CORPORATE LIQUIDITY AND FINANCIAL RESOURCES

FINANCIAL MARKET REVIEW

2019 was a challenging year for the global economy, against the backdrop of geopolitical events, including trade conflict between the United States (US) and China, Britain's exit from the European Union and social unrest in Hong Kong SAR. It resulted in the slowest growth in a decade, which in turn dented business confidence and investment. The start of 2020 brought further challenges, led by the coronavirus pandemic; the severity of which will depend on the duration and geographic extent of the outbreak.

The Singapore economy expanded by 0.7% in 2019, mainly due to a decline in the manufacturing sector. The Monetary Authority of Singapore has, in April 2020, set the rate of the appreciation path of the Singapore Dollar at 0%, against a backdrop of less favourable macroeconomic conditions. China's economy grew 6.1% in 2019, lowest in 29 years, as it faced weaker domestic demand and escalating trade tensions with the US. The US economy grew 2.3% in 2019, its slowest in three years.

In response to the Covid-19 outbreak, major central banks have responded with sizeable monetary easing, supported by fiscal stimulus to soften the impact on targeted sectors. The US Federal Reserve cut interest rates to near zero, shortly after a rate cut of 0.5% in early March 2020. The United Kingdom (UK) and Australia also had two rate cuts in March 2020. Many Asian central banks followed suit. The European Central Bank and the Bank of Japan kept interest rates on hold, as both central banks ramped up monetary stimulus measures to support the economies.

FINANCIAL RESOURCES AND LIQUIDITY

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

As at 31 March 2020, total cash reserves and undrawn banking facilities amounted to S$14,098 million.

To further diversify its funding sources, the Group tapped on the debt capital market during the year and raised the following:

- Mapletree Treasury Services Limited raised S$300 million 3.15% 12-year fixed rate notes in September 2019. The proceeds were used for general corporate purposes.
- Mapletree Commercial Trust (MCT) issued S$250 million 3.05% 10-year fixed rate notes in November 2019. The proceeds were used to refinance existing borrowings and for general corporate purposes.
- Mapletree Logistics Trust (MLT), via an indirectly invested onshore structure, issued a total of MYR700 million (~S$230 million) seven-year unrated senior medium term notes in December 2019. The proceeds were used to refinance existing borrowings and fund new acquisitions.

The Group also embarked on sustainable financing during the year, securing a total amount of S$1.36 billion of green and sustainability-linked loans. The loans were for financing green buildings or designed to link with key environmental, social and governance (ESG) initiatives that the Group focuses on. This demonstrates the Group's commitment to incorporating sustainability throughout its business operations.

DEBT AND GEARING

As at 31 March 2020, the Group's net debt was S$19,087 million compared to S$22,100 million as at 31 March 2019. Net Debt/Total Equity improved to 62.5% from 78.0% a year ago and Total Debt/Total Assets improved to 38.9% from 43.6% during the same period.

The decrease in debt was primarily due to the closing of a new private trust, Mapletree Australia Commercial Private Trust (MASCOT) in November 2019 and the successful syndication of the Mapletree US & EU Logistics Private Trust (MUSEL) in March 2020, raising equity from a diversified group of investors.

Financial Capacity	S$ million
Cash	2,440
Unutilised Facilities from Financial Institutions	11,658
Total	**14,098**
Issue Capacity under Euro/Medium Term Note Programmes	**14,860**

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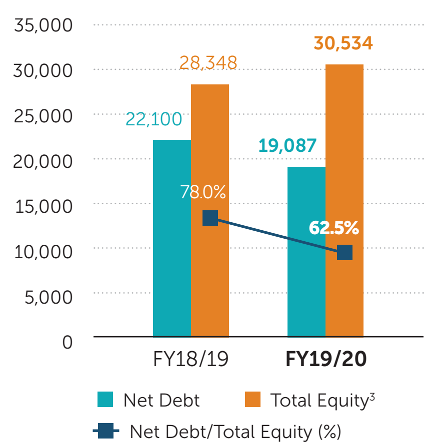
The syndications are in line with the Group's business model, which includes being an active capital manager in both public and private markets.

