



(Constituted in the Republic of Singapore pursuant to a Trust Deed dated 25 August 2005 (as amended))

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## **ANNOUNCEMENT**

### **MOODY'S CHANGES MAPLETREE COMMERCIAL TRUST'S OUTLOOK TO STABLE FROM NEGATIVE; REAFFIRMS BAA1 RATINGS**

*12 May 2021* – Mapletree Commercial Trust Management Ltd. (“MCTM”), as manager of Mapletree Commercial Trust (“MCT”), wishes to announce that Moody’s Investors Service (“Moody’s”) has affirmed the Baa1 issuer rating of MCT.

At the same time, Moody’s has affirmed the (P)Baa1 senior secured ratings on the Medium Term Note programmes of MCT and Mapletree Commercial Trust Treasury Company Pte. Ltd. (“MCTTC”). Moody’s has also affirmed the Baa1 ratings on the senior unsecured notes drawn down from the programme under MCTTC. MCTTC is a wholly-owned subsidiary of MCT, and its notes and programmes are guaranteed by MCT.

In addition, Moody’s has changed the rating outlook to stable from negative.

The press release issued by Moody’s on 12 May 2021 is attached for information.

By Order of the Board

Wan Kwong Weng

Joint Company Secretary

Mapletree Commercial Trust Management Ltd.

(Company Registration No. 200708826C)

As Manager of Mapletree Commercial Trust



#### Important Notice

The value of units in MCT ("**Units**") and the income derived from them may fall as well as rise. Units are not obligations of, deposits in, or guaranteed by, Mapletree Commercial Trust Management Ltd., as Manager of MCT (the "**Manager**"), or any of its affiliates. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested.

Investors have no right to request the Manager to redeem their Units while the Units are listed. It is intended that unitholders of MCT may only deal in their Units through trading on the SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

The past performance of MCT is not necessarily indicative of the future performance of MCT.

**Rating Action: Moody's changes Mapletree Commercial Trust's outlook to stable from negative; affirms Baa1 ratings**

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12 May 2021

Singapore, May 12, 2021 -- Moody's Investors Service has affirmed the Baa1 issuer rating of Mapletree Commercial Trust (MCT).

At the same time, Moody's has affirmed the (P)Baa1 senior unsecured ratings on the medium-term note programs of MCT and Mapletree Commercial Trust Treasury Company Pte. Ltd. (MCTTC).

Moody's has also affirmed the Baa1 ratings on the senior unsecured notes drawn down from the program under MCTTC. MCTTC is a wholly-owned subsidiary of MCT and its notes and programs are guaranteed by MCT.

Moody's has also changed the rating outlook to stable from negative.

"The change in the rating outlook to stable reflects our expectation that MCT's credit metrics will remain within its Baa1 rating parameters over the next 12-18 months. This is driven by our expectation of higher earnings at MCT as the company winds down rental rebates provided to retail tenants in the past year," says Hui Ting Sim, a Moody's Analyst.

"MCT remains exposed to downside risks from the pandemic, such as the resurgence of infections in Singapore that may result in further tightening of social distancing measures in addition to the ones recently announced. Nonetheless, we expect the company has financial buffers under its credit metrics to withstand such risks to some extent," adds Sim.

#### RATINGS RATIONALE

MCT's earnings were weak in its financial year ending 31 March 2021 (fiscal 2021) because of challenges caused by the pandemic. VivoCity, in particular, bore the brunt as the government-imposed circuit breaker and strict social distancing measures dampened tenant sales and shopper traffic. In response to the difficult situation for its retail tenants, the company provided rental rebates of close to four months.

Moody's expects an improvement in consumer sentiment, along with the absence of material rental rebates, will lead to higher earnings at VivoCity in fiscal 2022. Signs of recovery at VivoCity have emerged in the second half of fiscal 2021, which Moody's expects to continue in fiscal 2022.

