGCCT is subject to applicable laws and regulations of various jurisdictions in which it operates. Non-compliance may result in litigation, penalties, fines or revocation of business licenses. The Manager identifies applicable laws and regulatory obligations and embeds compliance in day-to-day business processes.

### Information Technology ("IT") Risks

Any system downtime or breach in security may have an adverse impact on the integrity, accuracy and completeness of data and information. The Manager has in place comprehensive policies and procedures governing information availability, control and governance, and data security. In addition, an IT disaster recovery plan is in place and tested annually to ensure business recovery objectives are met.

### RIGOROUS MONITORING AND CONTROL

The Manager has developed internal key risk indicators that serve as an early-warning system to Management by highlighting risks that have escalated beyond agreed tolerance levels. Management has also established required actions to be taken when risk thresholds are breached.

Every quarter, the Sponsor's RM department presents to the Board and AC a comprehensive report, highlighting key risk exposures, portfolio risk profile, results of stress testing scenarios and status of key risk indicators. The Board and AC are also kept abreast of any material changes to MGCCT's risk profiles and activities.

# INVESTOR RELATIONS

The Manager is committed to open and proactive communications with the Unitholders and the broader investment community. Investors are provided with timely and equal access to material information about MGCCT (including its strategies, operations, financial performance, governance and key developments) so that they can make informed investment decisions.



Close engagement and analysts at Mapletree REITs' year-end networking event for analysts.

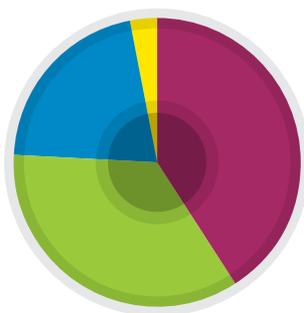
## PROACTIVE INVESTOR OUTREACH

Quarterly post-results briefings or teleconference calls are held to update analysts on MGCCT's financial results, operational performance and outlook. Half-year and full-year result presentations are broadcast "live" through audio webcast on MGCCT's corporate website ([www.mapletreregreaterchinacommercialtrust.com](http://www.mapletreregreaterchinacommercialtrust.com)) and webcast participants can send questions online to be addressed by Management.

All the latest announcements and news are promptly released to SGX-ST and published on MGCCT's dedicated website, which contains a comprehensive source of pertinent information for the investment community. In addition to a dedicated email address where investors can post questions, an email alert service is also available so that registered participants can receive prompt updates on MGCCT's announcements.

The Manager engages investors on a regular basis to update them on MGCCT's latest developments, provide better understanding of strategic issues and address any market concerns. Property tours or site visits are also arranged upon request to familiarise investors with the operations of MGCCT's

## Unitholders' Profile<sup>1</sup>



	%
Institutional Investors	41
Mapletree & Related Parties	35
Private Investors	21
Others <sup>2</sup>	3

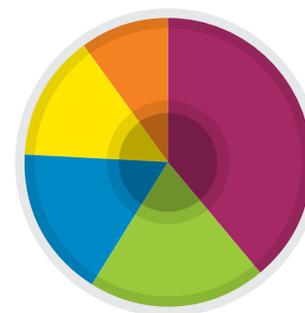
<sup>1</sup> Approximate figures based on MGCCT's share register analysis of approximately 25,700 Unitholders as of 11 March 2016.

<sup>2</sup> Others include corporates, non-profit organisations, custodians and nominees.

properties in Greater China. In FY15/16, MGCCT met with close to 140 investors from countries including Singapore, Australia, China, Hong Kong, Japan, Malaysia, Thailand, the United Kingdom and the USA.

MGCCT convened its second Annual General Meeting (AGM) on 30 July 2015. Well-attended by about 315 Unitholders, proxy holders and observers, it provided them the opportunity to interact with the

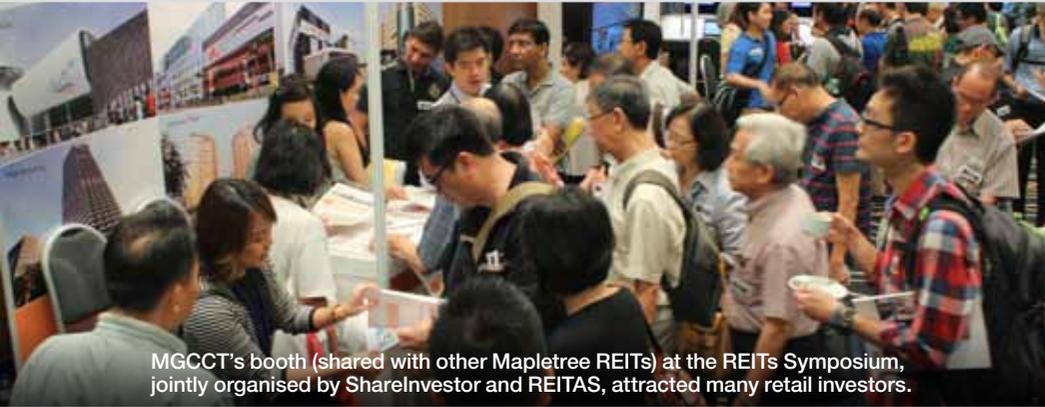
## Institutional Unitholders by Region<sup>1</sup>



	%
Asia (excluding Singapore)	39
Singapore	20
North America	17
United Kingdom (UK)	14
Europe (excluding UK)	10

Board of Directors and senior management. To connect with more retail investors, MGCCT also participated in the REITs Symposium jointly organised by ShareInvestor and the REIT Association of Singapore (REITAS) during the year.

In recognition of the Manager's high standard of disclosure and reporting, MGCCT was awarded Silver for its inaugural annual report in the REITs and Business Trusts category at the Singapore Corporate Awards.



MGCCT's booth (shared with other Mapletree REITs) at the REITs Symposium, jointly organised by ShareInvestor and REITAS, attracted many retail investors.

## Financial Calendar

Event	FY15/16
1 <sup>st</sup> Quarter Results Announcement	31 July 2015
2 <sup>nd</sup> Quarter and Half-year Results Announcement	27 October 2015
Books Closure Date for First Distribution <sup>1</sup>	4 November 2015
Payment of First Distribution to Unitholders	26 November 2015
3 <sup>rd</sup> Quarter Results Announcement	29 January 2016
4 <sup>th</sup> Quarter and Full-year Results Announcement	27 April 2016
Books Closure Date for Second Distribution	6 May 2016
Payment of Second Distribution to Unitholders	27 May 2016

<sup>1</sup> MGCCT's distribution to Unitholders is on a semi-annual basis.

## Investor Relations Calendar

Date	Event
<b>2015</b>	
24 April	4Q FY14/15 Analysts' Briefing and Audio Webcast, Singapore
28 April	4Q FY14/15 Post-results Luncheon and Non-deal Roadshow hosted by DBS, Singapore
23 May	REITs Symposium, Suntec City, Singapore
15 June	Analysts' Conference Call on Acquisition of Sandhill Plaza
25-26 June	Citi Asia Pacific Property Conference, Hong Kong
30 July	2 <sup>nd</sup> Annual General Meeting, Singapore
3 August	1Q FY15/16 Analysts' Conference Call
4 August	1Q FY15/16 Post-results Luncheon and Non-deal Roadshow hosted by Goldman Sachs, Singapore
1 September	Citi-REITAS Singapore REIT & Sponsors Forum, Singapore
7-8 September	Daiwa Pan Asia REIT Day, Tokyo
28 October	2Q FY15/16 Analysts' Briefing and Audio Webcast, Hong Kong
28 October	2Q FY15/16 Post-results Luncheon and Non-deal Roadshow hosted by HSBC, Hong Kong
17 November	Morgan Stanley Annual Asia Pacific Summit, Singapore
<b>2016</b>	
1 February	3Q FY15/16 Analysts' Conference Call
4 February	3Q FY15/16 Post-results Luncheon hosted by Macquarie, Singapore
18-19 February	Non-deal Roadshow hosted by Macquarie, Hong Kong
1 March	Non-deal Roadshow hosted by DBS, Kuala Lumpur
9-10 March	Non-deal Roadshow hosted by HSBC, Beijing and Shanghai
28 April	4Q FY15/16 Analysts' Briefing and Audio Webcast, Singapore
29 April	4Q FY15/16 Post-results Luncheon and Non-deal Roadshow hosted by DBS, Singapore

## Research Coverage (As of 9 May 2016)

- Bank of America Merrill Lynch
- CIMB Securities
- Citi Research
- CLSA Singapore
- DBS Group Research
- Goldman Sachs
- Macquarie Securities
- OCBC Investment Research
- The Hong Kong and Shanghai Banking Corporation

## Constituent of Key Indices

- Bloomberg Asia Real Estate Investment Trust Index
- FTSE EPRA/NAREIT Global REIT Index
- FTSE Straits Times All-Share Index
- FTSE Straits Times Mid-Cap Index
- FTSE Straits Times REIT Index
- GPR General Index
- MSCI Pacific ex Japan SMID Cap Index
- MSCI Singapore Small Cap Index
- MSCI South East Asia SMID Cap
- SGX S-REIT Index
- SGX S-REIT 20 Index
- S&P Asia Pacific BMI Index
- S&P Developed Property
- S&P Developed REIT Index
- S&P Dev exUS MdSmCp USD
- S&P Global ExUS Property USD
- S&P Global REIT Index USD
- S&P Singapore BMI

## Investor Relations Contact

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F: +65 6273 2753

Email: [enquiries\\_mgcct@mapletree.com.sg](mailto:enquiries_mgcct@mapletree.com.sg)

## Unitholder Depository

For depository-related matters such as change of details pertaining to Unitholders' investment records, please contact:

### The Central Depository (Pte) Limited

11 North Buona Vista Drive  
#06-07 The Metropolis Tower 2  
Singapore 138589

T: +65 6236 8888

F: +65 6535 6994

Email: [asksgx@sgx.com](mailto:asksgx@sgx.com)

Website: [www.sgx.com/cdp](http://www.sgx.com/cdp)

## For Substantial Unitholders:

For changes in percentage unitholding level, email: [\\_MGCCT\\_Disclosure@mapletree.com.sg](mailto:_MGCCT_Disclosure@mapletree.com.sg)

# CORPORATE GOVERNANCE REPORT

The Manager of Mapletree Greater China Commercial Trust (“MGCCT”) is responsible for the strategic direction and management of the assets and liabilities of MGCCT and its subsidiaries (collectively, the “Group”). As a REIT manager, the Manager is licensed by the Monetary Authority of Singapore (the “MAS”) and holds a Capital Markets Services Licence for REIT management (“CMS Licence”).

The Manager discharges its responsibility for the benefit of MGCCT and its unitholders (“Unitholders”), in accordance with the applicable laws and regulations as well as the trust deed constituting MGCCT (the “Trust Deed”). To this end, the Manager sets the strategic direction of the Group and gives recommendations to DBS Trustee Limited, in its capacity as trustee of MGCCT (the “Trustee”), on the acquisition, divestment and enhancement of assets of the Group.

The Manager’s roles and responsibilities include:

- carrying out and conducting the Group’s business in a proper and efficient manner and conducting all transactions with or for the Group on an arm’s length basis and on normal commercial terms;
- preparing annual budget proposal with forecast on gross revenue, property expenditure, capital expenditure and providing explanations on major variances against prior year’s actual results and written commentaries on key issues and any other relevant assumptions. The purposes of such proposals and analyses are to chart the Group’s business for the year ahead and to explain the performance of MGCCT’s properties compared to the prior year; and
- ensuring compliance with applicable laws and regulations, including the Securities and Futures Act (Chapter 289 of Singapore), the Listing Manual of Singapore Exchange Securities Trading Limited (the “SGX-ST”), the Code on Collective Investment Schemes, the Singapore Code on Takeovers and Mergers, the Trust Deed, the conditions of the CMS Licence and any tax rulings.

The Manager is committed to complying with the substance and spirit of the Code of Corporate Governance 2012 (the “Code”). The following describes the main corporate governance policies and practices of the Manager with reference to the Code and, where there are any deviations from the principles and guidelines of the Code, provides explanations for such deviations.

## (A) BOARD MATTERS

### The Board’s Conduct of Affairs

#### *Principle 1: Effective Board*

#### Our Policy and Practices

The Manager adopts the principle that an effective Board of Directors (the “Board”) for the Manager is one which is constituted with the right core competencies and diversity of experience, so that the collective wisdom of the Board can give guidance and provide insights as well as strategic thinking to the management team of the Manager (“Management”).

The key roles of the Board are to:

- guide the corporate strategy and direction of the Manager;
- ensure that the senior management of the Manager discharges business leadership and demonstrates the highest quality of management with integrity and enterprise; and
- oversee the proper conduct of the Manager.

The positions of Chairman and Chief Executive Officer (“CEO”) are held by two separate persons in order to maintain effective oversight. The Board has also established the Audit and Risk Committee (the “AC”) and the Nominating and Remuneration Committee (the “NRC”), each of which operates under delegated authority from the Board, to assist the Board in discharging its oversight function.

The Board comprises seven Directors, of whom six are Non-Executive Directors and four are Independent Directors.

The following sets out the composition of the Board:

- **Mr Frank Wong Kwong Shing**, Chairman and Independent Non-Executive Director
- **Mr Kevin Kwok Khien**, Chairman of the Audit and Risk Committee and Independent Non-Executive Director
- **Mr Lok Vi Ming**, Member of the Audit and Risk Committee, Chairman of the Nominating and Remuneration Committee and Independent Non-Executive Director
- **Mr Michael Kok Pak Kuan**, Member of the Audit and Risk Committee and Independent Non-Executive Director
- **Mr Hiew Yoon Khong**, Member of the Nominating and Remuneration Committee and Non-Executive Director
- **Mr Chua Tiow Chye**, Non-Executive Director
- **Ms Cindy Chow Pei Pei**, Executive Director and Chief Executive Officer

The Board comprises business leaders and distinguished professionals with banking, legal, retail, real estate, strategic planning, management and accounting experience.

The diverse professional backgrounds of the Directors enable Management to benefit from their external, varied and objective perspectives on issues brought before the Board for discussion and deliberation. Each Director is appointed on the strength of his or her calibre, experience, stature, and potential to give proper guidance to Management for the business of the Group. The profiles of the Directors are set out in pages 60 to 63 of this Annual Report. The Board is of the view that the present principal directorships included in their individual profiles are sufficient in informing Unitholders of their principal commitments. The Board meets regularly, at least once every quarter, to review the business performance and outlook of the Group and deliberate on business strategy, including any significant acquisitions, disposals, fund-raising and development projects undertaken by the Group.

The meeting attendance of the Board, the AC and the NRC for FY15/16 is as follows:

		Board	Audit and Risk Committee	Nominating and Remuneration Committee
Number of meetings held in FY15/16		5	5	1
Board Members	Membership			
<b>Mr Frank Wong Kwong Shing</b> (Appointed on 7 February 2013) (Last reappointment on 30 July 2014)	Chairman and Independent Non-Executive Director	5	N.A. <sup>(1)</sup>	N.A. <sup>(1)</sup>
<b>Mr Kevin Kwok Khien</b> (Appointed on 7 February 2013) (Last reappointment on 30 July 2014)	Chairman of the Audit and Risk Committee and Independent Non-Executive Director	5	5	N.A. <sup>(1)</sup>
<b>Mr Lok Vi Ming</b> (Appointed on 7 February 2013) (Last reappointment on 30 July 2014)	Member of the Audit and Risk Committee, Chairman of the Nominating and Remuneration Committee and Independent Non-Executive Director	5	5	1
<b>Mr Michael Kok Pak Kuan</b> (Appointed on 7 February 2013) (Last reappointment on 30 July 2014)	Member of the Audit and Risk Committee and Independent Non-Executive Director	5	5	N.A. <sup>(1)</sup>
<b>Mrs Ow Foong Pheng<sup>(3)</sup></b> (Appointed on 7 February 2013) (Last reappointment on 30 July 2014)	Member of the Nominating and Remuneration Committee and Independent Non-Executive Director	5	N.A. <sup>(1)</sup>	1
<b>Mr Hiew Yoon Khong</b> (Appointed on 30 November 2012) (Last reappointment on 28 September 2015)	Member of the Nominating and Remuneration Committee and Non-Executive Director	5	N.A. <sup>(1)</sup>	1
<b>Mr Chua Tiow Chye</b> (Appointed on 30 November 2012) (Last reappointment on 28 September 2015)	Non-Executive Director	5	5 <sup>(2)</sup>	N.A. <sup>(1)</sup>
<b>Ms Cindy Chow Pei Pei</b> (Appointed on 30 November 2012) (Last reappointment on 28 September 2015)	Executive Director and Chief Executive Officer	5	5 <sup>(2)</sup>	1 <sup>(2)</sup>

**Notes:**

<sup>(1)</sup> N.A. means not applicable.

<sup>(2)</sup> Attendance was by invitation.

<sup>(3)</sup> Mrs Ow Foong Pheng has resigned as an Independent Non-Executive Director as well as a Member of the Nominating and Remuneration Committee with effect from 20 April 2016.

The Board has also approved a set of delegations of authority which sets out approval limits for investments and divestments, development, operational and capital expenditures and treasury activities to be undertaken by the Group. Approval sub-limits are also provided at various management levels to facilitate operational efficiency as well as provide a system of checks and balances.

The Board's approval is required for material transactions to be undertaken by the Group, including the following:

- equity fund-raising;
- acquisition, development and disposal of properties above Board-prescribed limits;
- overall project budget variance and *ad hoc* development budget above Board-prescribed limits;
- debt fund-raising above Board-prescribed limits; and
- derivative contracts above Board-prescribed limits.

Each Director is given a formal letter of appointment setting out his or her duties and obligations under the relevant laws and regulations governing the Manager and the Group. The Manager also has in place an orientation programme to brief new Directors on the Group's business, strategic directions, risk management policies, the regulatory environment in which the Group operates and the governance practices of the Group and the Manager. The Board is updated on any material change to relevant laws, regulations and accounting standards by way of briefings by professionals or by updates issued by Management. Individual Directors are also afforded opportunities for continuing education in relevant areas, so as to enhance their performance as directors.

### Board Composition and Guidance

*Principle 2: Strong and Independent Element on the Board*

#### Our Policy and Practices

The Manager adopts the principle that at least one-third of its Directors shall be independent if the Chairman is an independent director and at least half of its Directors shall be independent if the Chairman is not an independent director, and the majority of its Directors shall be non-executive. The Manager believes a board composition with a strong and independent element will allow the Directors to engage in robust deliberations with Management and provide external, diverse and objective insights on issues brought before the Board for discussion and deliberation. Further, such a board composition, and the separation of the roles of the Chairman and the CEO, provides

## CORPORATE GOVERNANCE REPORT

oversight to ensure that Management discharges its roles and responsibilities effectively and with integrity.

For FY15/16, each of the Independent Directors had carried out an assessment on whether there were any relationships or circumstances which may impact his or her independent status. Accordingly, each of the Independent Directors had either made a negative declaration or disclosed such relationships or circumstances as applicable. The declarations or disclosures made by each Independent Director had been reviewed by the NRC.

The Board had considered the Independent Director status of Mr Michael Kok Pak Kuan (who is a Non-Executive Director of The Dairy Farm International Holdings Limited ("Dairy Farm")). Although the amount of lease rental and other charges paid by Mannings, which is part of the Dairy Farm group, to MGCCT in FY15/16 for leases of MGCCT's premises exceeded S\$200,000, the Board takes the view that his Independent Director status is not affected as these rentals and charges were agreed on arm's length basis and did not represent a significant portion of MGCCT's revenue.

The Board had also considered the Independent Director status of Mrs Ow Foong Pheng (who is a Non-Executive Director of DBS Bank Ltd. and DBS Group Holdings Ltd) for FY15/16, prior to her resignation on 20 April 2016. Although the amounts paid by MGCCT to the Trustee and DBS Bank Limited as dealer for the MTN bond issuances exceeded S\$200,000 in FY15/16 and although the amounts received by MGCCT from DBS group in FY15/16 for leases of MGCCT's premises exceeded S\$200,000, the Board takes the view that her Independent Director status is not affected as (a) the Trustee arrangement was entered into before Mrs Ow was appointed as a Director of the Manager and (b) the fees as well as rental and other

charges were agreed on an arm's length basis and on normal commercial terms.

Based on a review of the relationships between the Directors and the Group and declaration of independence by the Independent Directors, the Board considers the following Directors to be independent:

- **Mr Frank Wong Kwong Shing;**
- **Mr Kevin Kwok Khien;**
- **Mr Lok Vi Ming;** and
- **Mr Michael Kok Pak Kuan.**

In view of the above, more than half of the Board comprises Independent Directors.

### **Chairman and Chief Executive Officer** *Principle 3: Clear Division of Responsibilities*

**Our Policy and Practices**  
The Manager adopts the principle of clear separation of the roles and responsibilities between the Chairman of the Board and the CEO of the Manager. The Chairman guides the Board in constructive debates on the Group's strategic direction, management of its assets and governance matters. He is an Independent Non-Executive Director, and is free to act objectively in the best interests of the Manager and Unitholders.

The Chairman and the CEO are not related to each other. The CEO is responsible for the running of the Group's business operations. She has full executive responsibilities over the business and operational decisions of the Group. The CEO is also responsible for ensuring the Group's and the Manager's compliance with the applicable laws and regulations in its day-to-day operations.

### **Board Membership** *Principle 4: Formal and Transparent Process for Appointments*

**Our Policy and Practices**  
The Manager adopts the principle that Board renewal is an ongoing process to

ensure good governance and to remain relevant to the changing needs of the Manager and the Group's business.

The Board established the NRC in January 2016 and prior to that, the functions of a nominating committee were undertaken by the Board. The NRC initially comprised three non-executive Directors, being Mr Lok Vi Ming, Mrs Ow Foong Pheng and Mr Hiew Yoon Khong, all non-executive and the majority of whom (including the Chairman) independent. Mr Lok Vi Ming is the Chairman of the NRC and also an Independent Non-Executive Director of the Manager. As Mrs Ow Foong Pheng resigned as an Independent Non-Executive Director and a Member of the NRC on 20 April 2016, the NRC presently comprises two members. The Board is cognisant of the guidelines of the Code regarding the composition of the nominating committee and intends to appoint another member to the NRC as soon as possible to comply with such guidelines.

The NRC has written terms of reference setting out its scope and authority in performing the functions of a nominating committee, which include assisting the Board in matters relating to:

- the appointment and re-appointment of Board and committee members;
- the appointment of the Executive Director and CEO and the framework for the appointment of senior management executives of the Manager, as well as the succession plan and framework for the Executive Director and CEO and senior management executives of the Manager;
- training and professional development programmes for the Board;
- the process for evaluating Board performance; and
- the determination, on an annual basis and as and when circumstances require, of the independent status of a Director,

bearing in mind the relevant guidelines of the Code as well as any other applicable regulations and guidelines and salient factors.

The composition of the Board is determined using the following principles:

- the Chairman of the Board should be a non-executive director of the Manager;
- the Board should comprise directors with a broad range of commercial experience including expertise in funds management, law, finance, audit, accounting and real estate; and
- at least one-third of the Board should comprise independent directors if the Chairman is an independent director and at least half of the Board should comprise independent directors if the Chairman is not an independent director.

The Manager does not, as a matter of policy, limit the maximum number of listed company board representations its Board members may hold as long as each of the Board members is able to commit his or her time and attention to the affairs of the Group, including attending Board and Board committee meetings and contributing constructively to the management of the Manager and the Group. The Manager believes that each Director is best placed to decide whether he or she has sufficient capacity to discharge his or her duties and responsibilities as Director in the best interests of the Manager and Unitholders. Taking into account the meeting attendance records of the Directors in FY15/16 as well as the contribution and performance of each individual Director at such meetings, the Board is satisfied that all the Directors have been able to carry out their duties as Director notwithstanding their principal commitments.

All appointments and resignations of Board members are approved by the

Board. From January 2016, with the establishment of the NRC, such appointments and resignations of Board members must first be approved by the NRC. As a principle of good corporate governance, all Board members are required to submit themselves for re-nomination and re-election at regular intervals. The CEO, as a Board member, is also subject to retirement and re-election.

### Board Performance

#### *Principle 5: Formal Assessment of the Effectiveness of the Board*

#### Our Policy and Practices

The Manager adopts the principle that the Board's performance is ultimately reflected in the performance of the Manager and the Group.

To assess the performance of the Board and the Board committees, the Manager conducts confidential board effectiveness surveys on a bi-yearly basis. The last survey of the Board and the AC was undertaken in April 2014 (but not for NRC as it was only established in January 2016), with the findings evaluated by the Board in July 2014. Based on those findings, the Board was of the view that it had met its performance objectives.

The Manager has started conducting board effectiveness surveys for the Board and the AC in 2016, with the assistance from the NRC. To this end, the NRC will assist the Board in (amongst other things) the assessment of the effectiveness of the Board, by reviewing the performance evaluation process and making recommendations to the Board.

### Access to Information

#### *Principle 6: Complete, Adequate and Timely Access to Information*

#### Our Policy and Practices

The Manager adopts the principle that the Board shall be provided with timely and complete information prior to Board meetings as well as when the need arises.

Management is required to provide adequate and timely information to the Board, which includes matters requiring the Board's decision as well as ongoing reports relating to the operational and financial performance of the Group. Management is also required to furnish any additional information requested by the Board in a timely manner in order for the Board to make informed decisions.

The Board has separate and independent access to Management and the Company Secretary.

The Company Secretary attends to the administration of corporate secretarial matters and advises the Board on governance matters. The Company Secretary also attends all Board and Board committee meetings and provides assistance to the Chairman in ensuring adherence to Board procedures.

