Corporate Liquidity & Financial Resources

FINANCIAL MARKET REVIEW

The lacklustre growth of 2014 looks set to continue in 2015. The recovery in major economies is increasingly divergent with growth in the United States (US) and the United Kingdom gaining momentum, while Japan and the Eurozone are still lagging.

Japan's economy is expected to grow only modestly in 2015 despite the Abe administration's latest economic stimulus. Europe's fragile recovery has prompted the European Central Bank to begin its quantitative easing programme in March 2015. The growth in China eased to 7.4% in 2014 from 7.7% previously, as it faced downward pressure due to its real estate glut, massive manufacturing overcapacity and the lack of new growth engines. In comparison, growth of the US economy has been more impressive among the major economies, and the Federal Reserve (Fed) is moving towards monetary policy normalisation, with potential rate hikes by the end of 2015. In Singapore, the Monetary Authority of Singapore has, in April 2015, maintained its policy of a modest and gradual appreciation of the SGD, following its off-cycle policy decision in January 2015 to reduce the slope of the SGD appreciation, and also to lower the 2015 core inflation forecast to 0.5 – 1.5% from 2 – 3% in October 2014. Along with expectations of a Fed rate hike, SGD interest rates are likely to continue its gradual rise in 2015.

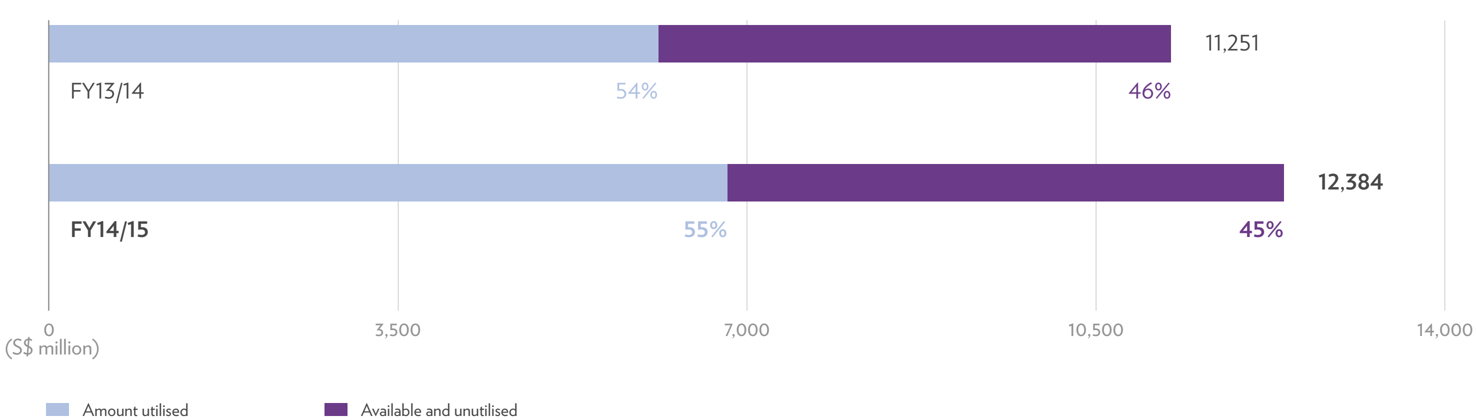
FINANCIAL RESOURCES AND LIQUIDITY

During the year, the Mapletree Group continued to proactively build a strong base of funding resources to support its working capital requirements, capital expenditure and investment needs. This also enables Mapletree to capitalise on opportunities that may arise. On an ongoing basis, the Group monitors its cash flow position, debt maturity profile, cost of funds, foreign exchange and interest rate exposures, as well as overall liquidity position. To ensure financial flexibility, scenario analyses including stress tests are performed regularly to assess the potential impact of market conditions on its financial position.

Financial Capacity	S$ million
Cash	752
Undrawn Banking Facilities	5,583
Total	**6,335**
Issue Capacity under Euro / Medium Term Note Programmes	**9,080**

Mapletree has built cash reserves and undrawn banking facilities, as well as put in place capital market programmes which enabled the Group to issue notes in various currencies and with longer tenures, hence achieving further diversification of its funding sources. As at 31 March 2015, total cash reserves and undrawn banking facilities amounted to S$6,335 million.

