CORPORATE LIQUIDITY AND **FINANCIAL RESOURCES**

FINANCIAL MARKET REVIEW

2020 was a difficult year as the Covid-19 pandemic dominated the world and plunged the global economy into a severe contraction. Many governments instituted large fiscal spending to soften the loss of production, employment and income. On the global stage, the geopolitical tension between China and the United States (US) also intensified, adding to the uncertainty.

The Singapore economy contracted by 5.4% in 2020, mainly due to a sharp decline in the construction sector. In April 2021, the Monetary Authority of Singapore maintained the rate of the appreciation path of the Singapore dollar at 0%, against a backdrop of weak inflation and Covid-19 uncertainties. The US economy contracted by 3.5% in 2020, as the pandemic brought the economy to a freeze. On the other hand, China's economy grew 2.3% in 2020, making it the only major economy to have expanded, driven by its strict virus containment measures and policy stimulus. Against last year's low base, the global economy is projected to recover in 2021. The strength of the recovery, however, will depend on the successful rollout of the Covid-19 vaccinations, as well as the effectiveness of policy support to drive economic recovery.

Major central banks continue to respond with massive monetary stimulus. The US Federal Reserve has committed to keeping interest rates near zero until there is substantial progress in economic activity and employment. Most other central banks (including the United Kingdom (UK), Eurozone and Japan) also kept interest rates on hold, while Australia has cut its rates to an all-time low of 0.1% in November 2020.

FINANCIAL RESOURCES AND LIQUIDITY

Against the backdrop of uncertainties amid the Covid-19 situation, prudent capital management and cash flow planning are imperative. Mapletree has built a strong base of funding resources to not only meet its commitments but also enable it to capitalise on investment opportunities. On an ongoing basis, the Group monitors and manages its debt maturity profile, cost of funds, foreign exchange and interest rate exposures, as well as overall liquidity position. To ensure sufficient financial flexibility, scenario analyses including stress tests are performed regularly to assess the potential impact of market conditions on its financial position.

As at 31 March 2021, total cash reserves and undrawn banking facilities amounted to S$12,549 million.

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

- Mapletree Treasury Services Limited raised S$200 million 1.20% three-year fixed rate notes in December 2020. The proceeds were used for general corporate purposes; and
- Mapletree Logistics Trust (MLT) via its subsidiary, issued two tranches of 0.90% nine-year fixed rate notes totalling JPY9,500 million (~S$117.4 million) in March 2021. The proceeds were used to refinance existing borrowings and for general corporate purposes.

The Group also raised S$1.38 billion in loans through sustainable financing. The loans were for financing green buildings or designed to link with key environmental, social and governance initiatives that the Group focuses on. It demonstrates the Group's commitment to incorporating sustainability throughout its business operations.

DEBT AND GEARING

As at 31 March 2021, the Group's net debt was S$18,140 million compared to S$19,087 million as at 31 March 2020. Net Debt/Total Equity Ratio improved to 60.5% from 62.5% a year ago and Total Debt/Total Assets Ratio improved to 37.8% from 38.9% during the same period.

	As at 31 March 2020 (S$ million)	**As at 31 March 2021 (S$ million)**
Total Debt[1]	21,527	**20,161**
Cash	2,440	**2,021**
Net Debt	19,087	**18,140**

Financial Capacity	S$ million
Cash	2,021
Unutilised Facilities from Financial Institutions	10,528
Total	**12,549**
Issue Capacity under Euro/Medium Term Note Programmes	**11,819**

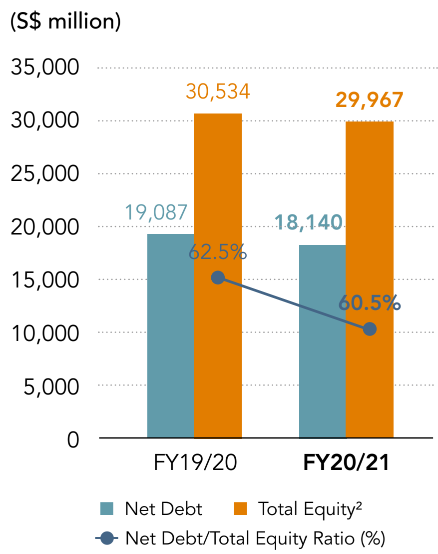
The decrease in debt was primarily due to the deconsolidation of Mapletree Industrial Trust (MIT) in July 2020 and the successful syndication of a new private trust, Mapletree Europe Income Trust (MERIT) in March 2021, raising equity from a diversified group of investors. The syndication is in line with the Group's business model, which includes being an active capital manager in both the public and private markets.