The Board takes independent professional advice as and when necessary to enable it and/or the Independent Directors to discharge their responsibilities effectively. The AC meets the external and internal auditors separately at least once a year, without the presence of Management.

## (B) REMUNERATION MATTERS

### Procedures for Developing Remuneration Policies

#### *Principle 7: Formal and Transparent Procedure for Fixing the Remuneration of Directors*

### Level and Mix of Remuneration

#### *Principle 8: Appropriate Level of Remuneration*

### Disclosure on Remuneration

#### *Principle 9: Clear Disclosure of Remuneration Matters*

#### Our Policy and Practices

The Manager adopts the principle that remuneration matters should

## CORPORATE GOVERNANCE REPORT

be sufficiently structured and benchmarked with good market practices to attract qualified talent to grow and manage its business.

The Manager adopts the principle that remuneration for the Board and senior management should be viewed in totality. The remuneration structure supports the continuous development of the management bench strength to ensure robust talent management and succession planning.

In January 2016, the Board established an NRC which initially comprised three non-executive Directors, being Mr Lok Vi Ming, Mrs Ow Foong Pheng and Mr Hiew Yoon Khong, all non-executive and the majority of whom (including the Chairman) independent. Mr Lok Vi Ming is the Chairman of the NRC and also an Independent Director of the Manager. As Mrs Ow Foong Pheng resigned as an Independent Non-Executive Director and a Member of the NRC on 20 April 2016, the NRC presently comprises two members. The Board is cognisant of the guidelines of the Code regarding the composition of the remuneration committee and intends to appoint another member to the NRC as soon as possible to comply with such guidelines.

The NRC has written terms of reference setting out its scope and authority in performing the functions of a remuneration committee, which include assisting the Board in matters relating to:

- the framework of remuneration for the Directors, Executive Director and CEO and senior management executives of the Manager, including all option plans, stock plans and the like as well as the performance hurdles of such plans;
- the specific remuneration package for the Executive Director and CEO of the Manager; and
- the termination payment, gratuities, severance payment and other similar payments to the Executive Director and CEO of the Manager.

As the NRC was established recently in the fourth quarter of FY15/16, for FY15/16, the Manager, as a subsidiary of Mapletree Investments Pte Ltd who is the sponsor of MGCCT (the "Sponsor"), took reference from the remuneration policies and practices of the Sponsor in determining the remuneration of the Manager's Board and key executives, and the Sponsor's Executive Resources and Compensation Committee ("Sponsor's ERCC") served the crucial role of helping to ensure that the Manager could recruit and retain the best talent to drive its business forward. In deciding to refer to the Sponsor's remuneration policies and practices which are overseen by Sponsor's ERCC, the Manager had carefully considered the suitability of such policies and practices, and deemed them to be appropriate taking into account the circumstances of the Manager and the Group as well as the benefits of tapping into the Sponsor's compensation framework.

From FY16/17 onwards, the NRC, in performing the functions of a remuneration committee, will support the Board in the Manager's remuneration matters in accordance with the NRC's written terms of reference. In this regard and following the new directions and guidelines from the MAS on the remuneration of directors and key executive officers of REIT managers, the Board with the assistance of the NRC is in the midst of reviewing the remuneration objectives, policies and procedures applicable to the Manager, with a view to aligning them with the substance and spirit of such directions and guidelines from the MAS.

The members of the Sponsor's ERCC are:

- **Mr Edmund Cheng Wai Wing** (Chairman);
- **Mr Paul Ma Kah Woh** (Member); and
- **Ms Chan Wai Ching**, Senior Managing Director, Temasek International Pte. Ltd. (Co-opted Member).

All the members of the Sponsor's ERCC are independent of Management. During FY15/16, the Sponsor's ERCC oversaw executive compensation and development of the management bench strength, so as to build a capable and dedicated management team and give guidance on progressive policies which could attract, motivate and retain a pool of talented executives for the present and future growth of the Manager.

Specifically, up to and for FY15/16, the Sponsor's ERCC, with the assistance of compensation consultants where necessary:

- established compensation policies for key executives;
- approved salary reviews, bonuses and incentives for key executives;
- approved key appointments and reviewed succession plans for key positions; and
- oversaw the development of key executives and younger talented executives.

The key objectives and features of the Manager's policy on the remuneration of its Directors are as follows:

- the level of directors' fees should be appropriate (but not excessive) to attract and motivate the Directors to provide good stewardship of the Manager and the Group;
- directors' fees are established annually and subject to the approval of the Manager's shareholder;
- each Director is paid a basic fee and, in addition, to ensure that each Director's fees are commensurate with his or her responsibilities and time spent, Directors who perform additional services through the Board committees are paid additional fees for such services;
- Non-Executive Directors who are employees of the Sponsor do not receive any director's fees in their capacity as Directors, and the CEO also does not receive any director's fees in her capacity as a Director; and
- no Director is involved in deciding his or her own remuneration.

The key objectives and features of the Manager's policy on the remuneration of its executives are as follows:

- the level and structure of executive remuneration should be competitive (but not excessive) to attract, motivate and retain a pool of talented executives for the present and future growth of the Manager; and
- executive remuneration should be performance-related with a view to promoting the long-term success and

sustainability of the Manager and the Group.

Directors' fees are paid entirely in cash. In respect of the CEO's remuneration, her compensation comprises a salary, allowances, bonuses and share appreciation awards from the Sponsor. The latter is conditional upon her meeting certain performance targets. The CEO is not present during the discussions relating to her own compensation and terms and

conditions of service, and the review of her performance. However, the Board reviews the CEO's performance and shares with the CEO their views of her performance. In accordance with the directions and guidelines from the MAS on the remuneration of key executive officers of REIT managers, the Board will, with the assistance of the NRC, review the CEO's specific remuneration package to ensure its compliance with the substance and spirit of such directions and guidelines from the MAS.

The remuneration of the Board and the employees of the Manager is paid by the Manager, and not paid by MGCCT. The Manager has set out in the table below information on the fees paid to the Directors for FY15/16:

Board Members	Membership	Fees Paid for FY15/16
<b>Mr Frank Wong Kwong Shing</b>	Chairman and Independent Non-Executive Director	S\$120,000.00
<b>Mr Kevin Kwok Khien</b>	Chairman of the Audit and Risk Committee and Independent Non-Executive Director	S\$100,000.00
<b>Mr Lok Vi Ming</b>	Member of the Audit and Risk Committee, Chairman of the Nominating and Remuneration Committee and Independent Non-Executive Director	S\$87,500.00 <sup>(1)</sup>
<b>Mr Michael Kok Pak Kuan</b>	Member of the Audit and Risk Committee and Independent Non-Executive Director	S\$87,500.00
<b>Mrs Ow Foong Pheng</b>	Member of the Nominating and Remuneration Committee and Independent Non-Executive Director	S\$60,000.00 <sup>(1)(2)</sup>
<b>Mr Hiew Yoon Khong</b>	Member of the Nominating and Remuneration Committee and Non-Executive Director	Nil <sup>(3)</sup>
<b>Mr Chua Tiow Chye</b>	Non-Executive Director	Nil <sup>(3)</sup>
<b>Ms Cindy Chow Pei Pei</b>	Executive Director and Chief Executive Officer	Nil <sup>(4)</sup>

**Notes:**

<sup>(1)</sup> This excludes director's fees for serving on the NRC. No such director's fees were paid for FY15/16.

<sup>(2)</sup> The director's fees payable to Mrs Ow Foong Pheng were paid to the Directorship & Consultancy Appointments Council. Mrs Ow Foong Pheng has resigned as an Independent Non-Executive Director as well as a Member of the Nominating and Remuneration Committee with effect from 20 April 2016.

<sup>(3)</sup> Non-Executive Directors who are employees of the Sponsor do not receive any director's fees in their capacity as Directors.

<sup>(4)</sup> The CEO does not receive any director's fees in her capacity as a Director.

The Manager is cognisant of the requirement in the "Notice to All Holders of a Capital Markets Services Licence for Real Estate Investment Trust Management" to disclose: (a) the remuneration of its CEO and each individual Director on a named basis; and (b) the remuneration of at least its top five executive officers (other than the CEO and executive officers who are Directors), on a named basis, in bands of S\$250,000. The Manager is also cognisant of the requirement of the Code to disclose in aggregate the total remuneration paid to its top five key management personnel (who are not Directors or the CEO).

The Board had assessed and decided against the disclosure of: (a) the remuneration of the CEO and its top five executive officers on a named basis, whether in exact quantum or in bands of S\$250,000; and (b) the aggregate remuneration paid to its top five key management personnel, for the following reasons:

- the REIT management industry is highly competitive and the pool of qualified candidates is limited, and such disclosure may give rise to recruitment and talent retention issues for the Manager because of the possibility of poaching by other

competitors. Given that the retention of the Manager's CEO and key management personnel is crucial to the continuity and stability of the Group's business and operations, the Board is of the view that the loss of talent at the Management level due to poaching may cause undue disruptions to the management of the Group's business;

- remuneration matters for the CEO and each of the executive officers are highly confidential and sensitive matters; and
- the remuneration of the Manager's CEO and employees is paid by the Manager.

## CORPORATE GOVERNANCE REPORT

In this regard, the Board is of the view that the non-disclosure of the remuneration of the CEO and its top five key executive officers whether on an individual or aggregate basis, would not prejudice the interests of Unitholders.

There were no employees of the Manager who were immediate family members of a Director or the CEO of the Manager and whose remuneration exceeded S\$50,000 during FY15/16.

### (C) ACCOUNTABILITY AND AUDIT

#### Accountability

*Principle 10: Balanced and Understandable Assessment of the Company's Performance, Position and Prospects*

#### Our Policy and Practices

The Manager adopts the principle that to build confidence among stakeholders, there is a need to deliver sustainable value.

The Manager complies with statutory and regulatory requirements and adopts best practices in the Group's business processes. The Manager also updates the Board on the Group's performance and its business and market outlook on a regular basis, so as to enable the Board to make a balanced and informed assessment of the Group's performance, financial position and prospects.

#### Risk Management and Internal Controls

*Principle 11: Sound System of Risk Management and Internal Controls*

#### Our Policy and Practices

The Manager adopts the principle that a sound system of internal controls and risk management is necessary for the Group's business.

The Manager, working with the Sponsor, has established internal control and risk management systems that address key operational, financial, compliance and information

technology risks relevant to the Group's business and operating environment. These systems provide reasonable but not absolute assurance on the achievement of their intended internal control and risk management objectives.

The key elements of the Group's internal control and risk management systems are as follows:

#### Operating Structure

The Manager has a well-defined operating structure with clear lines of responsibility and delegated authority, as well as reporting mechanisms to senior management and the Board. This structure includes certain functions, such as Human Resources, Information Systems & Technology, Internal Audit, Legal and Risk Management, which are outsourced to the Sponsor. The Manager also conducts an annual review of such outsourced functions to ensure required performance standards are met.

#### Policies, Procedures and Practices

Controls are detailed in formal procedures and manuals. For example, the Board has approved a set of delegations of authority which sets out approval limits for investments and divestments, development, operational and capital expenditures and treasury activities. Approval sub-limits are also provided at various management levels to facilitate operational efficiency as well as provide a system of checks and balances.

The Board's approval is required for material transactions, including the following:

- equity fund-raising;
- acquisition, development and disposal of properties above Board-prescribed limits;
- overall project budget variance and *ad hoc* development budget above Board-prescribed limits;
- debt fund-raising above Board-prescribed limits; and

- derivative contracts above Board-prescribed limits.

The Group's procedures and practices are regularly reviewed and revised where necessary to enhance controls and efficiency. The Group has implemented a Control Self Assessment programme to promote accountability, control and risk ownership to cultivate a strong sense of risk awareness and compliance with internal controls within the Group.

The Internal Audit function, which is outsourced to the Sponsor, reviews the Group's compliance with the control procedures and policies established within the internal control and risk management systems. The Internal Audit function is also involved in the validation of the results from the Control Self Assessment programme.

#### Whistle-blowing Policy

To reinforce a culture of good business ethics and governance, the Manager has a Whistle-blowing Policy to encourage the reporting, in good faith, of any suspected improper conduct, including possible financial irregularities, while protecting the whistle-blowers from reprisals. The AC Chairman is notified of any reported incidents involving the Group or the Manager, and if further investigations are warranted, the AC Chairman may direct that independent investigations be conducted. The findings of such investigations are then provided to the AC for their deliberation and determination of the appropriate follow-up action to be taken.

#### Risk Management

Risk management is an integral part of business management by the Manager. In order to safeguard and create value for Unitholders, the Manager proactively manages risks and incorporates the risk management process into the Manager's planning and decision making process.

The Risk Management function which is outsourced to the Sponsor's Risk

Management Department oversees the Enterprise Risk Management (“ERM”) framework, which enables the Manager to assess, mitigate and monitor key risks. The Risk Management Department reports to the AC and the Board independently, on a quarterly basis, on key risk exposures, portfolio risk profile and activities in respect of significant risk matters.

The risk management system established by the Manager, which encompasses the ERM framework and the risk management process, is dynamic and evolves with the business. The Manager has identified key risks, assessed their likelihood and impact on MGCCT’s business, and established corresponding mitigating controls. The information is maintained in a risk register that is reviewed and updated regularly. The Risk Management Department works closely with the Manager to review and enhance the risk management system to be in line with market practices and regulatory requirements.

The Manager’s policies and procedures relating to risk management can be found on pages 69 to 71 of this Annual Report.

### Information Technology (“IT”) Controls

As part of the Group’s risk management process, IT controls have been put in place and are periodically reviewed to ensure that IT risks and cyber-security threats are identified and mitigated. In addition, as part of the Manager’s business continuity plan, IT disaster recovery planning and tests are conducted to ensure that critical IT systems remain functional in a crisis situation.

### Financial Reporting

The Board is updated on a quarterly basis on the Group’s financial performance. The Manager reports on significant variances in financial performance, in comparison with budgets and financial performance of corresponding periods in the

preceding year and provides an updated full year forecast. In addition, the Board is provided with quarterly updates on key operational activities of the Group.

A management representation letter is provided by the Manager in connection with the preparation of the Group’s financial statements which are presented to the AC and Board quarterly. The representation letter is supported by declarations made individually by the various Heads of Department. Compliance checklists on announcement of financial statements, which are required for submission to the SGX-ST, are reviewed and confirmed by the Chief Financial Officer (“CFO”) of the Manager.

The Group’s financial results are prepared in accordance with the Statement of Recommended Accounting Practice 7 “Reporting Framework for Unit Trust” and are reported to Unitholders quarterly in accordance with the requirements of the SGX-ST. These results announcements provide analyses of significant variances in financial performance and commentary on the industry’s competitive conditions in which the Group operates and any known factors or events that may affect the Group in the next reporting period and the next twelve months.

Detailed disclosure and analysis of the full year financial performance of the Group can be found on pages 97 to 144 of this Annual Report.

### Financial Management

Management reviews the performance of the MGCCT portfolio properties on a monthly basis in order to maintain the financial and operational discipline of the Group.

The key financial risks which the Group is exposed to include interest rate risk, liquidity risk, currency risk and credit risk. Where appropriate, the Manager procures hedging transactions to be entered into so as to protect the Group against interest and/or currency rate fluctuations. In addition, the Manager

proactively manages liquidity risk by ensuring that sufficient working capital lines and loan facilities are maintained for the Group. The Manager’s capital management strategy can be found on page 38 of this Annual Report. The Manager also has in place credit control procedures for managing tenant credit risk and monitoring of arrears collection.

### Internal Audit

The Internal Audit (“IA”) function, which is outsourced to the Sponsor’s Internal Audit Department, prepares a risk-based audit plan annually to review the adequacy and effectiveness of the Group’s system of internal controls and this audit plan is approved by the AC before execution. The IA Department is also involved during the year in conducting *ad hoc* audits and reviews that may be requested by the AC or Management on specific areas of concern. In doing so, the IA Department obtains reasonable assurance that business objectives for the process under review are being achieved and key control mechanisms are in place.

Upon completion of each review, a formal report detailing the audit findings and the appropriate recommendations is issued to the AC. The IA Department monitors and reports on the timely implementation of the action plans to Management and the AC on a quarterly basis.

The external auditors provide an independent perspective on certain aspects of the internal financial controls system arising from their work and report their findings to the AC on an annual basis. The external auditors are also updated on the findings of the Manager’s Control Self Assessment programme.

### Transaction Review Committee

The Sponsor has established a Transaction Review Committee comprising three independent directors of the Sponsor to:

- (a) resolve any potential conflict of interest that may arise between MGCCT and the Mapletree China Opportunity Fund II (whose investment

## CORPORATE GOVERNANCE REPORT

mandate includes investment properties in China) as well as any Future Greater China Commercial Private Fund<sup>1</sup> (whose investment mandate includes commercial properties in Greater China) concerning the process to be undertaken to acquire investment properties in Greater China; and (b) grant approval for the acquisition of any seed asset for a Future Greater China Commercial Private Fund. With regard to (a), the Transaction Review Committee process will not apply if the proposed acquisition is by way of a tender, auction or other form of competitive process.

### Interested Person Transactions

All interested person transactions are undertaken on normal commercial terms and the AC regularly reviews all interested person transactions to ensure compliance with the internal control system as well as with relevant provisions of the Listing Manual and Appendix 6 of the Code on Collective Investment Schemes issued by the MAS (the "Property Funds Appendix"). In addition, the Trustee has the right to review such transactions to ascertain that the Property Funds Appendix has been complied with.

The following procedures are also undertaken:

- transactions (either individually or as part of a series or if aggregated with other transactions involving the same interested person during the same financial year) equal to or exceeding S\$100,000 in value but below 3.0% of the value of the Group's net tangible assets will be subject to review by the AC at regular intervals;
- transactions (either individually or as part of a series or if aggregated with other transactions involving the same interested person during the same financial year) equal to or exceeding 3.0% but below 5.0% of the value of the Group's net tangible assets will be subject to the review and prior approval of the AC. Such approval shall only be given if the transactions

are on normal commercial terms and are consistent with similar types of transactions made by the Trustee with third parties which are unrelated to the Manager; and

- transactions (either individually or as part of a series or if aggregated with other transactions involving the same interested person during the same financial year) equal to or exceeding 5.0% of the value of the Group's net tangible assets will be reviewed and approved prior to such transactions being entered into, on the basis described in the preceding paragraph, by the AC which may, as it deems fit, request advice on the transaction from independent sources or advisers, including the obtaining of valuations from independent professional valuers. Further, under the Listing Manual and the Property Funds Appendix, such transactions would have to be approved by the Unitholders at a meeting of the Unitholders.

The interested person transactions undertaken by the Group in FY15/16 are set out on page 147 of this Annual Report. For the purpose of the disclosures, the full contract sum is taken as the value of the transaction where the interested person transaction has a fixed term and contract value, while the annual amount incurred and/or accrued is taken as the value of the transaction where an interested person transaction has an indefinite term or where the contract sum is not specified.

### Dealing in MGCCT units

The Manager adopts the best practices on dealings in securities set out in the Listing Manual. All Directors are required to disclose their interests in MGCCT and are also provided with disclosures of interests by other Directors as well as reminders on trading restrictions.

On trading in MGCCT units, the Directors and employees of the Manager are reminded not to deal in MGCCT units on short term considerations and are prohibited from dealing in MGCCT units:

- in the period commencing one month before the public announcement of the Group's annual results;
- in the period commencing two weeks before the public announcement of the Group's quarterly and semi-annual results; and
- at any time whilst in possession of price-sensitive information.

Each Director is required to notify the Manager of his or her acquisition of MGCCT units or of changes in the number of MGCCT units which he or she holds or in which he or she has an interest, within two business days of such acquisition or change of interest. In addition, employees of the Manager and the Sponsor are to give pre-trading notifications before any dealing in MGCCT units.

### Role of the Board and AC

The Board recognises the importance of maintaining a sound internal control and risk management system to safeguard the assets of the Group and Unitholders' interests, through a framework that enables risks to be assessed and managed.

The AC provides oversight of the financial reporting risks, accounting policies and the adequacy and effectiveness of the Group's internal control and risk management system as well as its compliance system.

The Board and the AC also take into account the results from the Control Self Assessment programme, which requires the respective departments of the Manager to review and report on compliance with their key control processes.

It should be recognised that all internal control and risk management systems contain inherent limitations and take into account the need to balance the costs of implementing such controls against the benefits of such controls. Accordingly,

<sup>1</sup> Any private funds or follow-on private funds set up or managed by the Sponsor with an investment mandate for commercial properties in Greater China, as described in page 201 of the Prospectus dated 27 February 2013.

the internal control and risk management systems can only provide reasonable but not absolute assurance.

The Board has received assurance from the CEO and the CFO that: (a) the Group's financial records have been properly maintained and the Group's financial statements give a true and fair view of the Group's operations and finances; and (b) the Group's internal control and risk management systems are effective.

### Opinion on Internal Controls

Based on the internal control and risk management systems established and maintained by the Manager and the Sponsor, work performed by the Sponsor's Internal Audit and Risk Management Departments as well as by the external auditors, reviews performed by Management and the above assurance from the CEO and the CFO, the Board, with the concurrence of the AC, is of the opinion that the Group's internal control and risk management systems, addressing key financial, operational, compliance, information technology and risk management objectives and which the Group considers relevant and material to its operations, were adequate and effective to meet the needs of the Group in its business environment as at 31 March 2016.

### Audit and Risk Committee

#### *Principle 12: Written Terms of Reference*

#### Our Policy and Practices

The Board is supported by the AC which provides additional oversight of financial, risks and audit matters, so as to maximise the effectiveness of the Board and foster active participation and contribution.

The Manager adopts the principle that the AC shall have at least three members, all of whom must be non-executive and the majority of whom must be independent.

The AC consists of three members. They are:

- **Mr Kevin Kwok Khien**, Chairman;
- **Mr Lok Vi Ming**, Member; and
- **Mr Michael Kok Pak Kuan**, Member

The AC has written terms of reference setting out its scope and authority, which include:

- review of annual internal and external audit plans;
- examination of interested person transactions;
- review of audit findings of internal and external auditors as well as management responses to them;
- evaluation of the nature and extent of non-audit services performed by external auditors. In this regard, for the financial year ended 31 March 2016, MGCCT paid S\$335,000 to the network of member firms of PricewaterhouseCoopers International Limited ("PwC") and KPMG, of which S\$271,000 was for audit services and S\$64,000 was for non-audit services relating to tax compliance and advisory services for the Group. The AC has undertaken a review of all non-audit services provided by PwC and KPMG and is of the opinion that such non-audit services would not affect the independence of PwC and KPMG as the external auditors;
- review of the quality and reliability of information prepared for inclusion in financial reports;
- recommendation of the appointment and re-appointment of external auditors; and
- approval of the remuneration and terms of engagement of external auditors.

In addition, the AC also:

- meets with the external and internal auditors, without the presence of Management, at least once a year to review and discuss the financial reporting process, system of internal controls (including financial, operational, compliance and information technology controls), significant comments and recommendations; and

- reviews and, if required, investigates the matters reported via the whistle-blowing mechanism, by which staff may, in confidence, raise concerns about suspected improprieties including financial irregularities.

The objective of the whistle-blowing mechanism is to ensure that arrangements are in place for independent investigations of any reported matters and reviews of such investigations, to ensure appropriate follow-up actions are taken.

A total of five AC meetings were held in FY15/16.

The Manager, on behalf of the Group, confirms that the Group has complied with Rules 712, 715 and 716 of the Listing Manual in relation to the Group's auditing firm.

### Internal Audit

#### *Principle 13: Independent Internal Audit Function*

#### Our Policy and Practices

The Manager adopts the principle that a robust system of internal audits is required to safeguard Unitholders' interests, the Group's assets, and to manage risks. Apart from the AC, other Board committees may be set up from time to time to address specific issues or risks.

The IA function of the Group is outsourced to the Sponsor's IA Department and the Head of IA reports directly to the Chairman of the AC of both the Manager and the Sponsor.

The role of the IA Department is to conduct internal audit work in consultation with, but independently of, Management. Its annual audit plan and audit findings are submitted to the AC. The AC also meets with the Head of IA at least once a year without the presence of Management.

The Sponsor's IA Department is a corporate member of the Singapore branch of the Institute

## CORPORATE GOVERNANCE REPORT

of Internal Auditors Inc. (the “IIA”), which has its headquarters in the USA. The IA Department subscribes to, and is in conformance with, the Standards for the Professional Practice of Internal Auditing developed by the IIA (the “IIA Standards”) and has incorporated these standards into its audit practices.

The IIA Standards cover requirements on:

- independence and objectivity;
- proficiency and due professional care;
- managing the internal audit activity;
- engagement planning;
- performing engagement; and
- communicating results.

IA Department staffs involved in IT audits are Certified Information System Auditors and members of the Information System Audit and Control Association (the “ISACA”) in the USA. The ISACA Information System Auditing Standards provide guidance on the standards and procedures to be applied in IT audits.

To ensure that the internal audits are performed by competent professionals, the Sponsor’s IA Department recruits and employs qualified staff. In order that their technical knowledge remains current and relevant, the IA Department identifies and provides training and development opportunities to the staff.

In compliance with the IIA Standards, an external quality assessment review (“QAR”) of the Sponsor’s IA Department is conducted at least once every five years by a qualified, independent reviewer. The last external QAR of IA was completed in January 2013 and the QAR concluded that the Sponsor’s IA Department was in conformance with the IIA Standards.

### (D) SHAREHOLDER RIGHTS AND RESPONSIBILITIES

#### Shareholder Rights

*Principle 14: Fair and Equitable Treatment of All Shareholders*

#### Communication with Shareholders

*Principle 15: Regular, Effective and Fair Communication with Shareholders*

#### Conduct of Shareholder Meetings

*Principle 16: Greater Shareholder Participation at Annual General Meetings*

#### Our Policy and Practices

The Manager adopts the principle that all Unitholders should be treated fairly and equitably and their ownership rights arising from their unitholdings should be recognised.