In May 2019, the Group divested Mapletree Bay Point in Hong Kong SAR to a private equity firm.

	As at 31 March 2019 (S$ million)	**As at 31 March 2020 (S$ million)**
Total Debt	24,000[1,2]	21,527[2]
Cash	1,900[1]	2,440
Net Debt	22,100	19,087

NET DEBT/TOTAL EQUITY

(S$ million)

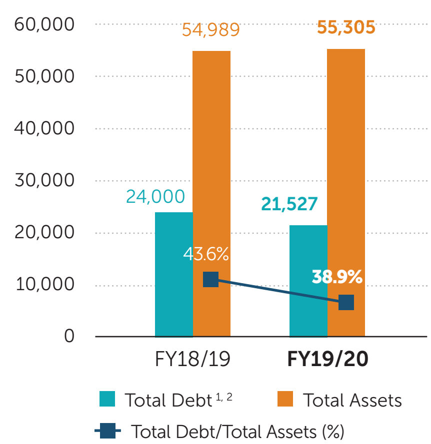


The following assets were also acquired by Mapletree-managed listed real estate investment trusts (REITs):

- Mapletree Business City II by MCT in November 2019;
- Various logistics assets in China, Malaysia and Vietnam by MLT in November 2019; and
- Two office properties in Japan by Mapletree North Asia Commercial Trust in February 2020.

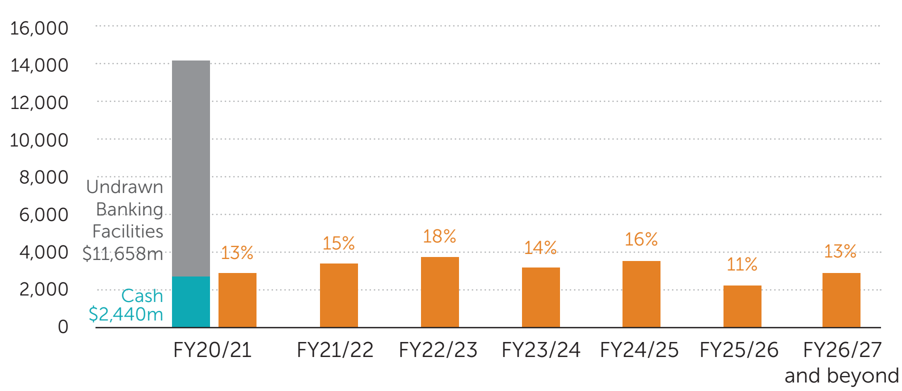
TOTAL DEBT/TOTAL ASSETS

(S$ million)



MATURITY PROFILE AS AT 31 MARCH 2020

(S$ million)



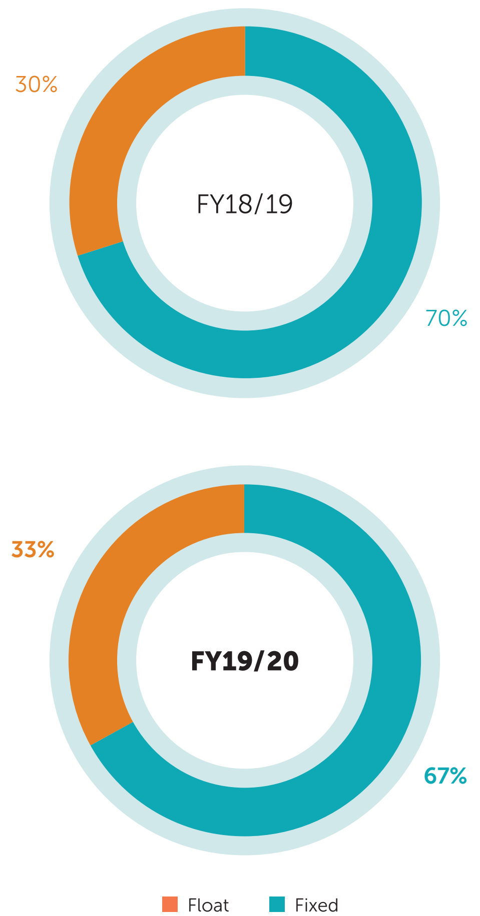
The funds derived through these transactions were used by the Group to repay its debt and finance its expansion. Mapletree continues to deepen its presence in various asset classes and markets, such as data centres in the US, logistics in Malaysia and Japan as well as offices in Australia, China Tier 1 cities, India, Ireland and Poland. In addition, the Group made further progress on the development front with 27 new logistics projects in China, student accommodation in the UK and the US and a residential project in Vietnam.

