Securities Investors Association (Singapore)
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Email: admin@sias.org.sg www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y

REIT: Mapletree Commercial Trust
(Manager: Mapletree Commercial Trust Management Ltd.)

Stock code: N2IU

Meeting details:
Date: 22 July 2021
Time: 2.30 p.m.

Due to the current COVID-19 pandemic, SIAS encourage shareholders to participate at AGMs via other means and not to attend any AGM physically. Where the AGM is webcast, they can stay on top of their investments by watching the webcast and submitting their question to the company in advance. Senior citizens should avoid attending AGMs altogether and stay home.

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Q1. Would the board/REIT manager provide unitholders with greater clarity on the following operational, financial and strategic matters? Specifically:

(i) **Border closure: What is the estimated impact on VivoCity from the closure of international borders?** The REIT reported that VivoCity recorded a -8.7% rental reversion.

(ii) **Rental rebate:** The REIT rolled out a total of seven tenant support packages comprising more than $70 million of rental rebates to eligible retail tenants to help them offset on average more than four months of fixed rents. This was beyond the mandatory passing on of grants and rebates by the government (See page 15 for details on the rental rebate/waiver). **Can the manager help unitholders understand if the REIT is still providing certain eligible retail tenants with rental rebates? What are the profiles of the tenants who have received rebates?**

(iii) **Rental reversal:** As mentioned in the letter to unitholders, office tenants are recalibrating their space requirements in response to prolonged work-from-home directives. Given the current market dynamics, the REIT has "*chosen to prioritise occupancy in order to maintain steady income streams*" (page 10), probably at the expense of rental rates. For instance, as at 31 March 2021, actual occupancy and committed occupancy for MBC I was 90.2% and 94.6% respectively and the rental reversion was 0.4% for MBC. **Can the manager elaborate further on its strategy to optimise the yield from its office and business park assets given the trend of downsizing offices by businesses? Are the long-term prospects of the REIT impaired given that the occupancy and rental rates may be under pressure for a prolonged period?**

(iv) **Lease expiry: How much progress has the manager made in renewing the 19 leases that account for 27.2% of GRI at MBC which will expire in FY21/22 (page 28)?**

(v) **Capital distribution retention:** In April 2020 (4Q FY19/20), the REIT retained $43.7 million of distribution by way of capital allowance claims and capital distribution retention as a matter of "*extra prudence*". In FY20/21, the REIT released $28.0 million as distribution to unitholders. **Can the manager help shareholders understand the need to continue to retain $15.7 million? When will the REIT manager release the retained distributable income to unitholders?**

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Q2. The financial highlights can be found on pages 5 and 6 of the annual report. In particular, it is shown that the REIT's weighted average all-in cost of debt is at a low of 2.48% in FY2021 and the average term to maturity is 4.2 years. The percentage of fixed rate debt has ranged from 85% to 78.9% between FY2017 and FY2020 but stood at 70.7% as at 31 March 2021.

KEY FINANCIAL INDICATORS

As at 31 March	2017	2018	2019	2020	2021
% of Fixed Rate Debt	81.2	78.9	85.0	78.9	**70.7**
Aggregate Leverage Ratio (%)	36.3	34.5	33.1	33.3	**33.9**
Interest Coverage Ratio (times)	4.9	4.8	4.5	4.3	**4.4**
Average Term to Maturity of Debt (years)	4.0	3.9	3.6	4.2	**4.2**
Weighted Average All-in Cost of Debt (per annum) (%)	2.66	2.75	2.97	2.94	**2.48**

(Source: annual report 2020/2021)

(i) **Can the board/manager help unitholders understand if the percentage of fixed rate debt was actively managed down to 70.7%?** The REIT has disclosed that it has "reasonable certainty over interest expenses" as approximately 70.7% of the total gross debt of S$3,032.9 million was fixed by way of fixed rate debt or interest rate swaps (page 10).

(ii) **What is the REIT's view on the trend of interest rate and how will the REIT be optimising its borrowing costs?**

In addition, the REIT's corporate rating by Moody's was changed from Baa1 (Stable) to Baa1 (Negative) as at 31 March 2021.

(iii) **How does the change affect the REIT in terms of financing costs?**

Q3. The board comprises twelve directors, of whom seven are independent directors and four non-executive directors. The profiles of the directors can be found on pages 62 to 65. The REIT is a Singapore-focused real estate investment trust with a portfolio of five income-producing real estate used primarily for office and/or retail purposes with the bulk of its assets in the Greater Southern Waterfront.

(i) **Can the nominating and remuneration committee (NRC) elaborate further on why it is of the view that the current size of 12 is appropriate for the REIT's mandate and that it facilitates effective decision making?**

(ii) **How deep is the collective knowledge of the independent directors of the real estate sector?** Based on the profiles of the directors, the independent directors collectively have strong experience in banking, finance, law and audit.

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(iii) **Can the NRC help unitholders understand if the independent directors have the appropriate balance and mix of skills, knowledge, experience, especially in the real estate industry, to engage in effective and constructive debate with management/other directors?**

^On 1 October 2020, the Accounting and Corporate Regulatory Authority ("ACRA"), the Monetary Authority of Singapore ("MAS") and Singapore Exchange Regulation ("SGX RegCo") published an updated checklist to guide listed entities on the conduct of general meetings arising from the latest updates from the Multi-Ministry Taskforce.

Issuers may continue to conduct their general meetings held on or before 30 June 2021 via electronic means, and are encouraged to do so. On 9 April 2021, it was announced that the alternate arrangements for meetings ("Meetings Order") would be extend beyond 30 June 2021 until it is revoked or amended by the Ministry of Law. Accordingly, until such time, issuers may continue to utilise the Checklist issued by ACRA, MAS and SGX RegCo to guide entities on the conduct of their general meetings.

Issuers who, after due consideration of public health and other risks, wish to provide for physical attendance at their general meetings must ensure that they implement all relevant measures to comply with the safe management measures imposed by the Singapore Government.

Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

Can't attend the AGM or view the webcast? Check out the latest questions on the annual reports of listed companies on SIAS website

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^ Guidance on the Conduct of General Meetings Amid Evolving COVID-19 Situation (https://www.sgx.com/media-centre/20201001-guidance-conduct-general-meetings-amid-evolving-covid-19-situation)