To this end, the Manager issues via SGXNET announcements and press releases on the Group’s latest corporate developments on an immediate basis where required by the Listing Manual. Where immediate disclosure is not practicable, the relevant announcement will be made as soon as possible to ensure that all stakeholders and the public have equal access to the information.

All Unitholders are entitled to receive the annual report in digital format packaged in a compact disc with the option of receiving a printed version. The annual report encloses a notice of annual general meeting and a proxy form with instructions on the appointment of proxies. The notice of annual general meeting for each annual general meeting is also published via SGXNET. An annual general meeting is held once a year to provide a platform for Unitholders to interact with the Board and Management, in particular the Chairman of the Board, the Chairman of the AC, the CEO and the CFO. The external auditors are also present to address Unitholders’ queries about the audit and the financial statements of the Group.

Similarly, where a general meeting is convened, all Unitholders are entitled to receive a circular enclosing a proxy form with instructions on the appointment of proxies. Prior to voting at an annual general meeting

or any other general meeting, the voting procedures will be made known to the Unitholders to facilitate them in exercising their votes.

Each resolution proposed at an annual general meeting and any other general meeting will be voted on by way of electronic polling. The Manager will announce the results of the votes cast for and against each resolution and the respective percentages and prepare minutes of such meetings.

The Manager has an Investor Relations Department which works with the Legal and Corporate Secretariat Department of the Sponsor to ensure the Group’s compliance with the legal and regulatory requirements applicable to listed REITs, as well as to incorporate best practices in its investor relations programme.

The Manager regularly communicates major developments in the Group’s businesses and operations to Unitholders, analysts and the media through the issuance of announcements and press releases. In addition, all announcements and press releases are first made on SGXNET and subsequently on MGCCT’s website.

Investors can subscribe to email alerts of all announcements and press releases issued by MGCCT through its website. “Live” webcast of analyst briefings are conducted, where practicable.

The Manager also communicates with MGCCT’s investors on a regular basis through group/individual meetings with investors, investor conferences and non-deal roadshows. The Manager’s CEO and CFO are present at briefings and communication sessions to answer questions from investors.

MGCCT’s distribution policy is to distribute at least 90% of its distributable income and such distributions are typically paid on a semi-annual basis. For FY15/16, MGCCT made two distributions to Unitholders.

**(E) ADDITIONAL DISCLOSURE ON FEES PAYABLE TO THE MANAGER**

Pursuant to the Trust Deed, the Manager is entitled to receive the following fees:

Type of Fee	Clause of Trust Deed, Computation and Form of Payment	Rationale and Purpose
<b>Base Fee</b>	<p>Pursuant to Clause 15.1.1, the Manager is entitled to receive a Base Fee of 10.0% per annum of the Distributable Income or such higher percentage as may be approved by an Extraordinary Resolution of a meeting of Unitholders.</p> <p>The Base Fee is payable monthly in the form of cash and/or quarterly in the form of Units as the Manager may elect.</p>	<p>The Base Fee compensates the Manager for discharging its core responsibility of managing MGCCT and covers the costs incurred in managing MGCCT, which includes overheads, day-to-day operational costs, compliance, monitoring and reporting costs and administrative expenses.</p>
<b>Performance Fee</b>	<p>Pursuant to Clause 15.1.2, the Manager is entitled to receive a Performance Fee equal to a rate of 25.0% of the difference in DPU in a financial year with the DPU in the preceding financial year (calculated before accounting for the Performance Fee in each financial year) multiplied by the weighted average number of Units in issue for such financial year or such higher percentage as may be approved by an Extraordinary Resolution of a meeting of Unitholders.</p> <p>The Performance Fee is payable if the DPU in respect of any Financial Year exceeds the DPU in the preceding Financial Year, notwithstanding that the DPU in such relevant financial year may be less than the DPU in the financial year prior to the preceding financial year.</p> <p>For the purpose of the computation of the Performance Fee only, the DPU shall be calculated based on all income of MGCCT arising from the operations of MGCCT, such as, but not limited to, rentals, interest, dividends and other similar payments or income arising from the Authorised Investments of MGCCT but shall exclude any one-off income of MGCCT, such as any income arising from any sale or disposal of: (a) any Real Estate (whether directly or indirectly); and (b) any Investments forming part of the Deposited Property.</p> <p>The Performance Fee is payable annually in the form of cash and/or Units as the Manager may elect.</p>	<p>The Performance Fee which is based on DPU growth creates long-term value and prospects for Unitholders by incentivising the Manager to continuously grow the DPU on a stable and sustainable basis through efficient portfolio management, proactive asset and operating cost management and effective capital management. Linking the performance-based element of the Manager's Management Fee to DPU growth directly aligns the interests of the Manager with that of Unitholders, as the Manager's Performance Fee commensurates with the value it delivers to Unitholders in the form of distributable income. Taking on excessive risks for short-term gains to the detriment of Unitholders is deterred as the Manager strives to achieve stability and sustainability.</p> <p>The DPU is also an objective, transparent and easy-to-understand performance indicator which is reported in MGCCT's quarterly results announcements.</p>
<b>Acquisition Fee</b>	<p>Pursuant to Clause 15.2.1(i), the Manager is entitled to receive an Acquisition Fee not exceeding the rate of: (a) 0.75% of the acquisition price for acquisitions from Related Parties; and (b) 1.0% for all other acquisitions.</p> <p>Subject to the Property Funds Appendix, the Acquisition Fee is payable as soon as practicable after completion of the acquisition in the form of cash and/or Units as the Manager may elect.</p>	<p>The Acquisition Fee and Divestment Fee seek to motivate the Manager to continuously (in the case of acquisitions) pursue inorganic growth through quality yield-accretive acquisitions and (in the case of divestments) review MGCCT's property portfolio for asset-recycling opportunities, and compensate the Manager for the time, effort and resources expended (in the case of acquisitions) in sourcing for, evaluating and executing acquisition opportunities and (in the case of divestments) in rebalancing and unlocking the underlying value of existing properties.</p>
<b>Divestment Fee</b>	<p>Pursuant to Clause 15.2.1(ii), the Manager is entitled to receive a Divestment Fee not exceeding the rate of 0.5% of the sale price.</p> <p>Subject to the Property Funds Appendix, the Divestment Fee is payable as soon as practicable after completion of the divestment in the form of cash and/or Units as the Manager may elect.</p>	<p>The Manager provides these services over and above ongoing management services with the aim of optimising returns to Unitholders.</p> <p>The rate for the Acquisition Fee is higher than the Divestment Fee, so as to take into account the additional work to be undertaken by the Manager for an acquisition when compared to a divestment.</p>

**Note:** Undefined capitalised terms used in this Section (E) shall have the meanings ascribed to them in the Trust Deed.

# SUSTAINABILITY REPORT

Recognising the importance of environmental, social and governance issues to MGCCT and its stakeholders, the Manager remains committed to adopting responsible practices in order to create a sustainable future for MGCCT.

## ENGAGING STAKEHOLDERS

### SHOPPERS

1

#### NEEDS/ISSUES

- Enhanced shopping experiences
- Range of amenities and choice of brands
- Considerations for safety and accessibility
- Easy connectivity to public transport

#### COMMUNICATION PLATFORMS BY THE MANAGER

- Advertisements and promotional events
- Customer service and surveys
- Online and mobile communication platforms e.g. Facebook, WeChat and Instagram
- Tourist passports and U-Card App student privileges



Promotions and events help enhance shoppers' experience at Festival Walk.

⇒ PP,OR

### TENANTS

2

#### NEEDS/ISSUES

- Quality office space and range of amenities
- Efficient office/shop layout
- Comfortable and safe work environment
- High shopper traffic
- Competitive rental rates

#### COMMUNICATION PLATFORMS BY THE MANAGER

- Informal tenant gatherings, meetings and feedback sessions
- Joint promotions and partnerships
- Tenants' engagement activities
- Newsletters



Festival Walk engages with tenants regularly.

⇒ PP,OR,SR

### INVESTORS

3

(including Unitholders, analysts, media)

#### NEEDS/ISSUES

- Long-term sustainable distributions
- Transparency on reporting of economic, social and environmental concerns
- Good corporate governance
- Active portfolio management
- Prudent capital management

#### COMMUNICATION PLATFORMS BY THE MANAGER

- Annual General Meetings
- SGXNet announcements
- Annual reports, results briefings, webcasts and conference calls
- Website updates
- Non-deal roadshows, conferences and meetings
- Site tours of properties



Analysts at a site visit to Sandhill Plaza.

⇒ FR,IR,CG,SR

### TRUSTEE

4

#### NEEDS/ISSUES

- Safeguard the rights and interests of the Unitholders
- Ensure compliance with Trust Deed and regulations
- Open communication channels

#### COMMUNICATION PLATFORMS BY THE MANAGER

- Monthly reporting and updates
- Ongoing dialogues and regular feedback



Unitholders at MGCCT's 2<sup>nd</sup> AGM.

⇒ CG

**APPROACH TO SUSTAINABILITY**

The Manager’s sustainability efforts are guided by the Sponsor’s ‘Shaping & Sharing’ Programme, which is a group-wide framework directed at empowering individuals and enriching communities, in order to deliver positive shared outcomes to society and the environment. A five-member Board Committee comprising members from the Sponsor’s Board and senior management team as well as the boards of its REITs provides strategic insight for the programme. Mr Michael Kok, the Manager’s Board Director, represented MGCCT in this Board Committee from FY14/15 to FY15/16. To ensure good governance and a diversity

of views, representatives from the REITs are rotated every two years.

Our stakeholder groups comprising shoppers, tenants, investors, the Trustee, employees, business partners and members of local communities, are important as their needs and interests are closely intertwined with the long-term success of MGCCT. Across the supply chain, the Manager works closely with our tenants, vendors and shoppers to ensure sustainability at the properties. Our sustainability efforts include the use of environmentally-friendly sources, waste management, energy savings, water savings as well as the carrying out of

maintenance works and fitting-out works safely and in compliance with statutory regulations. The table below details key sustainability issues raised during regular communications with the Manager.

**SCOPE OF REPORT**

This report focuses on data and information on Festival Walk and Gateway Plaza in the financial year FY15/16 from 1 April 2015 to 31 March 2016 compared to the previous corresponding period. Information on Sandhill Plaza from 1 April 2015 to 31 March 2016 is included in this report but not compared with the same period last year as the asset was acquired on 17 June 2015.

**EMPLOYEES 5**

**NEEDS/ISSUES**

- Equitable reward and recognition
- Fair and competitive employment practices and policies
- Safe and healthy working environment
- Learning and development
- Regular engagement

**COMMUNICATION PLATFORMS BY THE MANAGER**

- Intranet, e-mails, recreational and team building activities
- Quarterly newsletters
- Performance appraisals and engagement surveys
- Staff communication and feedback sessions with Management and Board of Directors
- Training programmes



Annual Spring Dinner event organised by the Sponsor and the Festival Walk team.

SR

**BUSINESS PARTNERS 6**

(including Governments, regulators and vendors)

**NEEDS/ISSUES**

- Fair and reasonable business practices
- Win-win partnerships
- Compliance with rules and regulations

**COMMUNICATION PLATFORMS BY THE MANAGER**

- Ongoing dialogue sessions
- Meetings, inspections and networking events
- Letters and emails



Festival Walk participates in the “Charter on External Lighting” organised by the Hong Kong Government.

CG

**LOCAL COMMUNITIES 7**

**NEEDS/ISSUES**

- Corporate philanthropy
- Environmental responsibility
- Increased awareness on social and environmental issues

**COMMUNICATION PLATFORMS BY THE MANAGER**

- Charitable causes championed by non-profit organisations
- Arts performances
- Sustainable practices carried out by the Sponsor and/or the Manager



A workshop at “Glacier” ice rink to engage the local shoppers.

SR

PP: Property Portfolio p22-33  
 FR: Financial Review p35-39  
 OR: Operations Review p40-43  
 IR: Investor Relations p72-73  
 CG: Corporate Governance p74-85  
 SR: Sustainability Report p86-96

## SUSTAINABILITY REPORT



# Rainwater

is harvested at Sandhill Plaza  
for landscape irrigation

## CARING FOR THE ENVIRONMENT

The Manager continues to manage and improve the environmental efficiencies of its properties. Festival Walk, Gateway Plaza and Sandhill

Plaza ensure that their environmental management systems adhere to the local statutory requirements and strive to meet the industry best practices. Additionally, Festival Walk adopts Hong Kong's Building Environmental Assessment Method ("BEAM")<sup>1</sup>. It attained the highest level, a Platinum rating in 2006, which was extended in 2011 for another five years. In 2016, Festival Walk targets to

raise the bar by attaining the Hong Kong BEAM Plus – a more comprehensive certification standard.

<sup>1</sup> Based on the Building Research Establishment Environmental Assessment Methodology ("BREEAM") in the United Kingdom and with reference to LEED in the United States of America, HK-BEAM provides a comprehensive and fair assessment of the overall performance of a building in a range of sustainability issues relating to planning, design, construction, commissioning, management, operation and maintenance of buildings.

**ENERGY CONSERVATION**

In FY15/16, our total energy consumption at the three properties recorded 44,013 megawatt hours (“MWh”). During the year, Festival Walk and Gateway Plaza achieved a total reduction in energy usage of 3.6% to 33,551 MWh<sup>1</sup> with the adoption of energy efficient initiatives. At Festival Walk, the reduction in operating hours of the electric heaters within the air-conditioning units at the “Glacier” ice rink as well as the installation of energy-saving light fittings at its car park ramp resulted in energy savings of an estimated 485 MWh a year. To minimise energy usage next year, Gateway Plaza plans to switch to more energy efficient LED lightings at its common areas and to downsize one existing 750 refrigeration-tonne chiller due to lower cooling demand after office-hours.

As a result of the energy-saving initiatives in FY15/16, the combined carbon emissions at both Festival Walk and Gateway Plaza reduced by 3.6% to 22,314 tCO<sub>2</sub>e.

Energy consumption at Sandhill Plaza amounted to 10,462 MWh in FY15/16.

Electrical-powered hot water tanks that are linked to the restroom faucet water system are also fitted with solar panels which harnessed solar energy to power the heating system. This led to an estimated energy savings of about 30 MWh/year. In addition, Sandhill Plaza also has in place an automatic lighting control system to reduce the usage of non-essential lighting.

At Sandhill Plaza, 374,649 m<sup>3</sup> of natural gas<sup>2</sup> was consumed by the heating, ventilation and air-conditioning (HVAC) system and the canteen kitchen in FY15/16. For better efficiency, HVAC temperature settings are adjusted regularly based on weather conditions.

Carbon emissions from electricity and natural gas amounted to 9,062 tCO<sub>2</sub>e at Sandhill Plaza. The total carbon emissions from the three properties in FY15/16 was 31,376 tCO<sub>2</sub>e.

to 552,499 m<sup>3</sup> in FY15/16. Gateway Plaza successfully installed more water meters to monitor water consumption and minimise water wastage in the premises. A total of 10,517 m<sup>3</sup> of water was recycled from the fresh water cooling towers at Festival Walk in FY15/16, compared to 14,000 m<sup>3</sup> of water in FY14/15. This is mainly due to the reduction in the number of cooling towers in operation to provide condensing water to the chiller plants during the year.

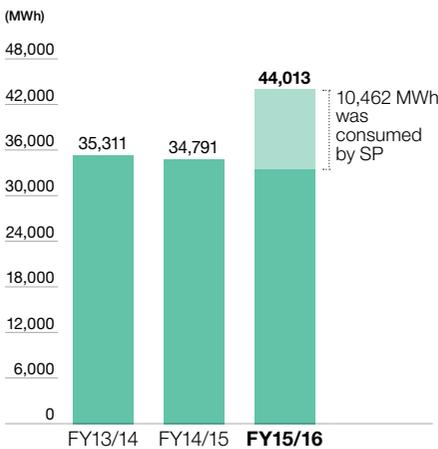
A total of 61,853 m<sup>3</sup> of water was consumed at Sandhill Plaza in FY15/16. To conserve water, the water faucets at its restrooms are fitted with motion sensors and rainwater is harvested for landscape irrigation.

**WATER REDUCTION**

Our total water consumption stood at 614,352 m<sup>3</sup> in 2015. Water consumption by both Festival Walk and Gateway Plaza declined slightly by 3.0% from 569,708 m<sup>3</sup> in FY14/15

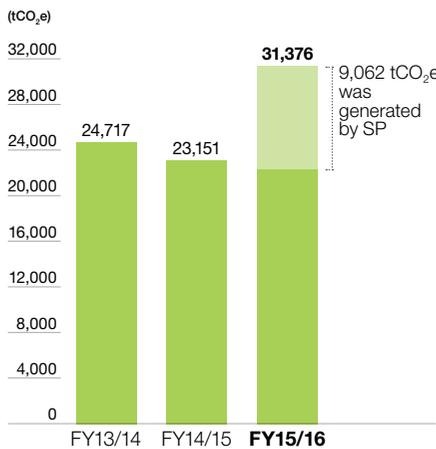
<sup>1</sup> Unlike Gateway Plaza, the electricity consumption figure reported for Festival Walk excludes the usage of power and lighting by the tenants within the leased premises.  
<sup>2</sup> Natural gas is not in use at either Festival Walk or Gateway Plaza.

**Annual Electricity Consumption**



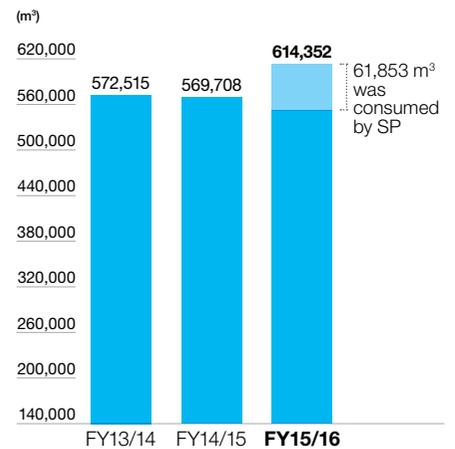
**Note:** Energy consumed in FY13/14 and FY14/15 relates to only Festival Walk and Gateway Plaza. FY15/16 includes energy consumed by Sandhill Plaza (SP).

**Annual Greenhouse Gas (GHG) Emissions**



**Note:** GHG generated in FY13/14 and FY14/15 relates to only Festival Walk and Gateway Plaza. FY15/16 includes GHG generated by Sandhill Plaza.

**Annual Water Consumption**



**Note:** Water consumed in FY13/14 and FY14/15 relates to only Festival Walk and Gateway Plaza. FY15/16 includes water consumed by Sandhill Plaza.

# SUSTAINABILITY REPORT

## Spotlight on: Waste Management at Festival Walk and Gateway Plaza



### Waste Collection & Recycling in Action at Festival Walk and Gateway Plaza



### WASTE MANAGEMENT

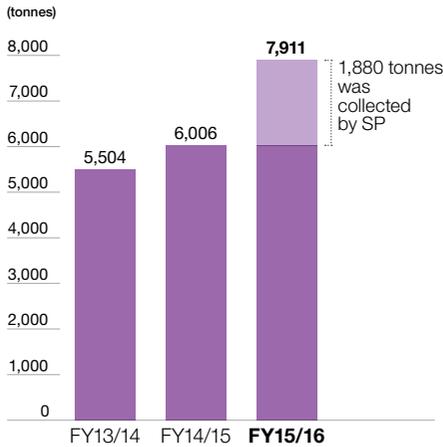
Total general waste collected from the three properties amounted to 7,911 tonnes in FY15/16. Festival Walk and Gateway Plaza collected 6,031 tonnes of waste in FY15/16, slightly more than last year due to more chemical waste, plastic and styrofoam boxes collected. Chemical waste, comprising mainly non-halogenated solvent<sup>1</sup>, fluorescent tubes and batteries, was properly disposed under Hong Kong's Waste Disposal Ordinance (Cap. 354). At Sandhill Plaza, 1,880 tonnes of general waste were collected from the offices in FY15/16.

Waste management and the need to reduce and recycle waste are crucial in Hong Kong due to rapidly filling landfill areas. To reduce waste, Festival Walk has in place a comprehensive waste management programme which facilitates the segregation and collection of waste from its office and retail tenants for third-party recycling. Existing tenants are continuously reminded to adhere to the building's waste segregation practices while all frontline cleaners and contractors are provided with regular training on the handling of recycled materials. The asset also has processes in place to ensure the waste is properly disposed of at government approved landfill areas.

Festival Walk continues to expand the number of waste types for recycling. During the year, Festival Walk included old appliances, used festive decorations and books to its list. There was increased patrolling at the refuse chamber to discourage the disposal of large debris by tenants. The mall's efforts to promote conservation of natural resources remained effective with more tenants joining its recycling programme during the year. Gateway Plaza continued its e-waste recycling programme to allow eco-conscious tenants to dispose their used batteries and printer cartridges in designated recycling bins. As a result of these efforts in both properties, a total of 2,160 tonnes was recycled in FY15/16 compared to 1,967 tonnes in the previous year.

<sup>1</sup> The non-halogenated solvent was extracted from the comprehensive cleaning of the petrol interceptor system at Festival Walk's car park. The system filters oil and other waste from the drainage water collected from the car park.

### Annual General Waste Collected from Office & Retail



**Note:** Waste collected in FY13/14 and FY14/15 relates to only Festival Walk and Gateway Plaza. FY15/16 includes waste collected by Sandhill Plaza. All numbers have been revised to include chemical waste collection at Festival Walk.

### BETTER INDOOR AIR QUALITY

Both Festival Walk and Gateway Plaza are committed to maintaining good indoor air quality (“IAQ”). In recognition of its ongoing efforts to maintain clean air, Festival Walk achieved ‘*Excellent Class*’ for its office common area for the eighth consecutive year while the mall’s common areas were certified ‘*Good Class*’ for the fifth consecutive year under the Hong Kong Government’s IAQ Certification Scheme.

Gateway Plaza continued to implement effective measures to address health concerns of its tenants and staff working in the building. During the year, F7 air filters<sup>1</sup> were installed while constant reminders were sent to tenants to keep the windows closed at all times.

### RAISING ECO-AWARENESS

The Manager continues to promote awareness of sustainability issues amongst its tenants, shoppers and staff. Festival Walk participates actively in key government-led and international initiatives including the Energy Saving Charter<sup>2</sup>. All three properties, together

with participating tenants, marked ‘Earth Hour’ in March 2016 by switching off non-essential lighting in and around their premises to reduce consumption. To further support this cause, Festival Walk joined the Charter on External Lighting in FY15/16 and has been switching off façade and external lightings for extended hours from 11pm to 7am since 1 April 2016. Catering to the growing demand for cleaner energy, both Festival Walk and Gateway Plaza installed plug-in electric vehicle charging stations at their basement car parks for the convenience of shoppers and/or tenants. Further advocating recycling to reduce waste, Festival Walk joined efforts with Friends of the Earth for the first time to encourage tenants and shoppers to donate used clothing, which will be channelled to the various charities in aid of the needy.

<sup>1</sup> These filters comply with the EN779:2012 standard or equivalent. Commonly applied in the industry, the EN779:2012 standard is the latest European Standard that prescribes performance standards for particulate air filtration.

<sup>2</sup> Organised by the Environment Bureau and the Electrical and Mechanical Services Department, Hong Kong SAR Government.

## Spotlight on: Asset Enhancement Works at Festival Walk

During FY15/16, Festival Walk embarked on the refurbishment of 14 sets of its toilets to enhance shoppers’ experience. There was a strong focus on green features in the design of the asset enhancement works, expected to be completed by the end of FY16/17. Fluorescent lamps will be replaced with LED lamps, resulting in an estimated annual savings of 32,800 kWh. Water efficient taps certified with the Voluntary Water Efficiency Labelling (WELS) scheme will also be used in the toilets. Wherever possible, building materials and equipment from demolition works which are still in good condition would be reused.

# 32,800 kWh

Fluorescent lamps will be replaced with LED lamps, resulting in an estimated annual savings of 32,800 kWh.



The toilets at Festival Walk were upgraded with water- and energy-saving features.

## SUSTAINABILITY REPORT

### DEDICATED TO SAFETY & HEALTH

Safety is of utmost importance for MGCCT's tenants, shoppers, contractors and employees. In our daily operations, all tenants, contractors, vendors and employees at the three properties are required to adhere to standard safety requirements and procedures. Operations personnel receive regular occupational safety & health training and technical support to inculcate a stronger sense of responsibility and ownership. Other precautionary measures include conducting fire safety audits and regularly checking and maintaining safety equipment such as sprinkler systems, hose reels, emergency lighting, alarms, pumps and smoke vents. These resulted in zero

# Zero

**reported injuries to staff and zero major accidents at the three properties in FY15/16.**



Over 300 staff and tenants participated at Sandhill Plaza's annual fire drill and received training on fire escape routes and basic firefighting procedures.

reported injuries to staff and zero major accidents at the three properties in FY15/16.

At the Manager's offices in Singapore, Beijing and Shanghai, staff and tenants were given precautionary health advisories to ensure the safety of staff in the event of deteriorating air quality in these cities. In the event of an outbreak of infectious disease announced by the governments, circulars on preventive measures will be issued promptly to all tenants and employees.

To strengthen operational readiness, business continuity measures including fire drills were tested and fine-tuned at all three properties during FY15/16. Drills for other scenarios such as flooding, chemical liquid spill and bomb threat were also carried out at Festival Walk.