During the year, the following assets were acquired by Mapletree-managed listed real estate investment trusts (REITs):

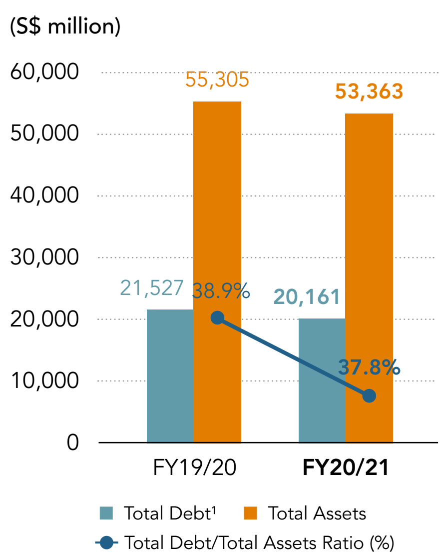
- Remaining 60% interest in 14 data centres in the US by MIT in September 2020; and
- 22 logistics assets in China (comprising the remaining 50% interest in 15 properties and a 100% interest in seven properties) and a 100% interest in a logistics asset in Vietnam by MLT in December 2020.

The Group used the funds derived through these transactions to repay its debt and finance its expansion. Mapletree continues to deepen its presence in various asset classes and markets, such as the logistics market in India as well as offices in South Korea, the Netherlands and the US. In addition, the Group made further progress on the development front with various new logistics projects in China and Japan, residential projects in China and Singapore, commercial projects in India and its first data centre development in Hong Kong SAR.

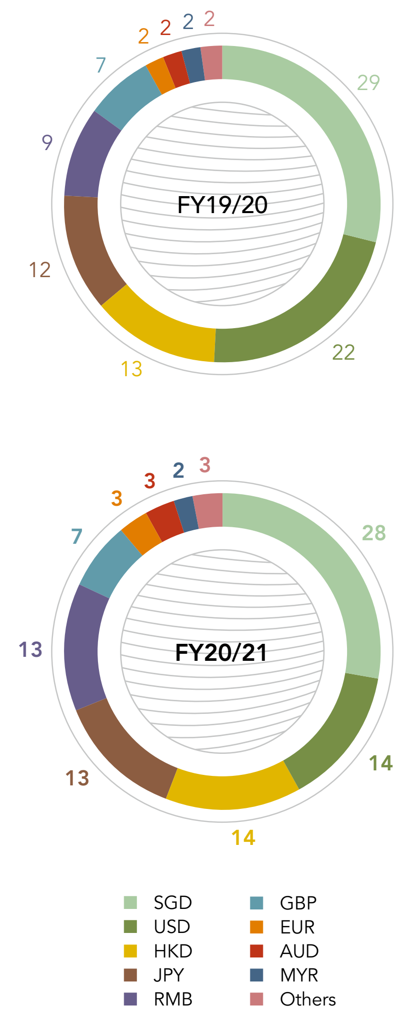
NET DEBT/TOTAL EQUITY



TOTAL DEBT/TOTAL ASSETS



DEBT PROFILE (CURRENCY BREAKDOWN) (%)