As at 31 March 2020, about 99.4% of the Group's debt was derived from committed banking facilities and medium- to long-term bond issuance. The balance 0.6% 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 reduce refinancing risk and to align with its cash flow plans. The average maturity of its existing gross debt portfolio was 3.6 years as at 31 March 2020 compared to 3.8 years a year ago. The Group has sufficient resources to support its refinancing needs for the next financial year.

Mapletree continues to maintain and build active relationships with a wide network of banks and life insurance companies across the globe. The diversification of financial institutions has enabled the Group to tap on the different strengths and competencies of its relationship banks to support Mapletree's business strategy and growth globally.

FIXED VS FLOAT

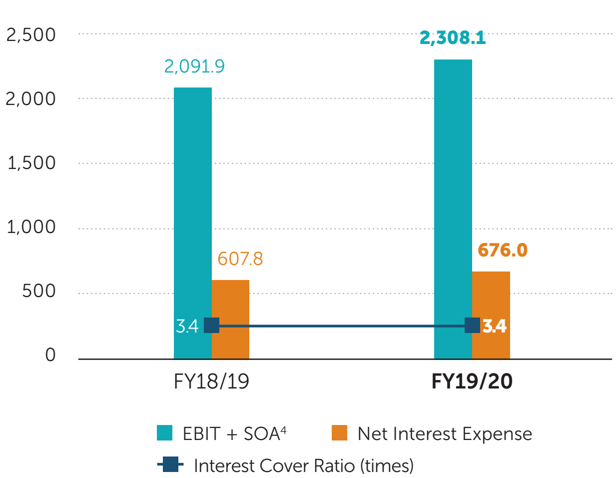


The Group manages its interest cost by maintaining a prudent mix of fixed and floating rate borrowings as part of its liability management strategy. The Group uses derivative financial instruments to hedge its interest rate risks. Fixed rate borrowings made up 67% of the Group's total gross debt with the balance from floating rates borrowings. Factors used in determining the interest rate fixed-float profile included the interest rate outlook, the investments' planned holding period, and the expected cash flows generated from business operations.

In FY19/20, the Group's interest cover ratio maintained at 3.4 times and cash flow cover ratio (including finance costs capitalised) improved to 3.7 times (FY18/19: 3.6 times).

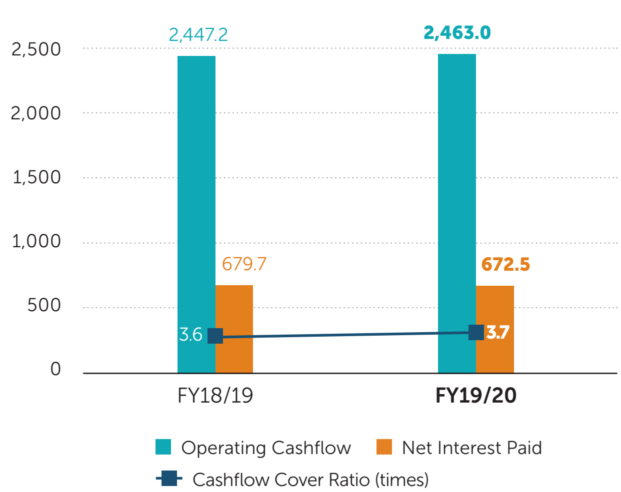
INTEREST COVER RATIO

(S$ million)