Since the flooding incident which affected some parts of Festival Walk on the night of 30 March 2014, the Manager had completed all improvement works to strengthen the rainwater drainage pipes in May 2015. To prevent recurrence, routine inspections to pipes in both tenants' premises and common areas were stepped up, while patrols at the roof of different parts of the building as well as internal and external areas of the building were enhanced during the rainy season.

### OUR PEOPLE ARE OUR ASSETS

The Manager adopts the Sponsor's integrated human capital strategy in creating a diverse, inclusive and collaborative workplace that provides opportunities to all employees to realise their potential and contribute to our collective success.

#### PROMOTING FAIRNESS AND DIVERSITY

Our human resource policy is grounded on equal opportunities and fair employment practices. These cover the way the Sponsor and the Manager handle human resource practices such as recruitment, performance appraisal, business conduct, employee grievances, remuneration and training. As of 31 March 2016, the Manager and the Property Manager (including staff at Festival Walk, Gateway Plaza and Sandhill Plaza) employed 243 staff<sup>1</sup>, of which 33% were executives and 67% were non-executives. The employee profile by geography comprised 92% from Hong Kong, 6% from Singapore and 2% from Beijing/Shanghai. 24% of our employees were less than 30 years old, 53% between the age of 30 and 50, and 23% more than 50 years old. Female and male employees constituted 42% and 58% respectively. At the senior management level, comprising those at Vice President level and above, 67% were female.

#### TALENT RECRUITMENT AND MANAGEMENT

For talent recruitment in Singapore, Hong Kong, Beijing and Shanghai, the Manager taps on the Sponsor's strategic resources and platforms. These include career fairs, partnerships with educational institutions, social media, job portals as well as internships and work placement programmes. These

<sup>1</sup> Headcount does not include third party service providers engaged to perform certain property management services.



Families of staff were invited to join in the Chinese New Year celebrations at Festival Walk.



Staff from Festival Walk and Gateway Plaza at the Leadership Foundation Programme conducted by the Sponsor.



The traditional dragon and lion dance performance at Gateway Plaza to celebrate the Festival of Lanterns.

programmes target undergraduates and polytechnic students and provide real-world experience in the real estate industry and are avenues to identify promising interns for future recruitment.

Committed to building a strong, capable and motivated team, the Sponsor invests in learning and development programmes and seeks to provide overseas staff with the same learning

opportunities that are extended to Singapore employees. During the year, employees from Festival Walk and Gateway Plaza participated in the Sponsor's Leadership Foundation Programme. Held in Shanghai, the course was designed to sharpen management and business skills. Learning opportunities were also provided to personnel through on-the-job training, technical briefings and overseas work trips.

**COMPETITIVE COMPENSATION AND BENEFITS**

The Manager adopts the Sponsor's pay-for-performance framework as it believes this will help cultivate a high-performing and motivated culture. Employees are incentivised through annual bonus plans that are tied to financial and non-financial performance targets as well as longer-term incentive plans linked to value creation at the Sponsor's level. During the year, the

## SUSTAINABILITY REPORT

compensation and benefit schemes for staff in overseas markets were benchmarked against their respective market practices to ensure competitiveness in attracting and retaining talent.

### EMPLOYEE ENGAGEMENT

To promote greater engagement with management, lunch sessions with staff (including employees from the Manager) are organised in Hong Kong, Beijing and Shanghai to encourage interaction in an informal setting. During these staff communication sessions, employees are encouraged to raise questions freely to help further their understanding of the Sponsor and the Manager's strategies, policies or performance.

The Sponsor conducted an extensive Employee Engagement Survey in 2014. Based on the results from the survey, the Manager is on track to implement changes in the areas identified for further improvement, such as cutting down unnecessary documentation procedures, and providing more training and development opportunities for overseas colleagues.

### PROMOTING WELLNESS

The Sponsor's Recreation Club regularly organises activities to promote staff interaction and

create a positive and engaging working environment. Events that promote family bonding such as movie screenings and the Safari Zoo Run 2016 were also part of the engagement efforts. During the year, the Sponsor had partnered with an external health provider to offer employees free preventive health screenings to test for chronic illnesses such as high blood pressure, high cholesterol, coronary heart disease, hypertension and diabetes.

Together with the Health Promotion Board, the Sponsor continues to organise the Workplace Health Promotion series, which is extended to the tenants of Mapletree Business City. These activities include fitness sessions, blood donation drive, and lunch talks on lifestyle topics.

## STRENGTHENING TENANT RELATIONS

The Manager continues to conduct regular meetings and informal sessions with tenants to better understand their needs, and to receive valuable feedback on the management of our properties. Tenants are also invited to participate in networking activities such as Christmas and Chinese New Year celebrations. During the year, Festival Walk partnered with the Hong Kong Police to conduct

a crime prevention seminar to raise awareness among tenants on preventive measures against credit card fraud.

The Manager also focused on organising more events and promotions to help drive tenant sales at the mall. Some of these are featured in the Property Portfolio section of this report.

## SUPPORTING COMMUNITY CAUSES

The Sponsor, together with the Manager, continues to lead and actively support community efforts aligned with the 'Shaping & Sharing' Programme. As a strong supporter of tertiary education in Singapore, the Sponsor contributed S\$500,000 to students pursuing practice-oriented education at SIM University (UniSIM) this year. To date, over 90 university students from six universities in Singapore have benefitted annually from the Sponsor's total contribution of S\$3 million.

To recognise academic excellence, the Sponsor established the Mapletree Academic Achievement Programme (MAAP) in FY15/16, with its maiden initiative to sponsor selected diploma graduation book prizes across all five local polytechnics for five years,



Roses for sale on Valentine's Day in support of the St. James Settlement.



Children getting a head start in foreign languages at the 'Speak Dating' Event organised by Goethe-Institut.

starting from Academic Year 2015/2016. The MAAP has also committed to sponsoring 30 graduation prizes for the diploma programmes of SIM Global Education for a period of five years, from the next academic year.

In China, the Sponsor has been providing assistance to low-income residents in the districts of Minhang (Shanghai) and Nanhai (Foshan) under a RMB10 million programme for five years since 2012. The funds are disbursed to both the Nanhai Charity Society and the Minhang District Branch of the Shanghai Charity Foundation in aid of their community support programmes.

#### CHAMPIONING CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES AT FESTIVAL WALK

As a destination mall in a large catchment area attracting over 40 million locals and tourists a year, Festival Walk is a strategic platform to

champion social causes and promote community involvement. In FY15/16, the mall was the venue sponsor for the Charles K. Kao (CKK) Foundation charity events in support of those suffering from Alzheimer's disease, St. James Settlement's *'Valentine's Day Roses Charity Sale'* and the Wai Yin Association's Charity Mooncake Sales. The CKK Foundation also held its first painting exhibition by Professor Charles K. Kao at the mall with proceeds from the silent auction channelled to the Foundation. These events raised around HK\$1.1 million (approximately S\$198,500) in total.

More than 400 students and young adults participated in the mall's second *'Speak Dating'* event, organised by Goethe-Institut and supported by various foreign consulates and cultural centres to encourage the appreciation of European languages. Held for the 15th consecutive year, the Hong Kong

Red Cross Blood Transfusion Service organised its annual Blood Donation Drive with a mobile donation service centre within Festival Walk's premises and saw the support of 123 donors over the two-day drive.

Festival Walk is also a strong supporter of community arts, sports and cultural performances. In addition to the live music performances as part of the mall's Christmas and Chinese New Year celebrations and various skating competitions at the ice rink "Glacier", artistic displays such as the *'Arts in the Park Parade Artwork Exhibition'*, which was sponsored by the Standard Chartered Bank and supported by the Hong Kong Youth Art Foundation, helped nurture and promote creativity. In recognition of these community outreach efforts, Festival Walk was recognised by the Hong Kong Council of Social Service with the *'Caring Company Certificate'* for the fourth consecutive year.

## Community Outreach: Arts and Performances



A choir performance as part of the mall's Christmas celebrations.



Showcase of artistic talent supported by the Hong Kong Youth Art Foundation.



Ice skating competition at the "Glacier".

# SUSTAINABILITY REPORT

## Charity Events at Festival Walk



'Love Christmas – Love Donating Toys' event in support of the Salvation Army.



Hong Kong celebrity Louis Koo at the CKK Foundation's inaugural painting exhibition.



Festival Walk supported CKK Foundation's outreach efforts at its Alzheimer's disease center for the elderly.

# HK\$1.1million

was raised from the charity events at Festival Walk in FY15/16



Former and current Miss Hong Kong at the Wai Yin Association's Charity Mooncake Sales.



The events were kicked off in style by Hong Kong celebrity Miriam Yeung.

# FINANCIAL STATEMENTS



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# REPORT OF THE TRUSTEE

For the financial year ended 31 March 2016

DBS Trustee Limited (the “Trustee”) is under a duty to take into custody and hold the assets of Mapletree Greater China Commercial Trust (“MGCCT”) and its subsidiaries (the “Group”) in trust for the holders (“Unitholders”) of units in MGCCT. In accordance with the Securities and Futures Act (Cap. 289), its subsidiary legislation and the Code on Collective Investment Schemes (“CCIS”) (collectively referred to as the “laws and regulations”), the Trustee shall monitor the activities of Mapletree Greater China Commercial Trust Management Ltd. (the “Manager”) for compliance with the limitations imposed on the investment and borrowing powers as set out in the trust deed dated 14 February 2013 (the “Trust Deed”) between the Trustee and the Manager in each annual accounting period and report thereon to Unitholders in an annual report.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed MGCCT and the Group during the financial year covered by these financial statements, set out on pages 101 to 144, in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

For and on behalf of the Trustee,  
DBS Trustee Limited

**Jane Lim**  
Director

Singapore, 27 April 2016

# STATEMENT BY THE MANAGER

For the financial year ended 31 March 2016

In the opinion of the Directors of Mapletree Greater China Commercial Trust Management Ltd., the accompanying financial statements of Mapletree Greater China Commercial Trust (“MGCCT”) and its subsidiaries (the “Group”), as set out on pages 101 to 144, comprising the Statements of Financial Position of MGCCT and the Group, and Portfolio Statement of the Group as at 31 March 2016, the Statements of Total Return, Distribution Statements, Statements of Movements in Unitholders’ Funds of MGCCT and the Group, the Consolidated Statement of Cash Flows of the Group and Notes to the Financial Statements for the financial year then ended are drawn up so as to present fairly, in all material respects, the financial position of MGCCT and of the Group as at 31 March 2016 and the total return, amount distributable, movements in Unitholders’ funds of MGCCT and the Group and consolidated cash flows of the Group for the year then ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 “Reporting Framework for Unit Trusts” issued by the Institute of Singapore Chartered Accountants. At the date of this statement, there are reasonable grounds to believe that MGCCT and the Group will be able to meet its financial obligations as and when they materialise.

For and on behalf of the Manager,  
Mapletree Greater China Commercial Trust Management Ltd.

**Cindy Chow Pei Pei**  
Director

Singapore, 27 April 2016

# INDEPENDENT AUDITOR'S REPORT

To the Unitholders of Mapletree Greater China Commercial Trust  
(Constituted under a Trust Deed in the Republic of Singapore)

## REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Mapletree Greater China Commercial Trust ("MGCCT") and its subsidiaries (the "Group") which comprise the Statements of Financial Position of MGCCT and the Group, and Portfolio Statement of the Group as at 31 March 2016, the Statements of Total Return, Distribution Statements, Statements of Movements in Unitholders' Funds of MGCCT and the Group and the Consolidated Statement of Cash Flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 101 to 144.

### Manager's Responsibility for the Financial Statements

The Manager of MGCCT (the "Manager") is responsible for the preparation and fair presentation of these financial statements in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants, and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Manager, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of MGCCT and of the Group as at 31 March 2016, the total return, amount distributable and movements in unitholders' funds of MGCCT and the Group and the consolidated cash flows of the Group for the financial year ended on that date in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants.

### PricewaterhouseCoopers LLP

Public Accountants and Chartered Accountants

Singapore, 27 April 2016

# STATEMENTS OF TOTAL RETURN

For the financial year ended 31 March 2016

	Note	GROUP		MGCCT	
		2016 S\$'000	2015 S\$'000	2016 S\$'000	2015 S\$'000
Gross revenue	3	<b>336,638</b>	281,144	-	-
Property operating expenses	4	<b>(59,172)</b>	(51,834)	-	-
<b>Net property income</b>		<b>277,466</b>	229,310	-	-
Dividend income		-	-	<b>165,256</b>	157,757
Interest income		<b>557</b>	476	<b>207</b>	71
Management fees					
- Base fee		<b>(19,987)</b>	(17,804)	<b>(19,987)</b>	(17,804)
- Performance fee		<b>(4,884)</b>	(4,208)	<b>(4,884)</b>	(4,208)
Trustee's fee		<b>(620)</b>	(543)	<b>(620)</b>	(543)
Other trust expenses	5	<b>(2,219)</b>	(2,511)	<b>(1,377)</b>	(1,692)
Foreign exchange gain/(loss)		<b>32,340</b>	(3,957)	<b>422</b>	(957)
Finance costs	6	<b>(65,008)</b>	(40,842)	-	-
<b>Net income</b>		<b>217,645</b>	159,921	<b>139,017</b>	132,624
Net change in fair value of investment properties	13	<b>239,921</b>	196,383	-	-
Net change in fair value of financial derivatives		<b>8,378</b>	(3,086)	-	-
<b>Total return for the financial year before income tax</b>		<b>465,944</b>	353,218	<b>139,017</b>	132,624
Income tax expenses	7(a)	<b>(37,843)</b>	(33,819)	<b>(35)</b>	(12)
<b>Total return for the financial year after income tax before distribution</b>		<b>428,101</b>	319,399	<b>138,982</b>	132,612
<b>Earnings per unit (cents)</b>					
- Basic	8	<b>15.629</b>	11.811	<b>5.074</b>	4.904
- Diluted	8	<b>15.629</b>	11.811	<b>5.074</b>	4.904

The accompanying notes form an integral part of these financial statements.

OVERVIEW

STRATEGY

PERFORMANCE

GOVERNANCE &amp; SUSTAINABILITY

FINANCIALS &amp; OTHERS

# STATEMENTS OF FINANCIAL POSITION

As at 31 March 2016

	Note	GROUP		MGCCT	
		2016 S\$'000	2015 S\$'000	2016 S\$'000	2015 S\$'000
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and bank balances	9	<b>206,107</b>	125,110	<b>90,861</b>	87,588
Trade and other receivables	10	<b>10,740</b>	11,083	<b>3,907</b>	11,990
Other current assets	11	<b>885</b>	796	-	2
Inventories		<b>848</b>	771	-	-
Derivative financial instruments	12	<b>3,166</b>	-	<b>3,166</b>	-
		<b>221,746</b>	137,760	<b>97,934</b>	99,580
<b>Non-current assets</b>					
Derivative financial instruments	12	<b>6,419</b>	-	-	-
Investment properties	13	<b>5,922,457</b>	5,349,298	-	-
Plant and equipment	14	<b>1,349</b>	1,003	-	-
Deferred tax assets	18(a)	<b>1,533</b>	-	-	-
Investments in subsidiaries	15	-	-	<b>2,388,356</b>	2,400,287
		<b>5,931,758</b>	5,350,301	<b>2,388,356</b>	2,400,287
<b>Total assets</b>		<b>6,153,504</b>	5,488,061	<b>2,486,290</b>	2,499,867
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Trade and other payables	16	<b>147,119</b>	76,346	<b>12,746</b>	10,842
Borrowings	17	<b>462,384</b>	273,662	-	-
Current income tax liabilities	7(b)	<b>35,257</b>	34,769	<b>55</b>	20
Derivative financial instruments	12	<b>2,638</b>	10,473	<b>2</b>	10,211
		<b>647,398</b>	395,250	<b>12,803</b>	21,073
<b>Non-current liabilities</b>					
Trade and other payables	16	<b>62,387</b>	66,384	-	-
Borrowings	17	<b>1,959,877</b>	1,710,301	-	-
Derivative financial instruments	12	<b>13,690</b>	19,514	-	-
Deferred tax liabilities	18(b)	<b>53,965</b>	36,428	-	-
		<b>2,089,919</b>	1,832,627	-	-
<b>Total liabilities</b>		<b>2,737,317</b>	2,227,877	<b>12,803</b>	21,073
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>		<b>3,416,187</b>	3,260,184	<b>2,473,487</b>	2,478,794
Represented by:					
Unitholders' funds		<b>3,208,784</b>	2,933,350	<b>2,470,323</b>	2,484,008
Hedging reserve	19	<b>656</b>	(6,674)	<b>3,164</b>	(5,214)
Foreign currency translation reserve		<b>206,747</b>	333,508	-	-
		<b>3,416,187</b>	3,260,184	<b>2,473,487</b>	2,478,794
<b>UNITS IN ISSUE ('000)</b>	20	<b>2,757,579</b>	2,721,033	<b>2,757,579</b>	2,721,033
<b>NET ASSET VALUE PER UNIT (S\$)</b>		<b>1.239</b>	1.198	<b>0.897</b>	0.911

The accompanying notes form an integral part of these financial statements.

# DISTRIBUTION STATEMENTS

For the financial year ended 31 March 2016

	GROUP		MGCCT	
	2016 S\$'000	2015 S\$'000	2016 S\$'000	2015 S\$'000
Total return for the financial year	<b>428,101</b>	319,399	<b>138,982</b>	132,612
Adjustment for net effect of non-tax (chargeable)/deductible items and other adjustments (Note A)	<b>(228,227)</b>	(141,360)	<b>60,892</b>	45,427
Amount available for distribution	<b>199,874</b>	178,039	<b>199,874</b>	178,039
Amount available for distribution to Unitholders at beginning of the financial year	<b>92,503</b>	83,210	<b>92,503</b>	83,210
	<b>292,377</b>	261,249	<b>292,377</b>	261,249
Distribution to Unitholders:				
Distribution of 3.398 cents per unit for the period from 1 October 2014 to 31 March 2015	<b>(92,461)</b>	-	<b>(92,461)</b>	-
Distribution of 3.499 cents per unit for the period from 1 April 2015 to 30 September 2015	<b>(95,866)</b>	-	<b>(95,866)</b>	-
Distribution of 3.099 cents per unit for the period from 1 October 2013 to 31 March 2014	-	(83,186)	-	(83,186)
Distribution of 3.162 cents per unit for the period from 1 April 2014 to 30 September 2014	-	(85,560)	-	(85,560)
Total Unitholders' distribution (including capital return) (Note B)	<b>(188,327)</b>	(168,746)	<b>(188,327)</b>	(168,746)
Amount available for distribution to Unitholders at end of the financial year	<b>104,050</b>	92,503	<b>104,050</b>	92,503
<b>Note A:</b>				
<b>Adjustment for net effect of non-tax (chargeable)/deductible items and other adjustments comprise:</b>				
Major non-tax deductible/(chargeable) items:				
- Trustee's fees	<b>620</b>	543	<b>620</b>	543
- Financing fees	<b>8,044</b>	7,170	-	-
- Net change in fair value of investment properties net of deferred tax impact	<b>(230,331)</b>	(190,163)	-	-
- Management fees paid/payable in units	<b>24,871</b>	22,012	<b>24,871</b>	22,012
- Property Manager's management fees paid/payable in units	<b>12,089</b>	10,496	-	-
- Net change in fair value of financial derivatives	<b>(8,378)</b>	3,086	-	-
- Foreign exchange gain on capital item	<b>(36,164)</b>	-	-	-
Net overseas income distributed back to MGCCT in the form of capital returns	-	-	<b>26,768</b>	21,916
Net overseas income not distributed to MGCCT	-	-	<b>9,055</b>	-
Other non-tax deductible items and other adjustments	<b>1,022</b>	5,496	<b>(422)</b>	956
	<b>(228,227)</b>	(141,360)	<b>60,892</b>	45,427
<b>Note B:</b>				
<b>Total Unitholders' distribution:</b>				
- From operations	<b>(160,237)</b>	(147,345)	<b>(160,237)</b>	(147,345)
- From Unitholders' contribution	<b>(28,090)</b>	(21,401)	<b>(28,090)</b>	(21,401)
	<b>(188,327)</b>	(168,746)	<b>(188,327)</b>	(168,746)

The accompanying notes form an integral part of these financial statements.

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# STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS

For the financial year ended 31 March 2016

	Note	GROUP		MGCCT	
		2016 S\$'000	2015 S\$'000	2016 S\$'000	2015 S\$'000
<b>Operations</b>					
Beginning of the financial year		<b>485,720</b>	313,666	<b>36,378</b>	51,111
Total return for the financial year		<b>428,101</b>	319,399	<b>138,982</b>	132,612
Distributions to Unitholders		<b>(160,237)</b>	(147,345)	<b>(160,237)</b>	(147,345)
<b>End of the financial year</b>		<b>753,584</b>	485,720	<b>15,123</b>	36,378
<b>Unitholders' contribution</b>					
Beginning of the financial year		<b>2,447,630</b>	2,436,715	<b>2,447,630</b>	2,436,715
Management fees paid in units		<b>35,660</b>	32,316	<b>35,660</b>	32,316
Distributions to Unitholders		<b>(28,090)</b>	(21,401)	<b>(28,090)</b>	(21,401)
<b>End of the financial year</b>		<b>2,455,200</b>	2,447,630	<b>2,455,200</b>	2,447,630
<b>Unitholders' funds at end of the financial year</b>		<b>3,208,784</b>	2,933,350	<b>2,470,323</b>	2,484,008
<b>Foreign currency translation reserve</b>					
Beginning of the financial year		<b>333,508</b>	83,295	-	-
Reclassification to Statements of Total Return		<b>(36,164)</b>	-	-	-
Translation differences relating to financial statements of foreign subsidiaries and quasi equity loans		<b>(90,597)</b>	250,213	-	-
<b>End of the financial year</b>		<b>206,747</b>	333,508	-	-
<b>Hedging reserve</b>					
Beginning of the financial year		<b>(6,674)</b>	6,027	<b>(5,214)</b>	(2,128)
Fair value changes, net of tax		<b>111</b>	(23,913)	<b>3,164</b>	(10,211)
Reclassification to Statements of Total Return, net of tax		<b>7,219</b>	11,212	<b>5,214</b>	7,125
<b>End of the financial year</b>	19	<b>656</b>	(6,674)	<b>3,164</b>	(5,214)
<b>Net assets attributable to unitholders at end of the financial year</b>		<b>3,416,187</b>	3,260,184	<b>2,473,487</b>	2,478,794

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2016

	Note	GROUP	
		2016 S\$'000	2015 S\$'000
<b>Cash flows from operating activities</b>			
Total return for the financial year		<b>428,101</b>	319,399
Adjustments for:			
- Income tax expenses		<b>37,843</b>	33,819
- Amortisation of rent free incentive		<b>99</b>	(2,304)
- Depreciation		<b>463</b>	486
- Net change in fair value of investment properties		<b>(239,921)</b>	(196,383)
- Net change in fair value of financial derivatives		<b>(8,378)</b>	3,086
- Management fee paid/payable in units		<b>24,871</b>	22,012
- Property Manager's management fee paid/payable in units		<b>12,089</b>	10,496
- Finance costs		<b>65,008</b>	40,842
- Interest income		<b>(557)</b>	(476)
- Foreign exchange gain		<b>(36,164)</b>	-
Operating cash flows before working capital changes		<b>283,454</b>	230,977
Changes in working capital:			
- Trade and other receivables		<b>1,634</b>	(1,293)
- Inventories		<b>15</b>	(153)
- Trade and other payables		<b>1,072</b>	20,060
Cash generated from operations		<b>286,175</b>	249,591
- Income tax paid		<b>(21,252)</b>	(26,626)
<b>Net cash provided by operating activities</b>		<b>264,923</b>	222,965
<b>Cash flows from investing activities</b>			
Acquisition of subsidiaries, net of cash acquired	9	<b>(322,436)</b>	-
Additions to investment properties		<b>(12,855)</b>	(4,974)
Additions to plant and equipment		<b>(702)</b>	(674)
Interest income received		<b>569</b>	468
<b>Net cash used in investing activities</b>		<b>(335,424)</b>	(5,180)
<b>Cash flows from financing activities</b>			
Repayment of borrowings		<b>(558,664)</b>	(321,932)
Proceeds from borrowings		<b>691,829</b>	25,628
Proceeds from issuance of Notes		<b>220,000</b>	269,842
Payment of distributions to Unitholders		<b>(188,327)</b>	(168,746)
Financing fees paid		<b>(4,280)</b>	(1,007)
Interest paid		<b>(52,438)</b>	(33,039)
<b>Net cash provided by/(used in) financing activities</b>		<b>108,120</b>	(229,254)
<b>Net increase/(decrease) in cash and cash equivalents held</b>		<b>37,619</b>	(11,469)
Cash and cash equivalents at beginning of the financial year		<b>125,110</b>	133,213
Effect of currency translation on cash and cash equivalents		<b>(1,827)</b>	3,366
<b>Cash and cash equivalents at end of the financial year</b>		<b>160,902</b>	125,110
Amount received and set aside to be repaid to a related party	9	<b>45,205</b>	-
<b>Cash and bank balances at end of the financial year</b>	9	<b>206,107</b>	125,110

The accompanying notes form an integral part of these financial statements.