CORPORATE LIQUIDITY AND FINANCIAL RESOURCES

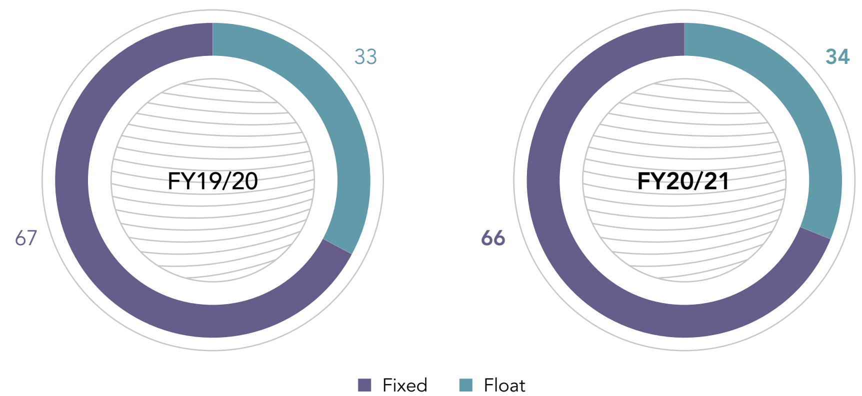
As at 31 March 2021, about 99.4% of the Group's debt was derived from committed banking facilities and medium- to long-term bond issuance. The balance 0.6% was funded by short-term banking facilities to facilitate repayment flexibility arising from cash flows from operations and/or other activities.

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 3.5 years as at 31 March 2021 compared to 3.6 years a year ago. The Group has sufficient resources to support its refinancing needs for the next financial year.

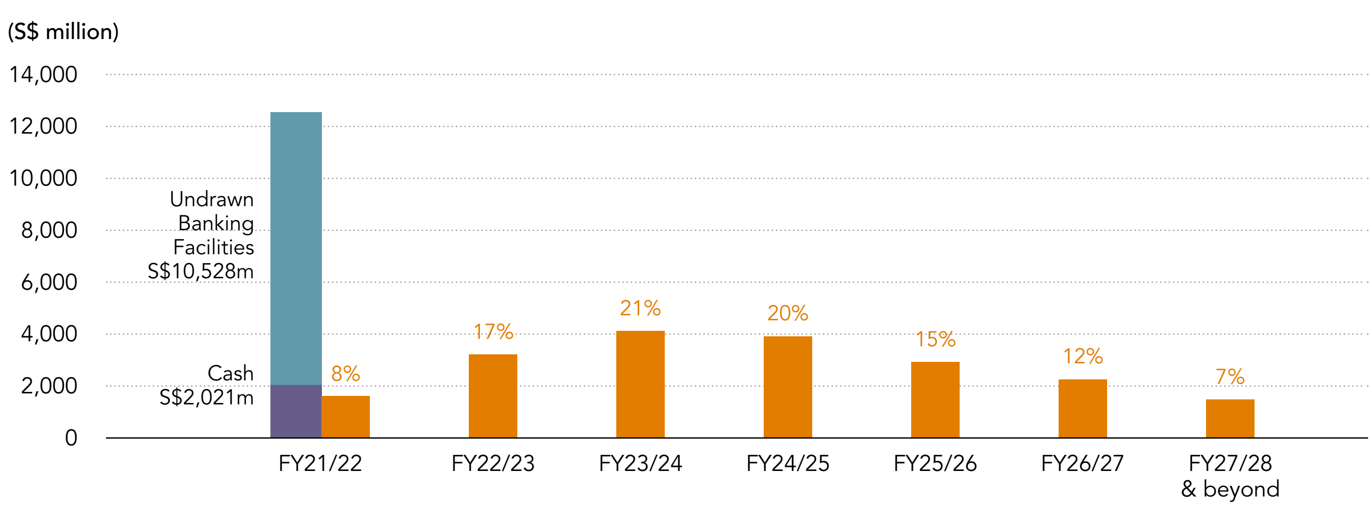
Mapletree continues to maintain and build active relationships with a wide network of banks and life insurance companies worldwide. The diversification of financial institutions has enabled the Group to tap on their different strengths and competencies to support Mapletree's business strategy and growth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

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 66% of the Group's total gross debt with the balance from floating rate 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.