BANK FACILITIES AVAILABILITY AND UTILISATION



DEBT AND GEARING

As at 31 March 2015, the Group recorded a net debt of S$7,580 million compared to S$6,361 million as at 31 March 2014. Net gearing edged up to 0.44 times from 0.40 times a year ago.

Excluding the consolidation of the listed real estate investment trusts (REITs), the Group's net debt would be S$1,704 million as at 31 March 2015 (FY13/14: S$752 million), resulting in a net gearing of 0.17 times (FY13/14: 0.08 times). The incremental debt was largely taken to finance land acquisitions, investments and project requirements in Hong Kong SAR, US, China and Australia.

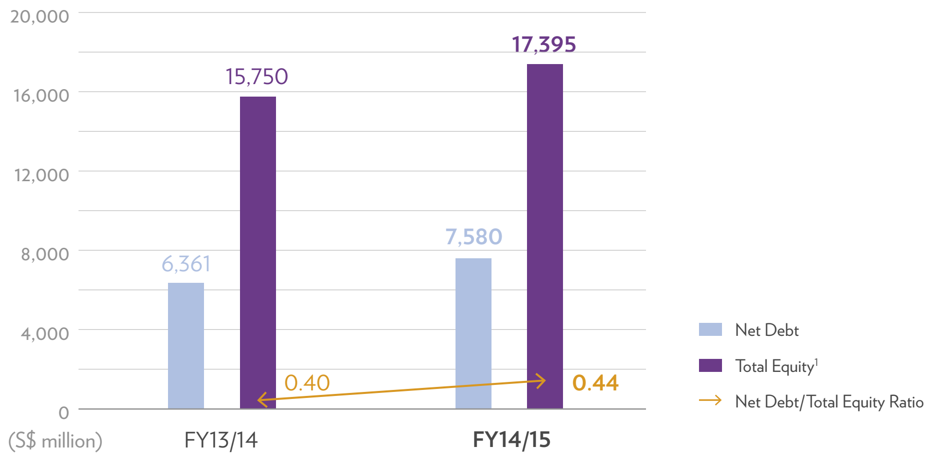
	As at 31 March 2014 S$ million[2]	As at 31 March 2015 S$ million
Gross Debt	7,078	**8,332**
Cash	717	**752**
Net Debt	6,361	**7,580**

As at 31 March 2015, about 95% of the Group's debt portfolio was from committed banking facilities and medium to long-term bond issuance. The balance 5% was funded by short-term banking facilities to facilitate repayment flexibility arising from cash flows from operations and/or other activities.

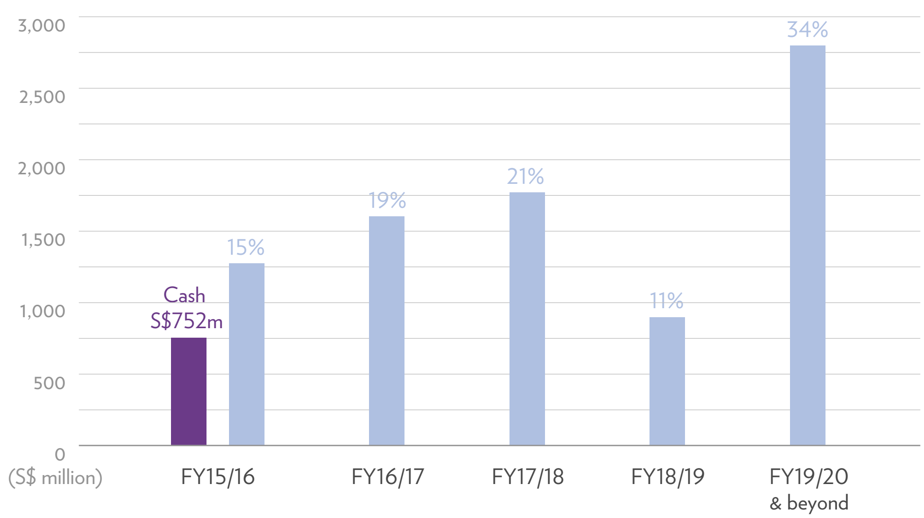
The Group makes a conscious effort to diversify its funding sources and spread its debt maturity profile to align with its cash flow plans, and also to reduce refinancing risks. The average life of its existing gross debt portfolio was 3.3 years as at 31 March 2015 compared to 3.1 years a year ago. As at the date of this report, the Group has more than sufficient resources to support its refinancing needs for the next financial year.