# PORTFOLIO STATEMENT

As at 31 March 2016

Description of leasehold property	Acquisition date	Term of lease	Remaining term of lease	Location
<b>Investment property in The Hong Kong Special Administrative Region of the People's Republic of China ("Hong Kong SAR"):</b>				
Festival Walk	07/03/2013	54 years <sup>(b)</sup>	31 years	No. 80, Tat Chee Avenue, Kowloon, Hong Kong
<b>Investment property in The People's Republic of China ("PRC"):</b>				
Gateway Plaza	07/03/2013	50 years <sup>(c)</sup>	37 years	No. 18 Xiaguangli, East 3 <sup>rd</sup> Ring Road North, Chaoyang District, Beijing, PRC
Sandhill Plaza	17/06/2015	50 years <sup>(d)</sup>	44 years	Blocks 1 to 5 and 7 to 9, No. 2290 Zuchongzhi Road, Pudong New District, Shanghai, PRC

Investment properties - Group

Other assets and liabilities (net) - Group

Net assets attributable to Unitholders

**Notes:**

<sup>(a)</sup> The carrying amounts of the investment properties were based on independent full valuations as at 31 March 2016 (2015: 31 March 2015) undertaken by Colliers International (Hong Kong) Limited (2015: Cushman & Wakefield Valuation Advisory Services (HK) Ltd), an independent valuer. Colliers has appropriate professional qualifications and experience in the locations and category of the properties being valued. The full valuations of the investment properties were based on discounted cashflow method and term and reversion analysis.

<sup>(b)</sup> Comprises land lease of 31 years ending in 2047.

<sup>(c)</sup> Comprises land lease of 37 years ending in 2053.

<sup>(d)</sup> Comprises land lease of 44 years ending in 2060.

Investment properties comprise a portfolio of commercial properties that are leased to external customers. Generally, the leases for the multi-tenanted buildings contain an initial non-cancellable period of 3 years. Subsequent renewals are negotiated with the lessees.

Existing use	Gross revenue for financial year ended 31/03/2016 S\$'000	Gross revenue for financial year ended 31/03/2015 S\$'000	Occupancy rates at 31/03/2016 %	Occupancy rates at 31/03/2015 %	Latest valuation date	Valuation at 31/03/2016 S\$'000	Valuation at 31/03/2015 S\$'000
Commercial	<b>236,499</b>	206,444	<b>100.0</b>	100.0	31/03/2016	<b>4,253,079</b>	4,077,871
Commercial	<b>82,299</b>	74,700	<b>96.8</b>	98.0	31/03/2016	<b>1,256,271</b>	1,271,427
Commercial	<b>17,840</b>	-	<b>100.0</b>	-	31/03/2016	<b>413,107</b>	-
	<b>336,638</b>	281,144				<b>5,922,457</b>	5,349,298
						<b>(2,506,270)</b>	(2,089,114)
						<b>3,416,187</b>	3,260,184

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

## 1. GENERAL

Mapletree Greater China Commercial Trust (“MGCCT”) is a Singapore-domiciled Real Estate Investment Trust constituted pursuant to the Trust Deed dated 14 February 2013 between Mapletree Greater China Commercial Trust Management Ltd. (as Manager) and DBS Trustee Limited (as Trustee). The Trust Deed is governed by the laws of the Republic of Singapore.

MGCCT was formally admitted to the Official List of the Singapore Exchange Securities Trading Limited (“SGX-ST”) on 7 March 2013 and was approved for inclusion under the Central Provident Fund (“CPF”) Investment Scheme on 23 January 2013.

The principal activity of MGCCT and its subsidiaries (the “Group”) is to invest, directly or indirectly, in a diversified portfolio of income-producing real estate in the Greater China region. It focuses primarily on commercial assets (predominantly for retail and/or office use), as well as real estate-related assets. It has the primary objective of achieving an attractive level of return from rental income and for long-term capital growth.

MGCCT has entered into several service agreements in relation to the management of MGCCT and its property operations. The fee structures for these services are as follows:

### (A) Trustee’s fees

The Trustee’s fees shall not exceed 0.1% per annum of the value of all the assets of MGCCT (“Deposited Property”) (subject to a minimum of S\$15,000 per month) or such higher percentage as may be fixed by an Extraordinary Resolution of a meeting of Unitholders. The Trustee’s fees are payable out of the Deposited Property of MGCCT monthly, in arrears. The Trustee is also entitled to reimbursement of expenses incurred in the performance of its duties under the Trust Deed.

Based on the current arrangement between the Manager and the Trustee, the Trustee’s fees are charged on a scaled basis of up to 0.02% per annum of the value of the Deposited Property (subject to a minimum of S\$15,000 per month). The Trustee will also be paid a one-time inception fee as may be agreed between the Trustee and the Manager, subject to a maximum of S\$60,000.

### (B) Management fees

The Manager or its nominees are entitled to receive the following remuneration:

- (i) a base fee of 10.0% per annum of the Distributable Income or such higher percentage as may be approved by an Extraordinary Resolution of a meeting of Unitholders; and
- (ii) a performance fee of 25.0% of the difference in Distribution per Unit (“DPU”) in a financial year with the DPU in the preceding financial year (calculated before accounting for the performance fee in each financial year) multiplied by the weighted average number of units in issue for such financial year, or such higher percentage as may be approved by an Extraordinary Resolution of a meeting of Unitholders.

The management fees payable to the Manager or its nominees will be paid in the form of cash or/and Units.

Where the management base fees are paid in cash, the amounts are paid monthly, in arrears. Where the management base fees are paid in the form of Units, the amounts are paid quarterly, in arrears.

The management performance fees are paid annually in arrears, whether in the form of cash or/and Units.

## 1. GENERAL (continued)

### (C) Acquisition and Divestment fee

The Manager or its nominees are entitled to receive the following fees:

- (i) an acquisition fee not exceeding 0.75% and 1.0% of the acquisition price of any Authorised Investments (as defined in the Trust Deed) from Related Parties and all other acquisitions respectively, acquired directly or indirectly, through one or more Special Vehicles ("SPV"), pro-rated if applicable to the proportion of MGCCT's interest; and
- (ii) a divestment fee not exceeding 0.5% of the sale price of any Authorised Investments, sold or divested directly or indirectly through one or more SPVs, pro-rated if applicable to the proportion of MGCCT's interest.

The acquisition and disposal fee will be paid in the form of cash or/and Units and is payable as soon as practicable after completion of the acquisition and disposal respectively.

### (D) Fees under the Property Management Agreement

#### (i) Property management services

The Trustee will pay Mapletree Greater China Property Management Limited (the "Property Manager"), for each Fiscal Year (as defined in the Property Management Agreement), the following fees:

- 2.0% per annum of the gross revenue for the relevant property;
- 2.0% per annum of the net property income ("NPI") for the relevant property (calculated before accounting for the property management fee in that financial period); and
- where any service is provided by a third party service provider, the Property Manager will be entitled to receive a fee equal to 20% of all fees payable to such third party service provider for supervising and overseeing the services rendered by the third party service provider. Such services shall include, but not limited to, master planning work, retail planning work and environmental impact studies.

The property management fees will be paid in the form of cash or/and Units (as the Manager may in its sole discretion determine).

#### (ii) Marketing services

Under the Property Management Agreement, the Trustee will pay the Property Manager, the following commissions:

- up to 1 month's gross rent inclusive of service charge for securing a tenancy of 3 years or less;
- up to 2 months' gross rent inclusive of service charge for securing a tenancy of more than 3 years;
- up to 0.5 month's gross rent inclusive of service charge for securing a renewal of tenancy of 3 years or less; and
- up to 1 month's gross rent inclusive of service charge for securing a renewal tenancy of more than 3 years.

The Property Manager is not entitled to the marketing services commissions if such service is (i) performed by staff of the asset holding company or (ii) performed by third party service providers.

The marketing services commissions will be paid in the form of cash or/and Units (as the Manager may in its sole discretion determine).

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

### 1. GENERAL (continued)

#### (D) Fees under the Property Management Agreement (continued)

##### (iii) Project management services

The Trustee will pay the Property Manager a project management fee subject to:

- a limit of up to 3.0% of the total construction costs incurred for the development or redevelopment, the refurbishment, retrofitting and renovation works on a property; and
- an opinion issued by an independent quantity surveyor, to be appointed by the Trustee upon recommendation by the Manager, that the project management fee is within market norms and reasonable range.

The project management fees will be paid in the form of cash or/and Units (as the Manager may in its sole discretion determine).

##### (iv) Staff costs reimbursement

The Property Manager takes over the central management team of Festival Walk and also employs the persons to run the ice rink business of Festival Walk. The Property Manager is entitled to the following:

- reimbursement for the cost of employing the centre management team of Festival Walk and the persons to run the ice rink business of Festival Walk; and
- 3.0% of such employment cost.

The staff costs reimbursement will be paid in the form of cash.

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 Basis of preparation

The financial statements have been prepared in accordance with the Statement of Recommended Accounting Practice 7 ("RAP 7") "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants, the applicable requirements of the Code on Collective Investment Schemes ("CCIS") issued by the Monetary Authority of Singapore ("MAS") and the provisions of the Trust Deed. RAP 7 requires that accounting policies adopted should generally comply with the recognition and measurement principles of Singapore Financial Reporting Standards ("FRS").

These financial statements, which are expressed in Singapore Dollars and rounded to the nearest thousand, have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with RAP 7 requires Management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. Information about an area involving a higher degree of judgment, where assumptions and estimates are significant to the financial statements, is disclosed in Note 13 - Investment Properties. The assumptions and estimates were used by the independent valuers in arriving at their valuations.

##### *Interpretations and amendments to published standards effective in 2015*

On 1 April 2015, the Group adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the relevant transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the accounting policies of the Group and MGCCT and had no material effect on the amounts reported for the current or prior financial years.

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.2 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the rendering of services and is presented net of goods and services tax, rebates and discounts. The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

**(a) Rental income and service charge from operating leases**

Rental income and service charge from operating leases (net of any incentives given to the lessees) on investment properties are recognised on a straight-line basis over the lease term. Contingent rents, which include turnover rental income, are recognised as income in Statement of Total Return when earned.

**(b) Interest income**

Interest income is recognised on a time proportion basis using the effective interest method.

**(c) Dividend income**

Dividend income is recognised when the right to receive payment is established.

### 2.3 Expenses

**(a) Property operating expenses**

Property operating expenses are recognised on an accrual basis. Included in property operating expenses are Property Manager's fees which are based on the applicable formula stipulated in Note 1(D).

**(b) Management fees**

Management fees are recognised on an accrual basis using the applicable formula stipulated in Note 1(B).

**(c) Trustee's fees**

Trustee's fees are recognised on an accrual basis using the applicable formula stipulated in Note 1(A).

### 2.4 Borrowing costs

Borrowing costs are recognised in the Statements of Total Return using the effective interest method, except for those costs that are directly attributable to the construction or development of properties. This includes those costs on borrowings acquired specifically for the construction or development of properties, as well as those in relation to general borrowings used to finance the construction or development of properties.

The actual borrowing costs incurred during the financial period up to the issuance of the temporary occupation permit less any investment income on temporary investment of these borrowings, are capitalised in the cost of the property under development. Borrowing costs on general borrowings are capitalised by applying a capitalisation rate to construction or development expenditure that are financed by general borrowings.

### 2.5 Income tax

Taxation on the return for the financial period comprises current and deferred income tax. Income tax is recognised in the Statements of Total Return.

Current income tax for the current and prior periods is recognised at the amount expected to be paid or to be recovered from the tax authorities, using tax rates enacted or substantively enacted by the reporting date.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.5 Income tax (continued)

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investment in subsidiaries except where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

- (i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date; and
- (ii) based on the tax consequence that will follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amounts of its assets and liabilities except for investment properties. Investment property measured at fair value is presumed to be recovered entirely through sale.

Current and deferred income taxes are recognised as income or expense in the Statement of Total Return, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity.

Except for the tax exemption as described below, taxable income earned by the Trust will be subject to Singapore income tax at the Trustee level at the prevailing corporate tax rate.

The Trustee is exempted from Singapore income tax under Section 13(12) of the Singapore Income Tax Act ("SITA") on the dividend income from its subsidiaries in Cayman out of underlying rental income derived from the investment properties in Hong Kong SAR and PRC. This exemption is granted subject to certain conditions.

The Trustee is also exempted from Singapore income tax under Section 13(8) of the SITA on the dividends received from the Hong Kong Treasury Company provided that the underlying income is subject to profits tax in Hong Kong SAR and the highest rate of profits tax rate in Hong Kong SAR at the time the income is received in Singapore is not less than 15.0%.

The tax exemption also applies to dividend income from the Trust's subsidiaries out of gains, if any, derived from disposal of shares in the subsidiaries unless the gains are considered income of trade or business. Gains arising from the sales in subsidiaries, if considered to be trading gains, will be assessed to tax, currently at 17%, on the Trust under Section 10(1)(a) of the SITA.

Any return of capital received by the Trust from these subsidiaries is capital in nature and hence, is not taxable in the hands of the Trustee.

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.6 Group accounting

#### (a) Subsidiaries

##### (i) Consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on that control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

##### (ii) Acquisitions

The acquisition method of accounting is used to account for business combinations by the Group.

The consideration transferred for the acquisition of a subsidiary comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill.

##### (iii) Disposals

When a change in MGCCT's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised.

Any retained interest in the entity is re-measured at fair value. The difference between the carrying amount of the retained investment at the date when control is lost and its fair value is recognised in the Statements of Total Return.

Please refer to the paragraph "Investments in subsidiaries", for the accounting policy on investments in subsidiaries (Note 2.7) in the separate financial statements of MGCCT.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.7 Investments in subsidiaries

Investments in subsidiaries are stated at cost less accumulated impairment losses (Note 2.10) in MGCCT's Statement of Financial Position. On disposal of investments in subsidiaries, the difference between net disposal proceeds and the carrying amount of the investment are recognised in the Statements of Total Return.

#### 2.8 Investment properties

Investment properties are properties held either to earn rental income and/or capital appreciation.

Investment properties are accounted for as non-current assets and initially recognised at cost on acquisition, and subsequently carried at fair value. Fair values are determined in accordance with the Trust Deed, which requires the investment properties to be valued by independent registered valuers at least once a year, in accordance with CCIS. Changes in fair values are recognised in the Statements of Total Return.

Investment properties are subject to renovations or improvement from time to time. The cost of major renovations and improvement are capitalised and the carrying amounts of the replaced components are written off to the Statements of Total Return. The costs of maintenance, repairs and minor improvements are recognised in the Statements of Total Return when incurred.

On disposal of an investment property, the difference between the net disposal proceeds and the carrying amount is taken to the Statements of Total Return.

If an investment property becomes substantially owner-occupied, it is reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its cost for accounting purposes.

#### 2.9 Plant and equipment

##### (a) Measurement

All plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

The cost of an item of plant and equipment includes its purchase price and any costs that are directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by Management.

##### (b) Depreciation

Depreciation on plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives. The estimated useful lives are as follows:

	<u>Useful lives</u>
Computer equipment	5 years
Other fixed assets	3 to 5 years

The residual values and estimated useful lives of plant and equipment are reviewed, and adjusted as appropriate, at each reporting date. The effects of any revision are included in the Statements of Total Return for the financial period in which the changes arise.

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.9 Plant and equipment (continued)

#### (c) *Subsequent expenditure*

Subsequent expenditure relating to plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Group and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial period in which it is incurred.

#### (d) *Disposal*

On disposal of an item of plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to the Statements of Total Return.

### 2.10 Impairment of non-financial assets

#### *Plant and equipment*

#### *Investments in subsidiaries*

Plant and equipment and investments in subsidiaries are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the Cash Generating Unit ("CGU") to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The difference between the carrying amount and recoverable amount is recognised as an impairment loss in the Statements of Total Return.

An impairment loss for an asset is reversed only if, there has been a change in the estimates used to determine the asset's recoverable amount or if there is a change in the events that had given rise to the impairment since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior financial period. A reversal of impairment loss for an asset is recognised in the Statements of Total Return.

### 2.11 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost represents average unit cost of purchase and net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

### 2.12 Financial assets

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the reporting date, which are presented as non-current assets. Loans and receivables are presented as "cash and bank balances", "trade and other receivables" (except for accrued revenue), and "other current assets" (except for prepayments) on the Statements of Financial Position.

These financial assets are initially recognised at fair value plus transaction costs and subsequently carried at amortised cost using the effective interest method, less accumulated impairment losses.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.12 Financial assets (continued)

The Group assesses at each reporting date whether there is objective evidence that these financial assets are impaired and recognises an allowance for impairment when such evidence exists.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in the Statements of Total Return.

The impairment allowance is reduced through the Statements of Total Return in a subsequent financial period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior financial periods.

#### 2.13 Cash and cash equivalents

Cash and cash equivalents include cash balances and deposits with financial institutions.

#### 2.14 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the reporting date, in which case they are presented as non-current liabilities.

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Statements of Total Return over the period of the borrowings using the effective interest method.

#### 2.15 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially measured at fair value, and subsequently at amortised cost, using the effective interest method.

#### 2.16 Derivative financial instruments and hedging activities

The Group uses derivative financial instruments such as interest rate swaps, cross currency interest rate swaps and forward foreign currency contracts to hedge its exposure to interest rate risks and currency risks arising from operational, financing and investment activities. In accordance with its treasury policy, which is in line with the CCIS, the Group does not hold or issue derivative financial instruments for trading purposes.

Derivative financial instruments are recognised initially at fair value on the date the contracts are entered into and are subsequently carried at their fair value.

The Group documents at the inception of the transaction the relationship between the hedging instruments and hedged items, as well as its risk management objective and strategies for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives designated as hedging instruments are highly effective in offsetting changes in cash flows of the hedged items.

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.16 Derivative financial instruments and hedging activities (continued)

The carrying amount of a derivative designated as a hedge is presented as a non-current asset or liability if the remaining expected life of the hedged item is more than 12 months and as a current asset or liability if the remaining expected life of the hedged item is less than 12 months.

#### (a) Cash flow hedge

##### (i) Interest rate swaps

The Group has entered into interest rate swaps that are cash flow hedges for the Group's exposure to interest rate risk on its borrowings. These contracts entitle the Group to receive interest at floating rates on notional principal amounts and oblige the Group to pay interest at fixed rates on the same notional principal amounts, thus allowing the Group to raise borrowings at floating rates and swap them into fixed rates.

The fair value changes on the effective portion of interest rate swaps designated as cash flow hedges are recognised in the hedging reserve and transferred to the Statements of Total Return when the interest expense on the borrowings is recognised in the Statements of Total Return. The fair value changes on the ineffective portion of interest rate swaps are recognised immediately in the Statements of Total Return.

##### (ii) Cross currency interest rate swaps

The Group has entered into cross currency interest rate swaps that are cash flow hedges and are used to reduce the Group's exposure to interest rate risk and currency risk on its borrowings and interest.

The fair value changes on the effective portion of cross currency interest rate swaps designated as cash flow hedges are recognised in the hedging reserve and transferred to the Statements of Total Return when the interest expense on the borrowings or the exchange differences arising from the translation of the borrowings is recognised in the Statements of Total Return. The fair value changes on the ineffective portion of cross currency interest rate swaps are recognised immediately in the Statements of Total Return.

##### (iii) Forward currency contracts

MGCCT has entered into forward currency contracts that qualify as cash flow hedges at MGCCT level against highly probable forecasted transactions in foreign currencies.

The fair value changes on the effective portion of the forward currency contracts designated as a cash flow hedges are recognised in the hedging reserve and transferred to the Statements of Total Return when the hedged forecast transactions are recognised. The fair value changes on the ineffective portion of currency forwards are recognised immediately to the Statements of Total Return.

#### (b) Derivatives that are not designated or do not qualify for hedge accounting

Fair value changes on these derivatives, as well as the forward currency contracts which do not qualify for hedge accounting at Group level, are recognised in the Statements of Total Return when the changes arise.

### 2.17 Fair value estimation of financial assets and liabilities

The carrying amounts of current financial assets and liabilities carried at amortised cost approximate their fair values.

The fair values of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) are determined by using valuation techniques. The fair values of forward currency contracts are determined using actively quoted forward currency rates at the reporting date. The fair values of interest rate swaps and cross currency interest rate swaps are calculated as the present value of the estimated future cash flows, discounted at actively quoted interest rates.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.18 Operating leases

##### *When the Group is a lessor:*

Leases of investment properties where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in the Statements of Total Return on a straight-line basis over the period of the lease.

#### 2.19 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event where it is probable that such obligation will result in an outflow of economic benefits that can be reasonably estimated.

#### 2.20 Currency translation

##### (a) *Functional and presentation currency*

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements are presented in Singapore Dollars, which is MGCCT's functional currency.

##### (b) *Transactions and balances*

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Currency translation gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the reporting date are recognised in the Statements of Total Return, except for currency translation differences on the net investment in foreign operations, borrowings in foreign currencies and other currency instruments qualifying as net investment hedges for foreign operations, which are included in the foreign currency translation reserve within the Statements of Movements in Unitholders' Funds of the Group.

##### (c) *Translation of Group entities' financial statements*

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) Assets and liabilities are translated at the closing rates at the reporting date;
- (ii) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and
- (iii) All resulting exchange differences are taken to the foreign currency translation reserve within the Statements of Movements in Unitholders' Funds.

##### (d) *Consolidation adjustments*

On consolidation, currency translation differences arising from the net investment in foreign operations, borrowings in foreign currencies, and other currency instruments designated as hedges of such investments, are taken to the foreign currency translation reserve. When a foreign operation is sold, such currency translation differences recorded in the foreign currency translation reserve are recognised in the Statements of Total Return as part of the gain or loss on sale.

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.21 Units and unit issuance expenses

Proceeds from the issuance of Units in MGCCT are recognised as Unitholders' funds. Incremental costs directly attributable to the issuance of new Units are deducted directly from the net assets attributable to the Unitholders.

### 2.22 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to Management who is responsible for allocating resources and assessing performance of the operating segments.

### 2.23 Distribution policy

MGCCT's distribution policy is to distribute, on a semi-annual basis, at least 90.0% of its distributable income, comprising substantially its income from the letting of its properties and related property services income after deduction of allowable expenses and allowances, and of its tax-exempt income (if any).

## 3. GROSS REVENUE

	GROUP	
	2016 S\$'000	2015 S\$'000
Rental income	<b>285,320</b>	236,091
Service charges	<b>7,778</b>	7,121
Other operating income	<b>43,540</b>	37,932
	<b>336,638</b>	281,144

The turnover rental income recognised as revenue during the financial year was S\$15,088,000 (2015: S\$12,643,000).

Other operating income comprises car park revenue and other income attributable to the operations of the properties, such as additional air-conditioning and chilled water charges, ice rink income, rental from event space, and refuse compactor charge.

## 4. PROPERTY OPERATING EXPENSES

	GROUP	
	2016 S\$'000	2015 S\$'000
Staff costs (including defined contribution plans)	<b>13,274</b>	12,185
Utilities and property maintenance	<b>13,730</b>	11,753
Marketing and promotion expenses	<b>4,983</b>	4,798
Professional fees	<b>934</b>	659
Property and other taxes	<b>9,195</b>	8,421
Property and lease management fees	<b>13,503</b>	10,808
Other operating expenses	<b>3,553</b>	3,210
	<b>59,172</b>	51,834

The Group's daily operations and administrative functions are provided by the Manager and Property Manager. Staff costs include reimbursements paid/payable to the Property Manager in respect of agreed employee expenditure incurred by the Property Manager for providing its services as provided in the Property Management Agreement.

All of the Group's investment properties generate rental income and the above expenses are direct operating expenses arising therefrom.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

### 5. OTHER TRUST EXPENSES

	GROUP		MGCCT	
	2016 S\$'000	2015 S\$'000	2016 S\$'000	2015 S\$'000
Consultancy and professional fees	<b>369</b>	318	<b>74</b>	66
Valuation fees	<b>32</b>	25	-	-
Other trust expenses	<b>1,818</b>	2,168	<b>1,303</b>	1,626
	<b>2,219</b>	2,511	<b>1,377</b>	1,692

Total fees to auditors included in other trust expenses are as follows:

	GROUP		MGCCT	
	2016 S\$'000	2015 S\$'000	2016 S\$'000	2015 S\$'000
Auditors' remuneration	<b>271</b>	256	<b>46</b>	36
Non-audit fees	<b>64</b>	90	-	-
	<b>335</b>	346	<b>46</b>	36

Auditors of the Group comprised of the network of member firms of PricewaterhouseCoopers International Limited and KPMG.

### 6. FINANCE COSTS

	GROUP	
	2016 S\$'000	2015 S\$'000
Interest expense	<b>46,970</b>	31,926
Cash flow hedges, reclassified from hedging reserve (Note 19)	<b>9,916</b>	1,646
Financing fees*	<b>8,122</b>	7,270
	<b>65,008</b>	40,842

\* Includes legal fees of S\$79,000 (2015: S\$100,000).