FIXED VS FLOAT (%)



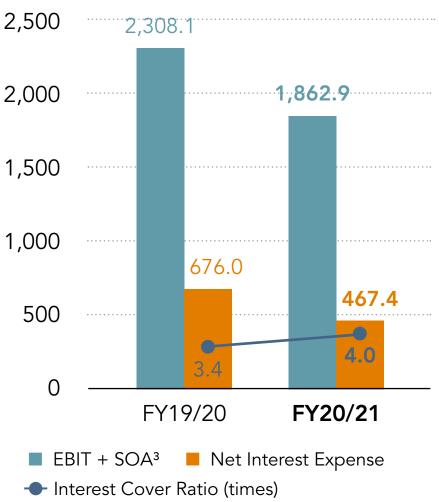
MATURITY PROFILE AS AT 31 MARCH 2021



In FY20/21, the Group's interest cover ratio and cashflow cover ratio (including finance costs capitalised) both improved to 4.0 times from 3.4 times and 3.8 times in FY19/20 respectively.

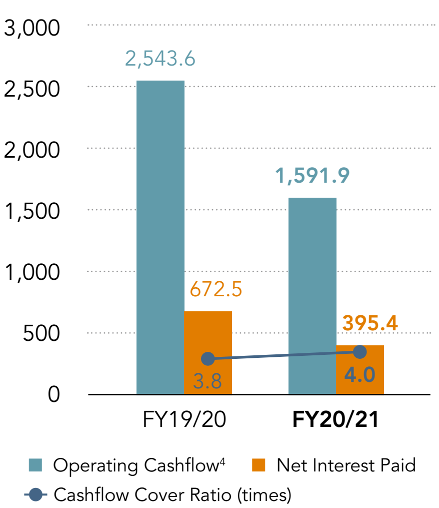
INTEREST COVER RATIO

(S$ million)



CASHFLOW COVER RATIO

(S$ million)



ASSET-LIABILITY MANAGEMENT

Where feasible, the Group adopts a natural hedge policy to mitigate risks from foreign exchange exposure.

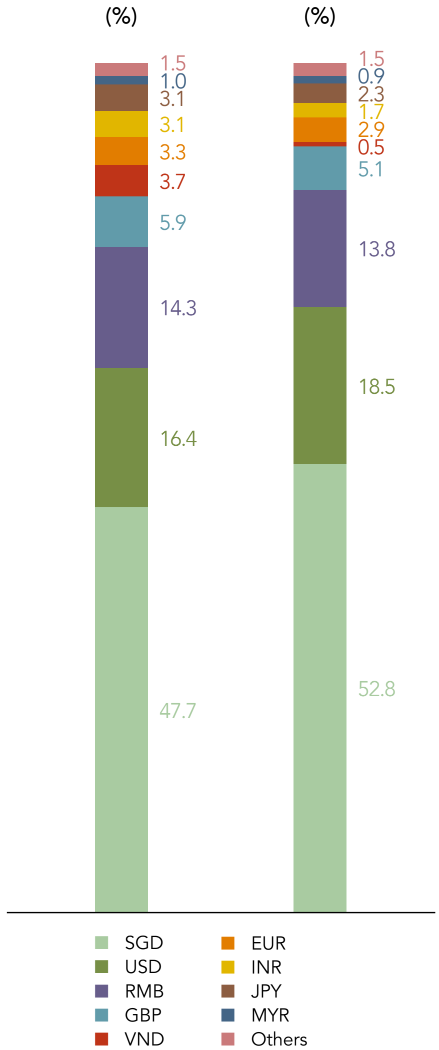
As at 31 March 2021, the Group has drawn foreign currency loans to fund investments that are denominated in the same currencies. The Group also entered into foreign exchange forward contracts and cross-currency swaps (in various currencies) to hedge the currency exposure of certain overseas investments. The breakdown of the Group's debt by currency is as shown in the charts under the Debt and Gearing section.

The Singapore-listed REITs have their Boards and Board Committees. The respective management companies of the REITs, guided by their Board and Board Committees, manage their capital and treasury positions, including asset-liability management, taking into account, among other things, 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 right is an analysis of the asset-liability breakdown by currency, excluding the consolidation of the REITs as at 31 March 2021.

ASSETS

LIABILITIES[5] & EQUITY



1 Loans from non-controlling interests of subsidiaries have been excluded from the analysis.
2 Comprising shareholder's funds, perpetual securities and non-controlling interests.
3 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.
4 Excluded changes in properties held for sale.
5 Adjusted for foreign exchange forward contracts and cross currency interest rate swaps.