Mapletree continues to maintain and build active relationships with a network of over 35 banks of various nationalities. The diversification of financial institutions has enabled the Group

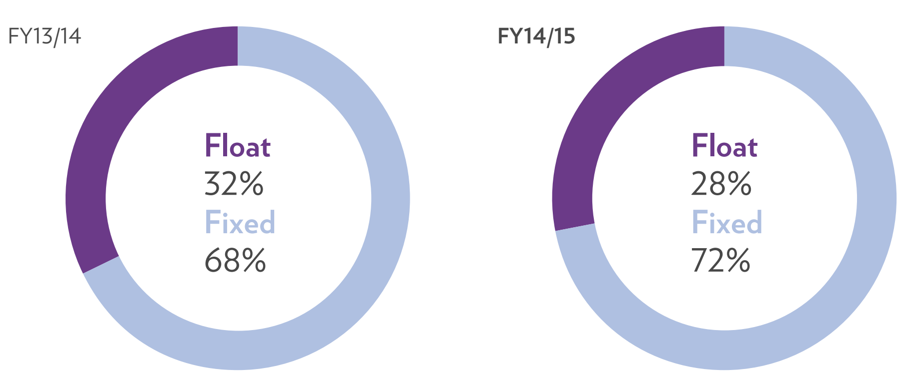
DEBT GEARING



MATURITY PROFILE AS AT 31 MARCH 2015



FIXED VS FLOAT



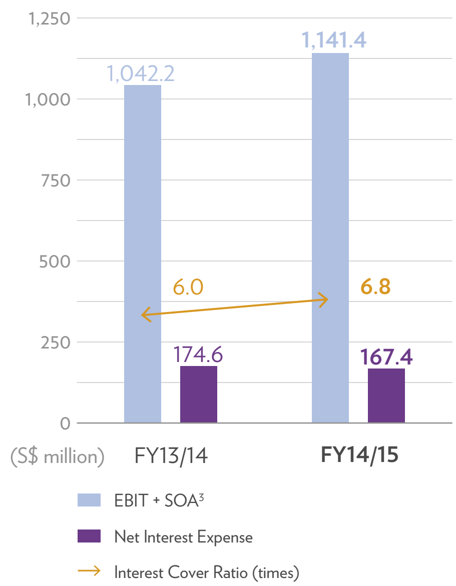
1 *Comprising shareholder's funds, perpetual securities and non-controlling interests.*
2 *Comparatives have been restated to consolidate the REITs per FRS 110 Consolidated Financial Statements, adopted by the Group on 1 April 2014.*

to tap on the different competencies and strengths of its relationship banks to enhance Mapletree's business strategy and growth in Singapore and abroad.

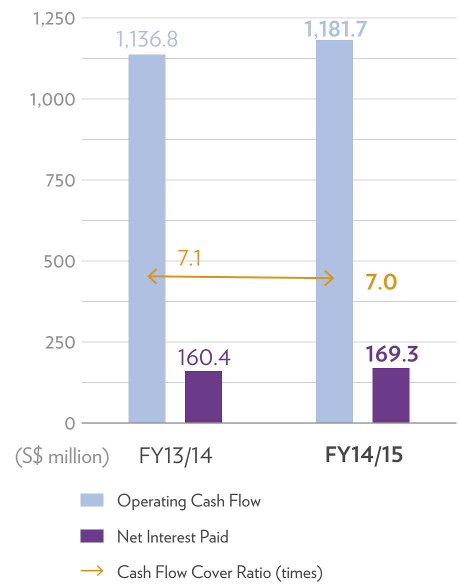
The Group manages its interest cost by maintaining a prudent mix of fixed and floating rate borrowings as part of its liability management strategy. Fixed rate borrowings comprised 72% of the Group's debt (80% on a net debt basis) with the balance on floating rates. Factors considered in determining the interest rate profile included the interest rate outlook, the investment holding period, and the expected cash flows generated from its business operations.