### 7. INCOME TAX

#### (a) Income tax expense

	GROUP		MGCCT	
	2016 S\$'000	2015 S\$'000	2016 S\$'000	2015 S\$'000
Tax expense attributable to current financial year's results is made up of:				
Current income tax				
- Singapore	<b>35</b>	12	<b>35</b>	12
- Foreign	<b>15,138</b>	13,599	-	-
	<b>15,173</b>	13,611	<b>35</b>	12
Withholding tax - Foreign	<b>8,758</b>	7,626	-	-
	<b>23,931</b>	21,237	<b>35</b>	12
Deferred tax (Note 18)	<b>13,878</b>	12,582	-	-
	<b>37,809</b>	33,819	<b>35</b>	12
Under provision in preceding financial years				
Current income tax - Foreign	<b>34</b>	-	-	-
	<b>37,843</b>	33,819	<b>35</b>	12

**7. INCOME TAX** (continued)**(a) Income tax expense** (continued)

The income tax expense on the results for the financial year differs from the amount that would arise using the Singapore standard rate of income tax due to the following:

	GROUP		MGCCT	
	2016 S\$'000	2015 S\$'000	2016 S\$'000	2015 S\$'000
Total return for the financial year before income tax	<b>465,944</b>	353,218	<b>139,017</b>	132,624
Tax calculated at a tax rate of 17% (2015: 17%)	<b>79,210</b>	60,047	<b>23,633</b>	22,546
Effects of:				
- Expenses not deductible for tax purposes	<b>5,114</b>	6,573	<b>4,496</b>	4,285
- Income not subject to tax	<b>(7,715)</b>	(272)	-	-
- Gain on revaluation of investment properties not subject to tax	<b>(28,484)</b>	(22,140)	-	-
- Income not subject to tax due to tax transparency ruling (Note 2.5)	-	-	<b>(28,094)</b>	(26,819)
- Recognition of tax losses previously unrecognised	<b>(2,698)</b>	-	-	-
- Different tax rates in other countries	<b>(7,455)</b>	(10,356)	-	-
- Others	<b>(129)</b>	(33)	-	-
Tax charge	<b>37,843</b>	33,819	<b>35</b>	12

**(b) Movements in current income tax liabilities**

	GROUP		MGCCT	
	2016 S\$'000	2015 S\$'000	2016 S\$'000	2015 S\$'000
Beginning of the financial year	<b>34,769</b>	35,496	<b>20</b>	8
Income tax paid	<b>(21,252)</b>	(26,626)	-	-
Tax expense	<b>23,931</b>	21,237	<b>35</b>	12
Utilisation of tax benefits (Note 18(a))	<b>(1,527)</b>	-	-	-
Under provision in preceding financial years	<b>34</b>	-	-	-
Translation differences on consolidation	<b>(698)</b>	4,662	-	-
End of the financial year	<b>35,257</b>	34,769	<b>55</b>	20

**8. EARNINGS PER UNIT**

The calculation of basic earnings per unit is based on:

	GROUP		MGCCT	
	2016	2015	2016	2015
Total return attributable to Unitholders of MGCCT (S\$'000)	<b>428,101</b>	319,399	<b>138,982</b>	132,612
Weighted average number of units outstanding during the financial year ('000)	<b>2,739,167</b>	2,704,274	<b>2,739,167</b>	2,704,274
Basic and diluted earnings per unit (cents)	<b>15.629</b>	11.811	<b>5.074</b>	4.904

Diluted earnings per unit is the same as the basic earnings per unit as there are no dilutive instruments in issue during the financial year.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

### 9. CASH AND BANK BALANCES

	GROUP		MGCCT	
	2016 S\$'000	2015 S\$'000	2016 S\$'000	2015 S\$'000
Cash at bank and on hand	<b>191,975</b>	113,110	<b>90,861</b>	75,588
Short-term bank deposits	<b>14,132</b>	12,000	-	12,000
	<b>206,107</b>	125,110	<b>90,861</b>	87,588

Short-term bank deposits at the reporting date have a weighted average maturity of 6 (2015: 13) days from the end of the financial year. The effective interest rate at the reporting date is 1.35% (2015: 0.45%) per annum.

Included in S\$206,107,000 was a cash receipt of RMB213,384,000 (equivalent to S\$45,205,000), which was released from the People's Republic of China ("PRC") courts to a subsidiary company HK Gateway Plaza Company Limited ("HKGW"), relating to the resolution of the Litigation Action in the PRC courts between Beijing Bestride Real Estate Development Co. Ltd. and HKGW in favour of HKGW, as had been disclosed in the SGXNet Announcement dated 4 August 2015. This cash amount of RMB213,384,000 (equivalent to S\$45,205,000) is due to be repaid to a related party, Mapletree India China Fund Ltd which has been included in Note 16.

There is a balance of RMB51,476,000 (equivalent to S\$10,905,000) which continues to be held by the PRC courts pending a damages claim against Beijing Bestride Real Estate Development Co. Ltd. arising from the resolution of the Litigation Action.

Details of the Litigation Action can be found in pages 53-55 and 237 of MGCCT's IPO Prospectus dated 27 February 2013.

#### Acquisition of subsidiaries

On 17 June 2015, the Group acquired 100% of equity interest in Glamour II Limited and its subsidiaries ("Glamour Group") for purchase consideration of S\$412,972,000, which was fully funded by borrowings.

The principal activity of Glamour Group is that of property investment.

The cash flow and the net assets of subsidiaries acquired are provided below:

	Glamour Group S\$'000
<b>2016</b>	
<b>Group</b>	
Plant and equipment	<b>107</b>
Investment properties	<b>407,246</b>
Current assets	<b>21,008</b>
Current liabilities	<b>(10,638)</b>
Borrowings	<b>(76,332)</b>
Net assets acquired	<b>341,391</b>
Less:	
Cash and cash equivalents in subsidiaries acquired	<b>(18,955)</b>
<b>Cash outflow on acquisition of subsidiaries</b>	<b>322,436</b>

**10. TRADE AND OTHER RECEIVABLES**

	GROUP		MGCCT	
	2016 S\$'000	2015 S\$'000	2016 S\$'000	2015 S\$'000
Trade receivables	<b>819</b>	1,853	<b>368</b>	323
Amounts due from subsidiaries (non-trade)	-	-	<b>3,538</b>	11,655
Accrued revenue	<b>9,532</b>	8,579	-	-
Other receivables	<b>389</b>	651	<b>1</b>	12
	<b>10,740</b>	11,083	<b>3,907</b>	11,990

The amounts due from subsidiaries are unsecured, interest-free and repayable on demand.

**11. OTHER CURRENT ASSETS**

	GROUP		MGCCT	
	2016 S\$'000	2015 S\$'000	2016 S\$'000	2015 S\$'000
Deposits	<b>62</b>	59	-	-
Prepayments	<b>823</b>	737	-	2
	<b>885</b>	796	-	2

**12. DERIVATIVE FINANCIAL INSTRUMENTS**

	Maturity	GROUP		
		Contract notional amount S\$'000	Fair value Assets S\$'000	Liabilities S\$'000
<b>2016</b>				
Cash flow hedges:				
Interest rate swaps (current)	March 2017	734,025	-	<b>(2,636)</b>
Interest rate swaps (non-current)	July 2018 - March 2019	517,380	-	<b>(3,305)</b>
Cross currency interest rate swaps (non-current)	March 2020 - March 2023	505,406	<b>6,419</b>	<b>(10,385)</b>
Non-hedging instruments:				
Currency forwards (current)	June 2016 - December 2016	80,153	<b>3,166</b>	<b>(2)</b>
			<b>9,585</b>	<b>(16,328)</b>
Represented by:				
Current position			<b>3,166</b>	<b>(2,638)</b>
Non-current position			<b>6,419</b>	<b>(13,690)</b>
<b>2015</b>				
Cash flow hedges:				
Interest rate swaps (current)	March 2016	713,138	-	(262)
Interest rate swaps (non-current)	March 2017	734,479	-	(5,408)
Cross currency interest rate swaps (non-current)	September 2021 - March 2022	175,000	-	(14,106)
Non-hedging instruments:				
Currency forwards (current)	April 2015 - March 2016	170,685	-	(10,211)
			-	(29,987)
Represented by:				
Current position			-	(10,473)
Non-current position			-	(19,514)

At 31 March 2016, the fixed interest rates on interest rate swaps vary from 1.15% to 3.70% (2015: 0.54% to 1.21%) per annum and the floating rate vary from 0.40% to 2.80% (2015: 0.39%) per annum. The fixed interest rates on cross currency interest rate swaps vary from 2.72% to 3.58% (2015: 3.25% to 3.58%) per annum.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

### 12. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

	Maturity	MGCCT		
		Contract notional amount S\$'000	Fair value	
			Assets S\$'000	Liabilities S\$'000
<b>2016</b>				
Cash flow hedges:				
Currency forwards (current)	June 2016 - December 2016	80,153	<b>3,166</b>	<b>(2)</b>
<b>2015</b>				
Cash flow hedges:				
Currency forwards (current)	April 2015 - March 2016	170,685	-	(10,211)

#### Periods when the cash flows on cash flow hedges are expected to occur or affect Statements of Total Return

##### (a) Interest rate swaps

Interest rate swaps are transacted to hedge variable quarterly interest payments on borrowings that will mature on the respective maturity dates. Fair value changes on the interest rate swaps recognised in the hedging reserve are reclassified to the Statements of Total Return as part of finance expense over the period of the borrowings.

##### (b) Cross currency interest rate swaps

Cross currency interest rate swaps are transacted to hedge:

- (i) variable quarterly foreign currency interest payments on borrowings that will mature on the respective maturity dates;
- (ii) semi-annual foreign currency interest payments on borrowings that will mature on the respective maturity dates; and
- (iii) foreign currency principal payments at maturity of the borrowings.

Fair value changes on the cross currency interest rate swaps recognised in the hedging reserve are reclassified to the Statements of Total Return as part of finance expense and exchange differences over the period of the borrowings.

##### (c) Currency forwards

At MGCCT level, fair value changes on currency forwards are recognised in the hedging reserve and transferred to the Statement of Total Return when the hedged forecast transactions are recognised.

#### Fair value changes on non-hedging instruments

At Group level, fair value changes on currency forwards are recognised in the Statements of Total Return when the changes arise.

### 13. INVESTMENT PROPERTIES

	GROUP	
	2016 S\$'000	2015 S\$'000
Beginning of the financial year	<b>5,349,298</b>	4,722,070
Acquisition of subsidiaries	<b>407,246</b>	-
Additions	<b>12,855</b>	4,974
Fair value changes	<b>239,921</b>	196,383
Translation difference on consolidation	<b>(86,863)</b>	425,871
End of the financial year	<b>5,922,457</b>	5,349,298

Details of the properties are shown in the Portfolio Statement.

**13. INVESTMENT PROPERTIES** (continued)**Fair value hierarchy**

	Fair value measurements at end of financial year using		
	Quoted prices in active markets for identical assets Level 1 S\$'000	Significant other observable inputs Level 2 S\$'000	Significant other unobservable inputs Level 3 S\$'000
<b>2016</b>			
Recurring fair value measurements			
Investment properties			
- Commercial property in Hong Kong SAR	-	-	<b>4,253,079</b>
- Commercial properties in PRC	-	-	<b>1,669,378</b>
<b>2015</b>			
Recurring fair value measurements			
Investment properties			
- Commercial property in Hong Kong SAR	-	-	4,077,871
- Commercial property in PRC	-	-	1,271,427

**Reconciliation of movements in Level 3 fair value measurements**

	Hong Kong SAR S\$'000	PRC S\$'000
<b>2016</b>		
Beginning of the financial year	<b>4,077,871</b>	<b>1,271,427</b>
Acquisitions of subsidiaries	-	<b>407,246</b>
Additions	<b>5,763</b>	<b>7,092</b>
Fair value changes	<b>172,633</b>	<b>67,288</b>
Translation differences on consolidation	<b>(3,188)</b>	<b>(83,675)</b>
End of the financial year	<b>4,253,079</b>	<b>1,669,378</b>
<b>2015</b>		
Beginning of the financial year	3,608,930	1,113,140
Additions	3,692	1,282
Fair value changes	134,180	62,203
Translation differences on consolidation	331,069	94,802
End of the financial year	4,077,871	1,271,427

There were no changes in valuation techniques during the year.

**Valuation techniques used to derive Level 3 fair values**

Level 3 fair values of the Group's properties have been generally derived using the term and reversion method and discounted cash flow method. The term and reversion method and discounted cash flow method involve the estimation of income and expenses, taking into account expected future changes in economic and social conditions, which may affect the value of the properties.

Valuation techniques	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Term and reversion approach	Term and reversion rate	4.5% - 6.5% (2015: 4.5% - 6.5%) per annum	The higher the term and reversion rate, the lower the fair value.
Discounted cash flow approach	Discount rate	8.0% - 10.5% (2015: 7.75% - 8.5%) per annum	The higher the discount rate, the lower the fair value.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

### 13. INVESTMENT PROPERTIES (continued)

#### Valuation processes of the Group

The Group engages external, independent and qualified valuers to determine the fair value of the Group's properties at the end of every financial year based on the properties' highest and best use. As at 31 March 2016, the fair values of the properties have been determined by Colliers International (Hong Kong) Limited (2015: Cushman & Wakefield Valuation Advisory Services (HK) Ltd).

### 14. PLANT AND EQUIPMENT

	Computer equipment S\$'000	Other fixed assets S\$'000	Total S\$'000
<b>Group</b>			
<b>2016</b>			
<i>Cost</i>			
Beginning of the financial year	1,349	596	1,945
Acquisition of subsidiaries	56	51	107
Additions	145	557	702
Disposals/Write-offs	-	(5)	(5)
Translation difference on consolidation	(2)	(2)	(4)
End of the financial year	1,548	1,197	2,745
<i>Accumulated depreciation</i>			
Beginning of the financial year	864	78	942
Depreciation charge	276	187	463
Disposals/Write-offs	-	(5)	(5)
Translation difference on consolidation	(2)	(2)	(4)
End of the financial year	1,138	258	1,396
<b>Net book value</b>			
<b>End of the financial year</b>	<b>410</b>	<b>939</b>	<b>1,349</b>
<b>2015</b>			
<i>Cost</i>			
Beginning of the financial year	969	251	1,220
Additions	294	380	674
Disposals/Write-offs	-	(57)	(57)
Translation difference on consolidation	86	22	108
End of the financial year	1,349	596	1,945
<i>Accumulated depreciation</i>			
Beginning of the financial year	378	61	439
Depreciation charge	422	64	486
Disposals/Write-offs	-	(57)	(57)
Translation difference on consolidation	64	10	74
End of the financial year	864	78	942
<b>Net book value</b>			
<b>End of the financial year</b>	<b>485</b>	<b>518</b>	<b>1,003</b>

## 15. INVESTMENTS IN SUBSIDIARIES

	MGCCT	
	2016 S\$'000	2015 S\$'000
Equity investments at cost	<b>1,075,836</b>	799,285
Loans to subsidiaries	<b>1,312,520</b>	1,601,002
	<b>2,388,356</b>	2,400,287

The loans to subsidiaries are unsecured, interest-free with no fixed repayment terms and are intended to be a long-term source of additional capital for the subsidiaries. Settlement of these loans is neither planned nor likely to occur in the foreseeable future.

As a result, the Manager considers these loans to be part of the Company's net investment in the subsidiaries and has accounted for these loans in accordance with Note 2.7.

The Group has the following significant subsidiaries as at 31 March 2016 and 31 March 2015:

Name of subsidiary	Principal activities	Country of business/ incorporation	Proportion of ordinary shares directly held by parent		Proportion of ordinary shares held by the Group	
			2016 %	2015 %	2016 %	2015 %
Festival Walk (2011) Limited <sup>(a)</sup>	Property investment	Hong Kong SAR	<b>100</b>	100	<b>100</b>	100
HK Gateway Plaza Company Limited <sup>(b)</sup>	Property investment	Hong Kong SAR	<b>100</b>	100	<b>100</b>	100
Shanghai Zhan Xiang Real Estate Company Limited <sup>(c)</sup>	Property investment	People's Republic of China	<b>100</b>	-	<b>100</b>	-

<sup>(a)</sup> Audited by PricewaterhouseCoopers, Hong Kong

<sup>(b)</sup> Audited by KPMG, Hong Kong

<sup>(c)</sup> Audited by PricewaterhouseCoopers Zhong Tian

## 16. TRADE AND OTHER PAYABLES

	GROUP		MGCCT	
	2016 S\$'000	2015 S\$'000	2016 S\$'000	2015 S\$'000
<b>Current</b>				
Trade payables	<b>5,027</b>	6,567	-	4
Accrued operating expenses	<b>31,909</b>	23,648	<b>12,669</b>	10,706
Amounts due to subsidiaries (non-trade)	-	-	<b>55</b>	55
Amounts due to related parties (trade)	<b>3,086</b>	3,051	<b>22</b>	77
Amount due to a related party (non-trade) (Note 9)	<b>45,205</b>	-	-	-
Tenancy deposits and advance rental	<b>51,575</b>	38,376	-	-
Other deposits	<b>1,164</b>	506	-	-
Interest payable	<b>7,064</b>	2,616	-	-
Other payables	<b>2,089</b>	1,582	-	-
	<b>147,119</b>	76,346	<b>12,746</b>	10,842
<b>Non-current</b>				
Tenancy deposits and advance rental	<b>62,387</b>	66,384	-	-
	<b>209,506</b>	142,730	<b>12,746</b>	10,842

The amounts due to subsidiaries and related parties are unsecured, interest-free and repayable on demand.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

### 17. BORROWINGS

	GROUP	
	2016 S\$'000	2015 S\$'000
<b>Current</b>		
Bank loans	<b>464,512</b>	276,790
Unamortised transaction costs	<b>(2,128)</b>	(3,128)
	<b>462,384</b>	273,662
<b>Non-current</b>		
Bank loans	<b>1,474,723</b>	1,447,618
Unamortised transaction costs	<b>(6,421)</b>	(9,133)
	<b>1,468,302</b>	1,438,485
Medium-term notes	<b>492,746</b>	272,816
Unamortised transaction costs	<b>(1,171)</b>	(1,000)
	<b>491,575</b>	271,816
	<b>1,959,877</b>	1,710,301
	<b>2,422,261</b>	1,983,963

**(a) The above unsecured borrowings consist of:**

- (i) Bank loans that mature between 2016 and 2021 (2015: 2015 and 2018). The weighted average effective interest rate of the bank loans at the reporting date was 1.98% (2015: 1.70%) per annum.
- (ii) Medium-term notes that mature between 2020 and 2023 (2015: 2020 and 2022). The weighted average effective interest rate of the medium-term notes at the reporting date was 3.39% (2015: 3.14%) per annum.

**(b) Interest rate risks**

The exposure of the borrowings of the Group to interest rate changes and the contractual repricing dates at the reporting dates (before taking into account the derivatives to swap the floating rates to fixed rates) are as follows:

	Variable rates less than 6 months S\$'000	Fixed rates 1 to 5 years S\$'000	Fixed rates more than 5 years S\$'000	Total S\$'000
<b>Group</b>				
<b>2016</b>				
Borrowings	<b>1,930,686</b>	<b>97,495</b>	<b>394,080</b>	<b>2,422,261</b>
<b>2015</b>				
Borrowings	1,712,147	97,497	174,319	1,983,963

**(c) Carrying amounts and fair values**

The carrying amount of the current and non-current bank loans, which are at variable market rates, approximate their fair values at the reporting date.

The fair value of the non-current fixed-rate medium-term notes is S\$497,286,000 (2015: S\$273,160,000), of which Nil (2015: S\$175,344,000) is within Level 1 of the fair value hierarchy. S\$497,286,000 (2015: S\$97,816,000) is within Level 2 of the fair value hierarchy, which is determined from adjusted quoted prices or cash flow analysis discounted at market borrowing rates of equivalent instruments of 2.44% (2015: 2.80%) at the reporting date at which the Manager expects is available to the Group.

**17. BORROWINGS** (continued)**(d) Medium-term notes**

In May 2013, the Group established a US\$1,500,000,000 Euro Medium Term Securities Programme (“MTN Programme”) via its subsidiaries, Mapletree Greater China Commercial Trust Treasury Company (S) Pte. Ltd. and Mapletree Greater China Commercial Treasury Company (HKSAR) Limited, together with the MGCCT Trustee, collectively, the “Issuers”. Under the MTN Programme, the Issuers may, subject to compliance with all relevant laws, regulations and directives, from time to time issue notes or perpetual securities in series or tranches in Singapore Dollars or any other currency (“MTN”).

Each series or tranche of notes may be issued in various amounts and tenors, and may bear fixed, floating or variable rates of interest. Hybrid notes or zero coupon notes may also be issued under the MTN Programme.

The MTN shall constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuers and rank pari passu and without any preference among themselves and equally with all other unsecured obligations of the Issuers, from time to time outstanding. All sums payable in respect of the notes will be unconditionally and irrevocably guaranteed by DBS Trustee Limited, in its capacity as Trustee of MGCCT.

Total notes outstanding as at 31 March 2016 under the MTN Programme is S\$492,746,000 (2015: S\$272,816,000) Fixed Rate Notes consisting of:

- (i) S\$75.0 million (2015: S\$75.0 million) that matures on 8 September 2021 and bears an interest of 3.20% per annum payable semi-annually in arrears;
- (ii) HK\$550.0 million (2015: HK\$550.0 million) that matures on 11 February 2020 and bears an interest of 2.80% per annum payable quarterly in arrears;
- (iii) S\$100.0 million (2015: S\$100.0 million) that matures on 9 March 2022 and bears an interest of 3.43% per annum payable semi-annually in arrears;
- (iv) S\$100.0 million (2015: Nil) that matures on 9 November 2022 and bears an interest of 3.96% per annum payable semi-annually in arrears; and
- (v) S\$120.0 million (2015: Nil) that matures on 22 March 2023 and bears an interest of 3.50% per annum payable semi-annually in arrears.

**(e) Undrawn committed borrowing facilities**

	GROUP	
	2016 S\$'000	2015 S\$'000
Expiring within one year	-	247,771
Expiring beyond one year	<b>168,506</b>	-

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

### 18. DEFERRED TAX

#### (a) Deferred tax assets

	GROUP	
	2016 S\$'000	2015 S\$'000
Beginning of the financial year	-	-
Tax credit to Statements of Total Return (Note 7(a))	2,698	-
Utilisation of tax benefits (Note 7(b))	(1,527)	-
Tax credit to hedging reserve (Note 19)	392	-
Translation difference on consolidation	(30)	-
End of the financial year	1,533	-

The movement in deferred income tax assets prior to offsetting of balances within the same tax jurisdiction is as follows:

	Change in fair value of derivative financial instruments S\$'000	Tax losses S\$'000	Total S\$'000
<b>Group</b>			
<b>2016</b>			
Beginning of the financial year	-	-	-
Tax credit to Statements of Total Return (Note 7(a))	-	2,698	2,698
Utilisation of tax benefits (Note 7(b))	-	(1,527)	(1,527)
Tax credit to hedging reserve (Note 19)	392	-	392
Translation difference on consolidation	-	(30)	(30)
End of the financial year	392	1,141	1,533

Deferred tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. A subsidiary of the Group had unutilised tax losses of approximately S\$4,562,000 (2015: Nil) at the reporting date which can be carried forward and used to offset against its future taxable income. Tax losses incurred by the subsidiary can be carried forward for a period of up to five years subsequent to the year of the loss.

#### (b) Deferred tax liabilities

	GROUP	
	2016 S\$'000	2015 S\$'000
Beginning of the financial year	36,428	25,256
Tax charge to Statements of Total Return (Note 7(a))	16,576	12,582
Tax charge/(credit) to hedging reserve (Note 19)	1,887	(4,454)
Translation difference on consolidation	(926)	3,044
End of the financial year	53,965	36,428

**18. DEFERRED TAX** (continued)**(b) Deferred tax liabilities** (continued)

The movement in deferred income tax liabilities prior to offsetting of balances within the same tax jurisdiction is as follows:

	Accelerated tax depreciation S\$'000	Change in fair value of investment properties S\$'000	Change in fair value of derivative financial instruments S\$'000	Total S\$'000
<b>Group</b>				
<b>2016</b>				
Beginning of the financial year	28,221	11,470	(3,263)	36,428
Tax charge to Statements of Total Return (Note 7(a))	6,986	9,590	-	16,576
Tax charge to hedging reserve (Note 19)	-	-	1,887	1,887
Translation difference on consolidation	(44)	(882)	-	(926)
End of the financial year	35,163	20,178	(1,376)	53,965
<b>2015</b>				
Beginning of the financial year	19,648	4,417	1,191	25,256
Tax charge to Statements of Total Return (Note 7(a))	6,362	6,220	-	12,582
Tax credit to hedging reserve (Note 19)	-	-	(4,454)	(4,454)
Translation difference on consolidation	2,211	833	-	3,044
End of the financial year	28,221	11,470	(3,263)	36,428

**19. HEDGING RESERVE**

	GROUP		MGCCT	
	2016 S\$'000	2015 S\$'000	2016 S\$'000	2015 S\$'000
Beginning of the financial year	(6,674)	6,027	(5,214)	(2,128)
Fair value changes	(48)	(28,639)	3,164	(10,211)
Tax (charge)/credit (Note 18)	(1,495)	4,454	-	-
Reclassification to Statement of Total Return				
- Finance expenses (Note 6)	9,916	1,646	-	-
- Exchange differences	(1,043)	9,838	-	-
- Dividend income	-	-	5,214	7,125
End of the financial year	656	(6,674)	3,164	(5,214)

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

### 20. UNITS IN ISSUE

	GROUP AND MGCCT	
	2016 '000	2015 '000
Beginning of the financial year	<b>2,721,033</b>	2,684,275
Units issued as settlement of Management fees	<b>36,546</b>	36,758
End of the financial year	<b>2,757,579</b>	2,721,033

During the financial year, MGCCT issued 36,546,223 (2015: 36,757,747) new units at the issued price range of S\$0.9124 to S\$1.0352 (2015: S\$0.8273 to S\$0.9442) per unit, in respect of the payment of Management fees to the Manager and the Property Manager in units. The issue prices were determined based on the volume weighted average traded price 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.

Each unit in MGCCT represents an undivided interest in MGCCT. The rights and interests of Unitholders are contained in the Trust Deed and include the right to:

- Receive income and other distributions attributable to the units held;
- Participate in the termination of MGCCT by receiving a share of all net cash proceeds derived from the realisation of the assets of MGCCT less any liabilities, in accordance with their proportionate interests in MGCCT. However, a Unitholder does not have the right to require that any assets (or part thereof) of MGCCT be transferred to him; and
- Attend all Unitholders' meetings. The Trustee or the Manager (and the Manager shall at the request in writing of not less than 50 Unitholders or Unitholders representing not less than 10.0% of the issued units of MGCCT) may at any time convene a meeting of Unitholders in accordance with the provisions of the Trust Deed.