Moody's estimates that MCT's adjusted EBITDA will increase to around SGD370 million-SGD380 million in fiscal 2022 from around SGD340 million in fiscal 2021. As a result, MCT's adjusted net debt/EBITDA will improve to 7.5x-7.8x in fiscal 2022 from 8.4x in fiscal 2021, and adjusted EBITDA/interest expense will be around 5.0x in fiscal 2022. Moody's projections incorporate its assumptions that rental reversion rates for MCT's retail and office portfolio will be negative in fiscal 2022, as the demand outlook for retail and office space remains weak.

Cash holdings increased to a multi-year high of SGD192.5 million as of 31 March 2021, compared with around SGD50 million-SGD70 million over the past five years. This was driven by lower dividends paid by MCT in fiscal 2021, which demonstrates the company's restraint and financial prudence during periods of economic uncertainty.

MCT has excellent liquidity over the next 12-18 months. As of 31 March 2021, the company had undrawn long-term committed credit facilities of around SGD426 million. These are sufficient to cover MCT's upcoming debt maturities of SGD334 million over the next 12-18 months. Subsequent to the reporting year, the company redeemed SGD70 million of medium term notes, thus completing all refinancing for fiscal 2022.

MCT's Baa1 rating continues to reflect the trust's (1) recurring income from a portfolio of good quality commercial properties in Singapore with a diversified tenant profile; (2) improved portfolio diversification and earnings growth following the acquisition of Mapletree Business City I (MBC I) and Mapletree Business City II

(MBC II); and (3) track record of prudent financial management and strong financial flexibility.

## ESG CONSIDERATIONS

Moody's regards the pandemic as a social risk, given the substantial implications for public health and safety. MCT is also exposed to social risk arising from evolving demographic and societal trends, which may drive a change in demand for physical retail mall and office space.

Moody's has also considered governance risk regarding related-party transactions between MCT and its sponsor, Mapletree Investments Pte. Ltd, a wholly-owned subsidiary of Temasek Holdings (Private) Limited (Aaa stable). Nonetheless, this is mitigated by the regulatory oversight provided by the Monetary Authority of Singapore and exercised through a board consisting of majority independent directors. Further, there is an alignment of interest between MCT and its sponsor because the latter has maintained at least a 30% stake in the trust since its listing. MCT also has a track record of prudent financial management, as demonstrated by its funding of acquisitions with a balanced mix of debt and equity as well as restraint in dividend payments when the operating environment is uncertain.

## FACTORS THAT COULD LEAD TO AN UPGRADE OR DOWNGRADE OF THE RATINGS

MCT's rating could be upgraded if the operating environment turns benign and the company further increases its scale as well as reduces its asset or geographic concentration risk. An upgrade will also require MCT's credit metrics to improve, with adjusted debt/total deposited assets falling below 35%, adjusted net debt/EBITDA falling below 6.0x, and adjusted EBITDA/interest coverage staying above 4.0x on a sustained basis.

The rating could be downgraded if the operating environment deteriorates further, leading to higher vacancy levels and declining operating cash flow; or the trust's credit metrics weaken, such that its adjusted net debt/EBITDA increases above 8.5x or adjusted EBITDA/interest expense falls below 3.0x.

The principal methodology used in these ratings was REITs and Other Commercial Real Estate Firms published in September 2018 and available at [https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC\\_1095505](https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC_1095505). Alternatively, please see the Rating Methodologies page on [www.moodys.com](http://www.moodys.com) for a copy of this methodology.

Mapletree Commercial Trust (MCT) was listed on the Singapore Stock Exchange on 27 April 2011. As of 31 March 2021, the trust had a portfolio of five properties in Singapore — across the retail, office and business park segments — with a combined appraised value of SGD8.7 billion.

The trust's sponsor, Mapletree Investments Pte. Ltd, is a wholly owned subsidiary of Temasek Holdings (Private) Limited (Aaa stable), which is wholly owned by the Government of Singapore (Aaa stable). As of 31 March 2021, Mapletree Investments held a 32.6% stake in MCT as at 10 May 2021.

## REGULATORY DISCLOSURES

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions in the disclosure form. Moody's Rating Symbols and Definitions can be found at: [https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC\\_79004](https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC_79004).

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INVESTORS SERVICE

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