In FY14/15, the Group's interest cover ratio improved to 6.8 times (FY13/14: 6.0 times) and the cash flow cover ratio was 7.0 times (FY13/14: 7.1 times).

INTEREST COVER RATIO



CASH FLOW COVER RATIO



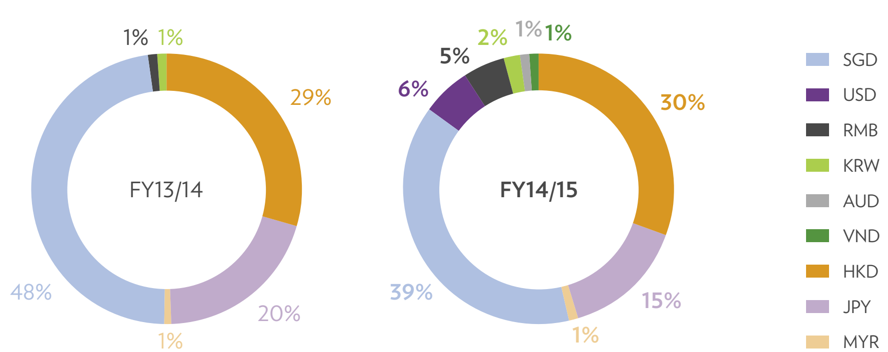
ASSET-LIABILITY MANAGEMENT

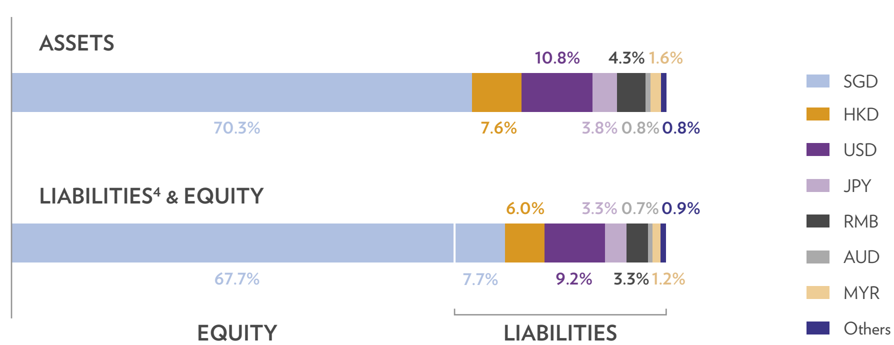
Where feasible, the Group adopts a natural hedge policy to mitigate exposure to foreign exchange rate risks. As at 31 March 2015, the Group has drawn foreign currency loans to fund investments that are denominated in the same currencies. The Group has also entered into foreign exchange contracts and cross currency swaps (in USD, HKD, JPY, RMB, KRW and MYR) to hedge the currency exposure of certain overseas investments.

The listed REITs have their own Board and Board Committees. The respective management companies of the REITs, guided by their Board and Board Committees, manage their own capital and treasury positions, including asset-liability management, taking into account, inter alia, their strategies and returns requirements of the unitholders.

Outside of the REITs, the Group seeks to minimise foreign exchange exposure by closely matching its assets and liabilities by currency. The chart shows an analysis of the asset-liability breakdown by currency excluding the consolidation of the listed REITs as at 31 March 2015.

DEBT PROFILE (CURRENCY BREAKDOWN)





3 EBIT + SOA denotes earnings before interest and tax plus share of operating profit of associated companies and joint ventures (excluding SOA gain/loss relating to disposal, foreign exchange, derivatives and revaluation).

4 Adjusted for foreign exchange swaps and cross currency interest rate swaps.