The restrictions of a Unitholder include the following:

- A Unitholder's right is limited to the right to require due administration of MGCCT in accordance with the provisions of the Trust Deed; and
- A Unitholder has no right to request to redeem his units while the units are listed on SGX-ST.

A Unitholder's liability is limited to the amount paid or payable for any units in MGCCT. The provisions of the Trust Deed provide that no Unitholder will be personally liable to indemnify the Trustee or any creditor of the Trustee in the event that the liabilities of MGCCT exceed its assets.

## 21. COMMITMENTS

### (a) Capital commitments

Development expenditures contracted for at the reporting date but not recognised in the financial statements amounted to S\$2,202,000 (2015: S\$703,000).

### (b) Operating lease commitments – where the Group is a lessor

The Group leases out its investment properties. The future minimum lease payments receivable under non-cancellable operating leases contracted for at the reporting date but not recognised as receivables, are as follows:

	GROUP	
	2016 S\$'000	2015 S\$'000
Not later than 1 year	<b>257,781</b>	239,421
Later than 1 year but not later than 5 years	<b>344,506</b>	352,039
Later than 5 years	<b>61,885</b>	23,664
	<b>664,172</b>	615,124

Some of the operating leases are subject to revision of lease rentals at periodic intervals. For the purpose of the above disclosure, the prevailing lease rentals are used.

The future minimum lease payments receivable under non-cancellable leases exclude the portion of lease payments receivable which are computed based on a percentage of the revenue of some of the leases. The contingent lease payments received during the financial year and recognised in the Group's revenue are disclosed in Note 3.

## 22. FINANCIAL RISK MANAGEMENT

### Financial risk factors

The Group's activities expose it to market risk (including currency risk and interest rate risk), credit risk and liquidity risk in the normal course of its business. The Group's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance. The Group uses financial instruments such as currency forwards, interest rate swaps, cross currency interest rate swaps, and foreign currency borrowings to hedge certain financial risk exposures.

The Board of Directors ("BOD") of the Manager is responsible for setting the objectives and underlying principles of financial risk management for the Group. This is supported by comprehensive internal processes and procedures which are formalised in the Manager's organisational and reporting structure, operating manuals and delegation of authority guidelines.

### (a) Market risk

#### (i) Currency risk

The Manager's investment strategy includes investing in the Greater China region. In order to manage the currency risk involved in investing in assets outside Singapore, the Manager will adopt strategies that may include:

- the use of foreign currency denominated borrowings to match the currency of the investment asset as a natural currency hedge;
- entering into cross currency interest rate swaps that are used to reduce the Group's exposure to currency risk on its borrowings and interest; and
- entering into currency forward contracts to hedge the foreign currency income received from the offshore assets, back into Singapore Dollars.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

### 22. FINANCIAL RISK MANAGEMENT (continued)

#### (a) Market risk (continued)

##### (i) Currency risk (continued)

The Group's currency exposure is as follows:

	SGD S\$'000	HKD S\$'000	RMB S\$'000	USD S\$'000	Total S\$'000
<b>Group</b>					
<b>2016</b>					
<b>Financial assets</b>					
Cash and bank balances	89,544	12,638	102,443	1,482	206,107
Trade and other receivables (excluding accrued revenue), including deposits	369	398	503	-	1,270
Derivative financial instruments	3,166	6,419	-	-	9,585
	<b>93,079</b>	<b>19,455</b>	<b>102,946</b>	<b>1,482</b>	<b>216,962</b>
<b>Financial liabilities</b>					
Trade and other payables	(12,700)	(101,190)	(95,612)	(4)	(209,506)
Derivative financial instruments	(2)	(14,756)	(1,570)	-	(16,328)
Borrowings	(394,580)	(1,844,249)	(73,462)	(109,970)	(2,422,261)
	<b>(407,282)</b>	<b>(1,960,195)</b>	<b>(170,644)</b>	<b>(109,974)</b>	<b>(2,648,095)</b>
<b>Net financial liabilities</b>	<b>(314,203)</b>	<b>(1,940,740)</b>	<b>(67,698)</b>	<b>(108,492)</b>	<b>(2,431,133)</b>
Less: Net financial (assets)/liabilities denominated in the respective entities' functional currencies	(79,873)	1,940,790	68,847	-	
Currency forwards	-	(52,050)	(28,103)	-	
Cross currency interest rate swaps <sup>#</sup>	395,000	-	-	110,406	
<b>Net currency exposure</b>	<b>924</b>	<b>(52,000)*</b>	<b>(26,954)*</b>	<b>1,914</b>	
<b>2015</b>					
<b>Financial assets</b>					
Cash and bank balances	33,895	68,734	22,481	-	125,110
Trade and other receivables (excluding accrued revenue), including deposits	990	93	1,480	-	2,563
	<b>34,885</b>	<b>68,827</b>	<b>23,961</b>	<b>-</b>	<b>127,673</b>
<b>Financial liabilities</b>					
Trade and other payables	(12,059)	(94,326)	(36,054)	(291)	(142,730)
Derivative financial instruments	(10,211)	(19,776)	-	-	(29,987)
Borrowings	(174,319)	(1,809,644)	-	-	(1,983,963)
	<b>(196,589)</b>	<b>(1,923,746)</b>	<b>(36,054)</b>	<b>(291)</b>	<b>(2,156,680)</b>
<b>Net financial liabilities</b>	<b>(161,704)</b>	<b>(1,854,919)</b>	<b>(12,093)</b>	<b>(291)</b>	<b>(2,029,007)</b>
Less: Net financial (assets)/liabilities denominated in the respective entities' functional currencies	(13,202)	1,908,604	12,101	-	
Currency forwards	-	(142,992)	(27,693)	-	
Cross currency interest rate swaps <sup>#</sup>	175,000	-	-	-	
<b>Net currency exposure</b>	<b>94</b>	<b>(89,307)*</b>	<b>(27,685)*</b>	<b>(291)</b>	

**22. FINANCIAL RISK MANAGEMENT** (continued)**(a) Market risk** (continued)**(i) Currency risk** (continued)

MGCCT's currency exposure is as follows:

	SGD S\$'000	HKD S\$'000	RMB S\$'000	USD S\$'000	Total S\$'000
<b>MGCCT</b>					
<b>2016</b>					
<b>Financial assets</b>					
Cash and bank balances	89,543	50	1,149	119	90,861
Trade and other receivables	3,064	222	-	621	3,907
Derivative financial instruments	3,166	-	-	-	3,166
	<b>95,773</b>	<b>272</b>	<b>1,149</b>	<b>740</b>	<b>97,934</b>
<b>Financial liabilities</b>					
Trade and other payables	(12,746)	-	-	-	(12,746)
Derivative financial instruments	(2)	-	-	-	(2)
	<b>(12,748)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(12,748)</b>
<b>Net financial assets</b>	<b>83,025</b>	<b>272</b>	<b>1,149</b>	<b>740</b>	<b>85,186</b>
Less: Net financial assets denominated in MGCCT's functional currency	(83,025)	-	-	-	-
Add: Highly probable forecast transactions	-	52,050	28,103	-	-
Less: Currency forwards	-	(52,050)	(28,103)	-	-
<b>Net currency exposure</b>	<b>-</b>	<b>272</b>	<b>1,149</b>	<b>740</b>	
<b>2015</b>					
<b>Financial assets</b>					
Cash and bank balances	33,895	53,685	8	-	87,588
Trade and other receivables	11,990	-	-	-	11,990
	45,885	53,685	8	-	99,578
<b>Financial liabilities</b>					
Trade and other payables	(10,842)	-	-	-	(10,842)
Derivative financial instruments	(10,211)	-	-	-	(10,211)
	(21,053)	-	-	-	(21,053)
<b>Net financial assets</b>	24,832	53,685	8	-	78,525
Less: Net financial assets denominated in MGCCT's functional currency	(24,832)	-	-	-	-
Add: Highly probable forecast transactions	-	89,526	27,693	-	-
Less: Currency forwards	-	(142,992)	(27,693)	-	-
<b>Net currency exposure</b>	<b>-</b>	<b>219</b>	<b>8</b>	<b>-</b>	

\* At 31 March 2016, the Group had cross currency interest rate swaps to swap S\$395 million (2015: S\$175 million) Medium-term notes to HK\$2,270.0 million (2015: HK\$1,039.4 million), and US\$80.0 million (2015: Nil) bank loan to HK\$623.2 million.

\* Net currency exposure of S\$52.0 million and S\$27.0 million (2015: S\$89.3 million and S\$27.7 million) for HKD and RMB respectively mainly relates to currency forward contracts entered into to hedge future foreign currency income receivable from its foreign subsidiaries for FY2016/2017 (2015: FY2015/2016), back into SGD.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

### 22. FINANCIAL RISK MANAGEMENT (continued)

#### (a) Market risk (continued)

##### (i) Currency risk (continued)

The Group's main foreign currency exposure is in HKD and RMB. If the HKD and RMB change against the SGD by 4.5% (2015: 5%) with all other variables including tax being held constant, the effects on total return and unitholders' funds for the year arising from the net financial asset/liability position will be as follows:

	GROUP	
	2016 Increase/ (Decrease) S\$'000	2015 Increase/ (Decrease) S\$'000
HKD against SGD		
- strengthened	<b>(2,340)</b>	(4,465)
- weakened	<b>2,340</b>	4,465
RMB against SGD		
- strengthened	<b>(1,213)</b>	(1,384)
- weakened	<b>1,213</b>	1,384

MGCCT's foreign currency exposure is not significant.

##### (ii) Cash flow and fair value interest rate risk

The Group's exposure to changes in interest rates relates primarily to interest-earning financial assets and interest-bearing financial liabilities. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Group has no significant interest-bearing assets.

The Group's policy is to maintain at least 50% of its borrowings in fixed-rate instruments. The Group's exposure to cash flow interest rate risks arises mainly from variable-rate borrowings. The Manager manages these cash flow interest rate risks using floating-to-fixed interest rate swaps and cross currency interest rate swaps.

The Group's borrowings at variable rates on which interest rate swaps have not been entered into, are denominated mainly in HKD.

If HKD interest rates increased/decreased by 50 basis points (2015: 50 basis points) per annum, the total return and unitholders' funds will be lower/higher by S\$2,421,000 (2015: S\$1,077,000).

#### (b) Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the Group, as and when they fall due.

The Manager has established credit limits for customers and monitors their balances on an ongoing basis. Credit evaluations are performed by the Manager before lease agreements are entered into with customers. The risk is also mitigated due to customers placing security deposits or furnishing bankers guarantees for lease rentals. Cash and short-term bank deposits are placed with financial institutions which are regulated.

At the reporting date, there was no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying value of each financial asset in the Statements of Financial Position.

The Group's and MGCCT's major classes of financial assets are cash and bank balances and trade and other receivables.

**22. FINANCIAL RISK MANAGEMENT** (continued)**(b) Credit risk** (continued)

The credit risk for trade receivables is as follows:

	GROUP		MGCCT	
	2016 S\$'000	2015 S\$'000	2016 S\$'000	2015 S\$'000
<u>By geographical areas</u>				
Singapore	<b>368</b>	323	<b>368</b>	323
Hong Kong SAR	<b>349</b>	1,142	-	-
PRC	<b>102</b>	388	-	-
	<b>819</b>	1,853	<b>368</b>	323

**(i) Financial assets that are neither past due nor impaired**

Bank deposits that are neither past due nor impaired are mainly deposits with banks which are regulated and with high credit-ratings assigned by international credit-rating agencies. Trade and other receivables that are neither past due nor impaired are substantially from companies with a good collection track record with the Group.

**(ii) Financial assets that are past due and/or impaired**

There is no other class of financial assets that is past due and/or impaired except for trade receivables.

The age analysis of trade receivables past due but not impaired is as follows:

	GROUP		MGCCT	
	2016 S\$'000	2015 S\$'000	2016 S\$'000	2015 S\$'000
Past due 0 to 3 months	<b>328</b>	213	-	-
Past due over 6 months	<b>31</b>	16	-	-
	<b>359</b>	229	-	-

**(c) Liquidity risk**

The Manager monitors and maintains a level of cash and bank balances deemed adequate to finance the Group's operations. In addition, the Manager also monitors and observes the CCIS by the MAS concerning the leverage limits as well as bank covenants imposed by the banks on the various borrowings.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

### 22. FINANCIAL RISK MANAGEMENT (continued)

#### (c) Liquidity risk (continued)

The table below analyses the maturity profile of the Group's and MGCCT's financial liabilities (including derivative financial liabilities) based on contractual undiscounted cash flows.

	Less than 1 year S\$'000	Between 1 and 2 years S\$'000	Between 2 and 5 years S\$'000	Over 5 years S\$'000
<b>Group</b>				
<b>2016</b>				
Net-settled interest rate swaps - cash flow hedges				
- Net cash outflows	<b>(8,363)</b>	<b>(3,987)</b>	<b>(1,710)</b>	-
Gross-settled cross currency interest rate swaps				
- cash flow hedges				
- Receipts	<b>6,514</b>	<b>6,514</b>	<b>18,845</b>	<b>4,266</b>
- Payments	<b>(9,245)</b>	<b>(9,245)</b>	<b>(24,597)</b>	<b>(4,397)</b>
Gross-settled currency forwards				
- Receipts	<b>4,161</b>	-	-	-
- Payments	<b>(4,163)</b>	-	-	-
Trade and other payables	<b>(517,885)</b>	<b>(28,606)</b>	<b>(28,548)</b>	<b>(5,233)</b>
Borrowings	<b>(517,885)</b>	<b>(758,396)</b>	<b>(928,297)</b>	<b>(413,958)</b>
	<b>(676,100)</b>	<b>(793,720)</b>	<b>(964,307)</b>	<b>(419,322)</b>
<b>2015</b>				
Net-settled interest rate swaps - cash flow hedges				
- Net cash outflows	(7,038)	(5,643)	-	-
Gross-settled cross currency interest rate swaps				
- cash flow hedges				
- Receipts	5,830	5,814	17,490	10,096
- Payments	(6,267)	(6,250)	(18,800)	(10,667)
Gross-settled currency forwards				
- Receipts	160,474	-	-	-
- Payments	(170,685)	-	-	-
Trade and other payables	(76,346)	(24,609)	(37,355)	(4,420)
Borrowings	(314,226)	(767,697)	(848,832)	(185,128)
	(408,258)	(798,385)	(887,497)	(190,119)
<b>MGCCT</b>				
<b>2016</b>				
Gross-settled currency forwards				
- Receipts	<b>4,161</b>	-	-	-
- Payments	<b>(4,163)</b>	-	-	-
Trade and other payables	<b>(12,746)</b>	-	-	-
	<b>(12,748)</b>	-	-	-
<b>2015</b>				
Gross-settled currency forwards				
- Receipts	160,474	-	-	-
- Payments	(170,685)	-	-	-
Trade and other payables	(10,842)	-	-	-
	(21,053)	-	-	-

**22. FINANCIAL RISK MANAGEMENT** (continued)**(d) Capital risk**

The Manager's objective when managing capital is to optimise MGCCT's capital structure within the borrowing limits set out in the CCIS by the MAS to fund future acquisitions and asset enhancement works at MGCCT's properties. To maintain or achieve an optimal capital structure, the Manager may issue new units or source additional borrowings from both financial institutions and capital markets.

The Group is subject to the aggregate leverage limit as defined in Appendix 6 of the CCIS ("Property Funds Appendix"). The Property Funds Appendix stipulates that the total borrowings and deferred payments (collectively, the "Aggregate Leverage") of a property fund should not exceed 35.0% of the fund's deposited property. The Aggregate Leverage of a property fund may exceed 35.0% of the fund's deposited property (up to a maximum of 60.0%) only if a credit rating of the property fund from Fitch Inc, Moody's Investors or Standard and Poor's is obtained and disclosed to the public. MGCCT currently retains an issuer rating of Baa1 Stable (31 March 2015: Baa1 Stable) from Moody's Investors. With effect from 1 January 2016, under the Property Funds Appendix, the Aggregate Leverage of a property fund has been revised to not exceed 45.0% of its Deposited Property, regardless whether a credit rating from the above mentioned agencies have been obtained for the property fund. The Group has complied with the Aggregate leverage requirements for the financial years ending 31 March 2016 and 31 March 2015.

The aggregate leverage ratio is calculated as total borrowings and deferred payments divided by total assets.

	GROUP	
	2016 S\$'000	2015 S\$'000
Total borrowings and deferred payments	<b>2,428,941</b>	1,983,963
Total assets	<b>6,153,504</b>	5,488,061
Aggregate leverage ratio	<b>39.5%</b>	36.2%

The Group and MGCCT are in compliance with the borrowing limit requirement imposed by the CCIS and all externally imposed capital requirements for the financial years ended 31 March 2016 and 31 March 2015.

**(e) Fair value measurements**

The following table presents our assets and liabilities measured at fair value at reporting dates and classified by level of the following fair value measurement hierarchy:

- (i) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- (ii) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
- (iii) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

### 22. FINANCIAL RISK MANAGEMENT (continued)

#### (e) Fair value measurements (continued)

	LEVEL 2	
	2016 S\$'000	2015 S\$'000
<b>Group</b>		
<b>Assets</b>		
Derivative financial instruments	<b>9,585</b>	-
<b>Liabilities</b>		
Derivative financial instruments	<b>(16,328)</b>	(29,987)
<b>MGCCT</b>		
<b>Assets</b>		
Derivative financial instruments	<b>3,166</b>	-
<b>Liabilities</b>		
Derivative financial instruments	<b>(2)</b>	(10,211)

The fair values of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) are determined by using valuation techniques. The fair values of forward currency contracts are determined using actively quoted forward currency rates at the reporting date. The fair values of interest-rate swaps and cross currency interest rate swaps are calculated as the present value of the estimated future cash flows, discounted at actively quoted interest rates.

The carrying value of trade and other receivables and trade and other payables approximate their fair values.

#### (f) Financial instruments by category

The following table sets out the different categories of financial instruments as at the reporting date:

	GROUP		MGCCT	
	2016 S\$'000	2015 S\$'000	2016 S\$'000	2015 S\$'000
Financial assets at fair value through profit or loss	<b>9,585</b>	-	<b>3,166</b>	-
Financial liabilities at fair value through profit or loss	<b>(16,328)</b>	(29,987)	<b>(2)</b>	(10,211)
Loans and receivables	<b>207,377</b>	127,673	<b>94,768</b>	99,578
Financial liabilities at amortised cost	<b>(2,631,767)</b>	(2,126,693)	<b>(12,746)</b>	(10,842)

### 23. PARENT AND ULTIMATE PARENT

For financial reporting purposes under FRS110 Consolidated Financial Statements, the Group is regarded as a subsidiary of Mapletree Investments Pte Ltd. The parent is Mapletree Investments Pte Ltd, incorporated in Singapore. The ultimate parent is Temasek Holdings (Private) Limited, incorporated in Singapore.

### 24. SIGNIFICANT RELATED PARTY TRANSACTIONS

For the purposes of these financial statements, parties are considered to be related to MGCCT when MGCCT has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where MGCCT and the party are subject to common significant influence. Related parties may be individuals or other entities. The Manager and the Property Manager are indirect wholly-owned subsidiaries of the parent.

During the financial year, other than those disclosed elsewhere in the financial statements, the following significant related party transactions took place at terms agreed between the related companies as follows:

	GROUP		MGCCT	
	2016 S\$'000	2015 S\$'000	2016 S\$'000	2015 S\$'000
Acquisition fees paid	<b>3,992</b>	-	<b>3,992</b>	-
Management fees paid/payable	<b>24,871</b>	22,012	<b>24,871</b>	22,012
Property management fees paid/payable	<b>12,910</b>	10,496	-	-
Lease rental received/receivable	<b>16,363</b>	1,499	-	-
Development management fees paid/payable	<b>46</b>	181	-	-
Staff costs paid/payable	<b>9,447</b>	8,387	-	-
Interest expense and financing fees paid/payable	<b>16,730</b>	11,971	-	-

### 25. SEGMENT INFORMATION

The Group has determined the operating segments based on the reports reviewed by Management that are used to make strategic decisions. Management comprises the Chief Executive Officer and the Chief Financial Officer.

Management considers the business from a geographic segment perspective. Geographically, Management manages and monitors the business in Greater China, primarily in Hong Kong SAR and PRC. All geographical locations are in the business of investing, directly or indirectly, in a diversified portfolio of income-producing real estate in the Greater China region which is used primarily for commercial purposes (including real estate used predominantly for retail and/or office purposes), as well as real estate-related assets.

Management assesses the performance of the geographic segments based on a measure of Net Property Income ("NPI"). Interest income and finance expenses are not allocated to segments, as the treasury activities are centrally managed by the Group.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

### 25. SEGMENT INFORMATION (continued)

The segment information provided to Management for the reportable segments for the financial year ended 31 March 2016 is as follows:

	Hong Kong SAR S\$'000	PRC S\$'000	Others* S\$'000	Total S\$'000
Gross revenue	236,499	100,139	-	336,638
Net property income	187,235	90,231	-	277,466
Interest income				557
Management fees				(24,871)
Other trust expenses and Trustee's fee				(2,839)
Foreign exchange gain				32,340
Finance costs				(65,008)
Net income				217,645
Net change in fair value of financial derivatives				8,378
Net change in fair value of investment properties	172,633	67,288	-	239,921
<b>Total return for the financial year before income tax</b>				465,944
Income tax expense				(37,843)
<b>Total return for the financial year after income tax before distribution</b>				428,101
<b>Other Segment items</b>				
Capital expenditure				
- Investment properties	5,763	7,092	-	12,855
Segment assets				
- Investment properties#	4,253,079	1,669,378	-	5,922,457
- Deferred tax assets	-	1,533	-	1,533
- Other segment assets	19,594	109,105	91,230	219,929
	4,272,673	1,780,016	91,230	6,143,919
Derivative financial instruments				9,585
<b>Consolidated total assets</b>				6,153,504
Segment liabilities				
- Trade and other payables	101,191	95,615	12,700	209,506
- Current income tax liabilities	28,529	6,673	55	35,257
- Deferred tax liabilities	33,787	20,178	-	53,965
	163,507	122,466	12,755	298,728
Borrowings and Derivative financial instruments				2,438,589
<b>Consolidated total liabilities</b>				2,737,317

**25. SEGMENT INFORMATION** (continued)

The segment information provided to Management for the reportable segments for the financial period ended 31 March 2015 is as follows:

	Hong Kong SAR S\$'000	PRC S\$'000	Others* S\$'000	Total S\$'000
Gross revenue	206,444	74,700	-	281,144
Net property income	162,138	67,172	-	229,310
Interest income				476
Management fees				(22,012)
Other trust expenses and Trustee's fee				(3,054)
Foreign exchange loss				(3,957)
Finance costs				(40,842)
Net income				159,921
Net change in fair value of financial derivatives				(3,086)
Net change in fair value of investment properties	134,180	62,203	-	196,383
<b>Total return for the financial year before income tax</b>				353,218
Income tax expense				(33,819)
<b>Total return for the financial year after income tax before distribution</b>				319,399
<b>Other Segment items</b>				
Capital expenditure				
- Investment properties	3,692	1,282	-	4,974
Segment assets				
- Investment properties <sup>#</sup>	4,077,871	1,271,427	-	5,349,298
- Other segment assets	21,020	29,820	87,923	138,763
<b>Consolidated total assets</b>	4,098,891	1,301,247	87,923	5,488,061
Segment liabilities				
- Trade and other payables	95,859	36,054	10,817	142,730
- Current income tax liabilities	27,404	7,345	20	34,769
- Deferred tax liabilities	24,957	11,471	-	36,428
	148,220	54,870	10,837	213,927
Borrowings and Derivative financial instruments				2,013,950
<b>Consolidated total liabilities</b>				2,227,877

\* Other segment comprises MGCCT and a subsidiary, which are not reportable segments individually.

<sup>#</sup> Investment properties contribute significantly to total non-current assets.

The Group provides a single product/service - commercial business.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

### 26. FINANCIAL RATIOS

	GROUP	
	2016 %	2015 %
Ratio of expenses to weighted average net assets <sup>1</sup>		
- including performance component of asset management fees	<b>0.86</b>	0.88
- excluding performance component of asset management fees	<b>0.71</b>	0.73
Portfolio turnover ratio <sup>2</sup>	-	-

<sup>1</sup> The annualised ratios are computed in accordance with the guidelines of Investment Management Association of Singapore dated 25 May 2005.

The expenses used in the computation relate to expenses of the Group, excluding property expenses, borrowing costs, net foreign exchange differences and income tax expense.

<sup>2</sup> In accordance with the formulae stated in the CCIS, the ratio reflects the number of times per year that a dollar of assets is reinvested. The annualised ratio is computed based on the lesser of purchases or sales of underlying investment properties of the Group expressed as a percentage of daily average net asset value.

### 27. EVENTS OCCURRING AFTER REPORTING DATE

The Manager announced a distribution of 3.771 cents per unit, which amounted to S\$103,988,000 for the period from 1 October 2015 to 31 March 2016.

### 28. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Below are the mandatory standards that have been published, and are relevant for the Group's accounting periods after 1 April 2016 or later periods and which the Group has not early adopted:

- FRS 1 *Presentation of financial statements* (effective for annual periods beginning on or after 1 January 2016)

The amendment clarifies guidance in FRS 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.

This amendment is not expected to have any significant impact on the financial statements of the Group.

- FRS 109 *Financial instruments* (effective for annual periods beginning on or after 1 January 2018)

The complete version of FRS 109 replaces most of the guidance in FRS 39. FRS 109 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through Other Comprehensive Income (OCI) and fair value through Profit or Loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI. There is now a new expected credit losses model that replaces the incurred loss impairment model used in FRS 39.