CASHFLOW COVER RATIO

(S$ million)



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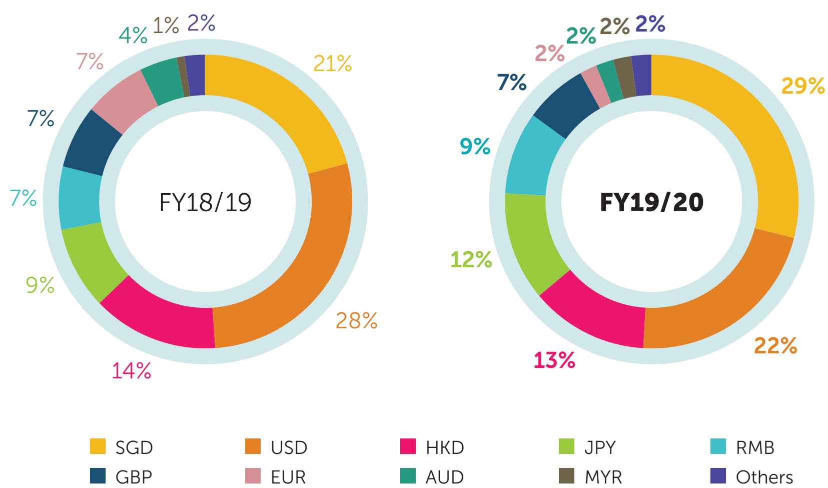
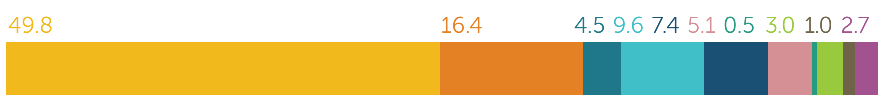
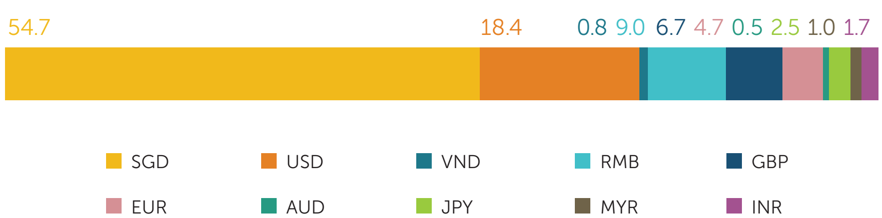
DEBT PROFILE (CURRENCY BREAKDOWN)



ASSETS (%)



LIABILITIES[5] AND EQUITY (%)



ASSET-LIABILITY MANAGEMENT

Where feasible, the Group adopts a natural hedge policy to mitigate risks from foreign exchange exposure. As at 31 March 2020, the Group has drawn foreign currency loans to fund investments that are denominated in the same currencies. The Group also entered into foreign exchange forward contracts and cross currency swaps (in various currencies) to hedge the currency exposure of certain overseas investments.

The four Singapore-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 to the unitholders.

Outside of the REITs, the Group seeks to minimise foreign exchange exposure by closely matching its assets and liabilities by currency. On the left is an analysis of the asset-liability breakdown by currency excluding the consolidation of the REITs as at 31 March 2020.

1 Includes cash and borrowings accounted under disposal group held for sale.

2 Loans from non-controlling interests of subsidiaries have been excluded from the analysis.

3 Comprising shareholder's funds, perpetual securities and non-controlling interests.

4 Earnings before interest and tax (EBIT) plus share of operating profit or loss of associated companies and joint ventures (SOA), excluding residential profits, incentive fee from private funds' divestment, revaluation gains or losses, divestment gains or losses, foreign exchange and derivatives gains or losses.

5 Adjusted for foreign exchange forward contracts and cross currency interest rate swaps.