For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value, through profit or loss. FRS 109 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under FRS 39.

The Group will apply this amendment for financial year beginning 1 April 2018.

### 29. AUTHORISATION OF THE FINANCIAL STATEMENTS

The financial statements were authorised for issue by the Manager and the Trustee on 27 April 2016.

# STATISTICS OF UNITHOLDINGS

As at 30 May 2016

## ISSUED AND FULLY PAID UNITS

2,771,283,562 units (voting rights: one vote per unit)

Market Capitalisation: S\$2,702,001,472.95 (based on closing price of S\$0.975 per unit on 30 May 2016)

## DISTRIBUTION OF UNITHOLDINGS

Size of Unitholdings	No. of Unitholders	%	No. of Units	%
1 - 99	9	0.04	244	0.00
100 - 1,000	5,309	20.93	5,278,792	0.19
1,001 - 10,000	12,575	49.57	65,058,643	2.35
10,001 - 1,000,000	7,429	29.29	295,155,018	10.65
1,000,001 and above	44	0.17	2,405,790,865	86.81
<b>Total</b>	<b>25,366</b>	<b>100.00</b>	<b>2,771,283,562</b>	<b>100.00</b>

## LOCATION OF UNITHOLDERS

Country	No. of Unitholders	%	No. of Units	%
Singapore	24,860	98.00	2,713,561,480	97.92
Malaysia	316	1.25	14,109,200	0.51
Others	190	0.75	43,612,882	1.57
<b>Total</b>	<b>25,366</b>	<b>100.00</b>	<b>2,771,283,562</b>	<b>100.00</b>

## TWENTY LARGEST UNITHOLDERS

No.	Name	No. of Units	%
1.	Kent Assets Pte. Ltd.	718,661,000	25.93
2.	DBS Nominees (Private) Limited	405,285,657	14.62
3.	Citibank Nominees Singapore Pte Ltd	374,320,090	13.51
4.	HSBC (Singapore) Nominees Pte Ltd	255,169,400	9.21
5.	Suffolk Assets Pte. Ltd.	133,086,000	4.80
6.	Raffles Nominees (Pte.) Limited	95,463,327	3.44
7.	DBSN Services Pte. Ltd.	88,085,139	3.18
8.	Mapletree Greater China Commercial Trust Management Ltd.	74,078,582	2.67
9.	BNP Paribas Securities Services	42,787,800	1.54
10.	Mapletree Greater China Property Management Limited	35,495,980	1.28
11.	DB Nominees (Singapore) Pte Ltd	32,289,004	1.17
12.	Bank Of Singapore Nominees Pte. Ltd.	26,341,102	0.95
13.	United Overseas Bank Nominees (Private) Limited	25,641,900	0.93
14.	DBS Vickers Securities (Singapore) Pte Ltd	13,744,400	0.50
15.	Morgan Stanley Asia (Singapore) Securities Pte Ltd	12,317,061	0.44
16.	UOB Kay Hian Private Limited	6,949,500	0.25
17.	NTUC Fairprice Co-Operative Limited	6,000,000	0.22
18.	OCBC Nominees Singapore Private Limited	5,621,300	0.20
19.	OCBC Securities Private Limited	4,587,600	0.17
20.	Liew Chee Kong	3,750,000	0.14
	<b>Total</b>	<b>2,359,674,842</b>	<b>85.15</b>

## STATISTICS OF UNITHOLDINGS

As at 30 May 2016

### SUBSTANTIAL UNITHOLDINGS AS AT 30 MAY 2016

No.	Name of Company	Direct Interest	Deemed Interest	% of Total Issued Capital
1.	Temasek Holdings (Private) Limited <sup>(1)</sup>	-	991,955,156	35.79
2.	Fullerton Management Pte Ltd <sup>(2)</sup>	-	961,321,562	34.68
3.	Mapletree Investments Pte Ltd <sup>(3)</sup>	-	961,321,562	34.68
4.	Kent Assets Pte. Ltd.	718,661,000	-	25.93
5.	AIA Group Limited <sup>(4)</sup>	-	146,342,300	5.28
6.	AIA Company Limited <sup>(5)</sup>	135,800	146,206,500	5.28

**Notes:**

<sup>(1)</sup> Temasek Holdings (Private) Limited ("**Temasek**") is deemed to be interested in the 718,661,000 units held by Kent Assets Pte. Ltd. ("**Kent**"), 133,086,000 units held by Suffolk Assets Pte. Ltd. ("**Suffolk**"), 74,078,582 units held by Mapletree Greater China Commercial Trust Management Ltd. ("**MGCCTM**") and 35,495,980 units held by Mapletree Greater China Property Management Limited ("**MGCPM**"). Mapletree Investments Pte Ltd ("**MIPL**") is the ultimate holding company of Kent, Suffolk, MGCCTM and MGCPM and is wholly-owned subsidiary of Fullerton Management Pte Ltd which in turn a wholly-owned subsidiary of Temasek. In addition, Temasek is deemed interested in the 30,633,594 units in which its associated company has direct or deemed interests.

<sup>(2)</sup> Fullerton Management Pte Ltd through its shareholding in MIPL, is deemed to be interested in the 718,661,000 units held by Kent, 133,086,000 units held by Suffolk, 74,078,582 units held by MGCCTM and 35,495,980 units held by MGCPM.

<sup>(3)</sup> MIPL is deemed to be interested in the 718,661,000 units held by Kent, 133,086,000 units held by Suffolk, 74,078,582 units held by MGCCTM and 35,495,980 units held by MGCPM.

<sup>(4)</sup> AIA Group Limited is deemed interested in AIA Company Limited which in turn is deemed interested in 135,800 units held by AIA Co Ltd (Brunei Branch) through Citibank Nominees Singapore Pte Ltd, 82,170,000 units held by AIA Singapore Private Limited through Citibank Nominees Singapore Pte Ltd, and 64,036,500 units held by AIA International Limited.

<sup>(5)</sup> AIA Company Limited holds a direct interest of 135,800 units held by AIA Co Ltd (Brunei Branch) through Citibank Nominees Singapore Pte Ltd, and deemed interest of 82,170,000 units held by AIA Singapore Private Limited through Citibank Nominees Singapore Pte Ltd, and 64,036,500 units held by AIA International Limited.

### UNITHOLDINGS OF THE DIRECTORS OF THE MANAGER AS AT 21 APRIL 2016

No.	Name	Direct Interest	Deemed Interest	% of Total Issued Capital
1.	Frank Wong Kwong Shing	-	2,899,000	0.10
2.	Kevin Kwok Khien	540,000	-	0.01
3.	Lok Vi Ming	190,000	-	0.006
4.	Michael Kok Pak Kuan	540,000	-	0.01
5.	Hiew Yoon Khong	830,000	3,150,000	0.14
6.	Chua Tiow Chye	1,550,000	-	0.05
7.	Cindy Chow Pei Pei	400,000	250,000	0.023

### FREE FLOAT

Based on the information made available to the Manager as at 30 May 2016, approximately 58.55% of the units in MGCCT were held in the hands of the public. Accordingly, Rule 723 of the Listing Manual of the SGX-ST has been complied with.

# INTERESTED PERSON TRANSACTIONS

For the financial year ended 31 March 2016

The transactions entered into with interested persons during the financial year, which fall under the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") and the Property Funds Appendix of the Code on Collective Investment Schemes (excluding transactions of less than S\$100,000 each) are as follows:

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under Unitholders' mandate pursuant to Rule 920) S\$'000	Aggregate value of all interested person transactions conducted under Unitholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000) S\$'000
<b>Mapletree Investments Pte Ltd and its subsidiaries</b>		
- Manager's management fees	24,871	-
- Property and lease management fees	12,910	-
- Staff cost	9,447	-
- Acquisition fees	3,992	-
- Development management fees	46	-
<b>DBS Group Holdings Ltd and its subsidiaries</b>		
- Interest expense	30,144	-
- Trustee fees	620	-
<b>Temasek Holdings (Private) Limited and its subsidiaries</b>		
- Interest expense	1,386	-

For the purpose of the disclosure, the full contract sum was used where an interested person transaction had a fixed term and contract value, while the annual amount incurred and/or accrued was used where an interested person transaction had an indefinite term or where the contract sum was not specified.

Save as disclosed above, there were no interested person transactions (excluding transactions of less than S\$100,000 each), nor material contracts entered into by MGCCT Group that involved the interests of the CEO or Director of the Manager, or any controlling Unitholder of the Trust, during the financial year under review.

As set out in the MGCCT's Prospectus dated 27 February 2013, fees and charges payable by MGCCT to the Manager under the Trust Deed and to the Property Manager under the Property Management Agreement are not subject to Rules 905 and 906 of the SGX-ST's Listing Manual. MGCCT Group has not obtained a general mandate from Unitholders pursuant to Rule 920 for any interested person transactions.

Please also see Significant Related Party Transactions in Note 24 of the Financial Statements.

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the 3<sup>rd</sup> Annual General Meeting of the holders of units of Mapletree Greater China Commercial Trust (“**MGCCT**”, and the holders of units of MGCCT, “**Unitholders**”) will be held at 10.00 a.m. on 29 July 2016 (Friday), at 10 Pasir Panjang Road, Mapletree Business City, Town Hall (*formerly known as Multipurpose Hall*) – Auditorium, Singapore 117438 to transact the following businesses:

## (A) AS ORDINARY BUSINESS

1. To receive and adopt the Report of DBS Trustee Limited, as trustee of MGCCT (the “**Trustee**”), the Statement by Mapletree Greater China Commercial Trust Management Ltd., as manager of MGCCT (the “**Manager**”), and the Audited Financial Statements of MGCCT for the financial year ended 31 March 2016 and the Auditor’s Report thereon.  
**(Ordinary Resolution 1)**
2. To re-appoint PricewaterhouseCoopers LLP as the Auditor of MGCCT and to hold office until the conclusion of the next Annual General Meeting of MGCCT, and to authorise the Manager to fix their remuneration.  
**(Ordinary Resolution 2)**

## (B) AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution, with or without any modifications:

3. That approval be and is hereby given to the Manager, to
  - (a) (i) issue units in MGCCT (“**Units**”) whether by way of rights, bonus or otherwise; and/or
  - (ii) make or grant offers, agreements or options (collectively, “**Instruments**”) that might or would require Units to be issued, including but not limited to the creation and issue of (as well as adjustments to) securities, warrants, debentures or other instruments convertible into Units,

at any time and upon such terms and conditions and for such purposes and to such persons as the Manager may in its absolute discretion deem fit; and

  - (b) issue Units in pursuance of any Instruments made or granted by the Manager while this Resolution was in force (notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time such Units are issued),

provided that:

- (1) the aggregate number of Units to be issued pursuant to this Resolution (including Units to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed fifty per cent. (50%) of the total number of issued Units (excluding treasury Units, if any) (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Units to be issued other than on a pro rata basis to Unitholders (including Units to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed twenty per cent. (20%) of the total number of issued Units (excluding treasury Units, if any) (as calculated in accordance with sub-paragraph (2) below);
- (2) subject to such manner of calculation as may be prescribed by Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) for the purpose of determining the aggregate number of Units that may be issued under sub-paragraph (1) above, the total number of issued Units (excluding treasury Units, if any) shall be based on the number of issued Units (excluding treasury Units, if any) at the time this Resolution is passed, after adjusting for:
  - (a) any new Units arising from the conversion or exercise of any Instruments which are outstanding or subsisting at the time this Resolution is passed; and
  - (b) any subsequent bonus issue, consolidation or subdivision of Units;

- (3) in exercising the authority conferred by this Resolution, the Manager shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the trust deed constituting MGCCT (as amended) (the "**Trust Deed**") for the time being in force (unless otherwise exempted or waived by the Monetary Authority of Singapore);
- (4) unless revoked or varied by Unitholders in a general meeting, the authority conferred by this Resolution shall continue in force until (i) the conclusion of the next Annual General Meeting of MGCCT or (ii) the date by which the next Annual General Meeting of MGCCT is required by applicable regulations to be held, whichever is earlier;
- (5) where the terms of the issue of the Instruments provide for adjustment to the number of Instruments or Units into which the Instruments may be converted in the event of rights, bonus or other capitalisation issues or any other events, the Manager is authorised to issue additional Instruments or Units pursuant to such adjustment notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time the Instruments or Units are issued; and
- (6) the Manager and the Trustee, be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager or, as the case may be, the Trustee may consider expedient or necessary or in the interest of MGCCT to give effect to the authority conferred by this Resolution.

(Please see Explanatory Note) **(Ordinary Resolution 3)**

BY ORDER OF THE BOARD

Mapletree Greater China Commercial Trust Management Ltd.  
(Company Registration No. 201229323R)  
As Manager of Mapletree Greater China Commercial Trust

Wan Kwong Weng  
Joint Company Secretary

Singapore  
29 June 2016

**Notes:**

1. A Unitholder who is not a Relevant Intermediary entitled to attend and vote at the Annual General Meeting is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a Unitholder. Where a Unitholder appoints more than one proxy, the appointments shall be invalid unless he/she specifies the proportion of his/her holding (expressed as a percentage of the whole) to be represented by each proxy.
2. A Unitholder who is a Relevant Intermediary entitled to attend and vote at the Annual General Meeting is entitled to appoint more than one proxy to attend and vote instead of the Unitholder, but each proxy must be appointed to exercise the rights attached to a different Unit or Units held by such Unitholder. Where such Unitholder appoints more than one proxy, the appointments shall be invalid unless the Unitholder specifies the number of Units in relation to which each proxy has been appointed in the Proxy Form (defined below).

"**Relevant Intermediary**" means:

- (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Units in that capacity;
  - (b) a person holding a capital market services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore, and who holds Units in that capacity; or
  - (c) the Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of Units purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those Units in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
3. The instrument appointing a proxy or proxies (the "**Proxy Form**") must be deposited at the office of MGCCT's Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 not later than 10.00 a.m. on 26 July 2016 being 72 hours before the time fixed for the Annual General Meeting.

## NOTICE OF ANNUAL GENERAL MEETING

### **PERSONAL DATA PRIVACY:**

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a Unitholder (i) consents to the collection, use and disclosure of the Unitholder's personal data by the Manager and the Trustee (or their agents) for the purpose of the processing, administration and analysis by the Manager and the Trustee (or their agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Manager and the Trustee (or their agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the Unitholder discloses the personal data of the Unitholder's proxy(ies) and/or representative(s) to the Manager and the Trustee (or their agents), the Unitholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Manager and the Trustee (or their agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the Unitholder will indemnify the Manager and the Trustee in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Unitholder's breach of warranty.

### **EXPLANATORY NOTE:**

#### **Ordinary Resolution 3**

The Ordinary Resolution 3 above, if passed, will empower the Manager from the date of this Annual General Meeting until (i) the conclusion of the next Annual General Meeting of MGCCT or (ii) the date by which the next Annual General Meeting of MGCCT is required by the applicable regulations to be held, whichever is earlier, to issue Units and to make or grant instruments (such as securities, warrants or debentures) convertible into Units and issue Units pursuant to such instruments, up to a number not exceeding fifty per cent. (50%) of the total number of issued Units (excluding treasury Units, if any) with a sub-limit of twenty per cent. (20%) for issues other than on a pro rata basis to Unitholders.

For determining the aggregate number of Units that may be issued, the percentage of issued Units will be calculated based on the issued Units at the time the Ordinary Resolution 3 above is passed, after adjusting for new Units arising from the conversion or exercise of any Instruments which are outstanding at the time this Resolution is passed and any subsequent bonus issue, consolidation or subdivision of Units.

Fund raising by issuance of new Units may be required in instances of property acquisitions or debt repayments. In any event, if the approval of Unitholders is required under the Listing Manual of the SGX-ST and the Trust Deed or any applicable laws and regulations in such instances, the Manager will then obtain the approval of Unitholders accordingly.

# MAPLETREE GREATER CHINA COMMERCIAL TRUST

(Constituted in the Republic of Singapore pursuant to a Trust Deed dated 14 February 2013 (as amended))

## PROXY FORM 3<sup>RD</sup> ANNUAL GENERAL MEETING

### IMPORTANT

1. A relevant intermediary may appoint more than one proxy to attend and vote at the Annual General Meeting (please see Note 2 for the definition of "Relevant Intermediary").
2. For CPF/SRS investors who have used their CPF monies to buy Units of Mapletree Greater China Commercial Trust, this Report to Unitholders is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION only.
3. This Proxy Form is not valid for use by CPF/SRS investors and shall be ineffective for all intents and purposes if used or is purported to be used by them.
4. **PLEASE READ THE NOTES TO THE PROXY FORM.**

### Personal Data Privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s), a Unitholder of Mapletree Greater China Commercial Trust accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 29 June 2016.

I/We \_\_\_\_\_  
(Name(s) and NRIC/Passport/Company Registration Number(s))  
of \_\_\_\_\_ (Address)

being a Unitholder/Unitholders of Mapletree Greater China Commercial Trust ("**MGCCT**"), hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of Unitholdings	
			No. of Units	%

and/or (delete as appropriate)

Name	Address	NRIC/Passport Number	Proportion of Unitholdings	
			No. of Units	%

or, both of whom failing, the Chairman of the 3<sup>rd</sup> Annual General Meeting as my/our proxy/proxies to attend and to vote for me/us on my/our behalf and if necessary, to demand a poll, at the 3<sup>rd</sup> Annual General Meeting of MGCCT to be held at 10.00 a.m on 29 July 2016 (Friday), at 10 Pasir Panjang Road, Mapletree Business City, Town Hall (*formerly known as Multipurpose Hall*) - Auditorium, Singapore 117438 and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the 3<sup>rd</sup> Annual General Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/her/their discretion, as he/she/they may on any other matter arising at the 3<sup>rd</sup> Annual General Meeting.

No.	Ordinary Resolutions	For*	Against*
<b>ORDINARY BUSINESS</b>			
1.	To receive and adopt the Trustee's Report, the Manager's Statement, the Audited Financial Statements of MGCCT for the financial year ended 31 March 2016 and the Auditor's Report thereon.		
2.	To re-appoint PricewaterhouseCoopers LLP as Auditor and to authorise the Manager to fix the Auditor's remuneration.		
<b>SPECIAL BUSINESS</b>			
3.	To authorise the Manager to issue Units and to make or grant convertible instruments.		

\* If you wish to exercise all your votes "For" or "Against", please tick (✓) within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2016



\_\_\_\_\_  
Signature(s) of Unitholder(s) or Common Seal of  
Corporate Unitholder

Total number of Units held

1st fold (this flap is for sealing)

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**BUSINESS REPLY SERVICE  
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**The Company Secretary**  
**Mapletree Greater China Commercial Trust Management Ltd.**  
**(As Manager of Mapletree Greater China Commercial Trust)**  
c/o Boardroom Corporate & Advisory Services Pte. Ltd.  
50 Raffles Place, #32-01 Singapore Land Tower  
Singapore 048623

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**IMPORTANT: PLEASE READ THE NOTES TO PROXY FORM BELOW**

**Notes to Proxy Form**

1. A Unitholder of MGCCT ("**Unitholder**") who is not a Relevant Intermediary entitled to attend and vote at the Annual General Meeting is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a Unitholder. Where a Unitholder appoints more than one proxy, the appointments shall be invalid unless he/she specifies the proportion of his/her holding (expressed as a percentage of the whole) to be represented by each proxy.
2. A Unitholder who is a Relevant Intermediary entitled to attend and vote at the Annual General Meeting is entitled to appoint more than one proxy to attend and vote instead of the Unitholder, but each proxy must be appointed to exercise the rights attached to a different Unit or Units held by such Unitholder. Where such Unitholder appoints more than one proxy, the appointments shall be invalid unless the Unitholder specifies the number of Units in relation to which each proxy has been appointed in the Proxy Form (defined below).  
**"Relevant Intermediary"** means:
  - (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Units in that capacity;
  - (b) a person holding a capital market services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore, and who holds Units in that capacity; or
  - (c) the Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of Units purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those Units in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
3. A Unitholder should insert the total number of Units held in the Proxy Form (defined below). If the Unitholder has Units entered against his/her name in the Depository Register maintained by The Central Depository (Pte) Limited ("**CDP**"), he/she should insert that number of Units. If the Unitholder has Units registered in his/her name in the Register of Unitholders of MGCCT, he/she should insert that number of Units. If the Unitholder has Units entered against his/her name in the said Depository Register and registered in his/her name in the Register of Unitholders, he/she should insert the aggregate number of Units. If no number is inserted, this proxy form will be deemed to relate to all the Units held by the Unitholder.
4. The instrument appointing a proxy or proxies (the "**Proxy Form**") must be deposited at the office of MGCCT's Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 not later than 10.00 a.m. on 26 July 2016, being 72 hours before the time set for the Annual General Meeting.
5. Completion and return of the Proxy Form shall not preclude a Unitholder from attending and voting at the Annual General Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a Unitholder attends the Annual General Meeting in person, and in such event, the Manager reserves the right to refuse to admit any person or persons appointed under the Proxy Form, to the Annual General Meeting.
6. The Proxy Form must be executed under the hand of the appointor or of his/her attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
7. Where the Proxy Form is signed on behalf of the appointor by an attorney or a duly authorised officer, the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority must (failing previous registration with the Manager) be lodged with the Proxy Form, failing which the Proxy Form may be treated as invalid.
8. The Manager shall be entitled to reject a Proxy Form which is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the Proxy Form. In addition, in the case of Units entered in the Depository Register, the Manager may reject a Proxy Form if the Unitholder, being the appointor, is not shown to have Units entered against his/her name in the Depository Register as at 72 hours before the time appointed for holding the Annual General Meeting, as certified by CDP to the Manager.
9. All Unitholders will be bound by the outcome of the Annual General Meeting regardless of whether they have attended or voted at the Annual General Meeting.
10. On a poll, every Unitholder who is present in person or by proxy shall have one vote for every Unit of which he or she is the Unitholder. There shall be no division of votes between a Unitholder who is present in person and voting at the Annual General Meeting and his or her proxy(ies). A person entitled to more than one vote need not use all his or her votes or cast them the same way.
11. CPF Approved Nominees acting on the request of the CPF/SRS investors who wish to attend the Annual General Meeting are requested to submit in writing, a list with details of the CPF/SRS investors' names, NRIC/Passport numbers, addresses and number of Units held. The list (to be signed by an authorised signatory of the CPF Approved Nominee) shall reach MGCCT's Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 not later than 10.00 a.m. on 26 July 2016, being 72 hours before the time set for the Annual General Meeting.

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# CORPORATE DIRECTORY

## MANAGER

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**Mapletree Greater China Commercial Trust Management Ltd.**  
(Company Registration Number: 201229323R)

## MANAGER'S REGISTERED OFFICE

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10 Pasir Panjang Road #13-01  
Mapletree Business City  
Singapore 117438  
T: +65 6377 6111  
F: +65 6273 2753  
W: www.mapletreegreaterchinacommercialtrust.com  
E: enquiries\_mgcct@mapletree.com.sg

## BOARD OF DIRECTORS<sup>1</sup>

---

**Mr Frank Wong Kwong Shing**  
Chairman and Independent Non-Executive Director

**Mr Kevin Kwok Khien**  
Independent Non-Executive Director and  
Chairman of the Audit and Risk Committee

**Mr Lok Vi Ming**  
Independent Non-Executive Director,  
Chairman of the Nominating and Remuneration Committee  
and Member of the Audit and Risk Committee

**Mr Michael Kok Pak Kuan**  
Independent Non-Executive Director and  
Member of the Audit and Risk Committee

**Mr Hiew Yoon Khong**  
Non-Executive Director and Member of the Nominating  
and Remuneration Committee

**Mr Chua Tiow Chye**  
Non-Executive Director

**Ms Cindy Chow Pei Pei**  
Executive Director and Chief Executive Officer

## MANAGEMENT

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**Ms Cindy Chow Pei Pei**  
Executive Director and Chief Executive Officer

**Ms Jean Low Su-Im**  
Chief Financial Officer

**Mr Ng Chern Shiong**  
General Manager, Investment and Asset Management

**Ms Elizabeth Loo Suet Quan**  
Vice President, Investor Relations

## CORPORATE SERVICES

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**Mr Wan Kwong Weng**  
Joint Company Secretary

**Ms See Hui Hui**  
Joint Company Secretary

## UNIT REGISTRAR

---

**Boardroom Corporate & Advisory Services Pte. Ltd.**  
50 Raffles Place #32-01  
Singapore Land Tower  
Singapore 048623  
T: +65 6536 5355  
F: +65 6438 8710

## TRUSTEE

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**DBS Trustee Limited**  
12 Marina Boulevard  
Level 44  
DBS Asia Central @ Marina Bay Financial Centre Tower 3  
Singapore 018982  
T: +65 6878 8888  
F: +65 6878 3977

## AUDITOR

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**PricewaterhouseCoopers LLP**  
8 Cross Street #17-00  
PWC Building  
Singapore 048424  
T: +65 6236 3388  
F: +65 6236 3300

Partner-in-charge  
**Mr Yeow Chee Keong**  
(appointed since financial year ended 31 March 2015)

<sup>1</sup> As per the SGXNET announcement on 20 April 2016, Mrs Ow Foong Pheng has resigned as an Independent Non-Executive Director as well as a Member of the Nominating and Remuneration Committee with effect from 20 April 2016.

**MAPLETREE GREATER CHINA COMMERCIAL TRUST MANAGEMENT LTD.**

As Manager of Mapletree Greater China Commercial Trust  
(Company Registration Number: 201229323R)

10 Pasir Panjang Road  
#13-01 Mapletree Business City  
Singapore 117438

+65 6377 6111

+65 6273 2753

[www.mapletreegreaterchinacommercialtrust.com](http://www.mapletreegreaterchinacommercialtrust.com)

