CORPORATE LIQUIDITY AND **FINANCIAL RESOURCES**

FINANCIAL MARKET REVIEW

2021 marked the second year of the Covid-19 pandemic, which remained a major force impacting the growth of the global economy. However, 2021 also brought hope for global economic growth, largely due to the development and widespread administration of Covid-19 vaccines. High energy prices and supply chain pressures have spurred record high inflation, prompting central banks across the world to hike interest rates quicker than expected.

The gross domestic product across countries rebounded in 2021 after a sharp decline in 2020. The Singapore economy expanded by 7.6% in 2021, up from the 4.1% contraction in 2020. Amid the inflationary pressures, the Monetary Authority of Singapore steepened the Singapore Dollar (SGD) nominal effective exchange rate (S$NEER) policy band in October 2021, followed by another in January 2022 and most recently in April 2022. The United States (US) and China economies have also registered rebounds from the 2020 levels. The US grew 5.7% in 2021 as compared to a contraction of 3.4% in 2020, whereas China climbed to 8.1% from its 2.2% growth in 2020.

In a span of two years, the global economy has moved from deflation to inflation, and monetary easing to rapid tightening. Renewed fears of stagflation have now surfaced on the back of the Russia-Ukraine conflict and the resurgence of the Covid-19 spread in China. The world economy is expected to experience new battles ahead amid the challenging economic conditions.

FINANCIAL RESOURCES AND LIQUIDITY

Against the backdrop of uncertainties, prudent capital management and cash flow planning are imperative. Recognising this, 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.

Financial Capacity	**S$ million**
Cash	2,070
Unutilised Facilities from Financial Institutions	11,266
Total	**13,336**
Issue Capacity under Euro/Medium Term Note Programmes	**11,639**

As at 31 March 2022, total cash reserves and undrawn banking facilities amounted to S$13,336 million.

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

- Mapletree Treasury Services Limited (MTSL) raised S$600 million 3.70% perpetual securities in August 2021. This is the first SGD-denominated fixed for life perpetual securities and the proceeds were used by the Group for general corporate purposes;

- Mapletree North Asia Commercial Trust (MNACT) issued its first perpetual securities of S$250 million at 3.50% fixed rate on 8 June 2021. The proceeds were used for general corporate purposes;

- Mapletree Logistics Trust (MLT), on 2 November 2021, issued S$400 million of 3.725% fixed rate subordinated perpetual securities. The proceeds were used for general corporate purposes including redemption of its S$250 million 4.18% perpetual securities on 25 November 2021; and

- In November and December 2021, MLT via its subsidiary, issued three tranches of JPY fixed rate notes, namely one tranche of 0.7% eight-year fixed rate notes of JPY2,000 million and two tranches of 0.9% 10-year fixed rate notes totalling JPY12,000 million. The proceeds were used to refinance existing borrowings and for general corporate purposes.

GREEN FINANCE

The Group has continued to demonstrate its commitment in incorporating sustainability throughout its business operations, further raising S$395 million of loans through sustainable financing during the year. The loans were for financing green buildings or designed to link with key environmental, social and governance initiatives that the Group focuses on.

DEBT AND GEARING

As at 31 March 2022, the Group's Net Debt was S$19,320 million compared to S$18,140 million in the previous year. Debt to equity ratio improved to 58.3% from 60.5% a year ago while Total Debt/Total Assets Ratio improved to 36.9% from 37.8% during the same period.

	As at 31 March 2021 (S$ million)	**As at 31 March 2022 (S$ million)**
Total Debt[1]	20,161	21,390
Cash	2,021	2,070
Net Debt	18,140	19,320

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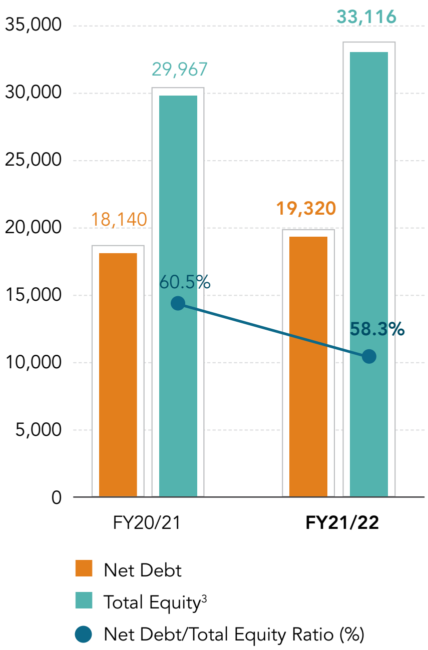
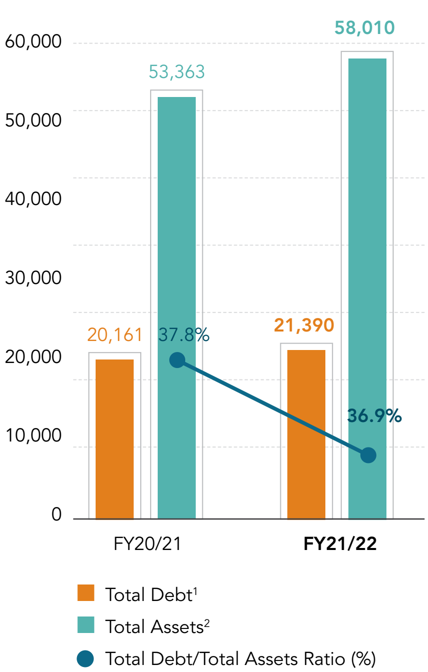
NET DEBT/TOTAL EQUITY (S$ million)



TOTAL DEBT/TOTAL ASSETS (S$ million)



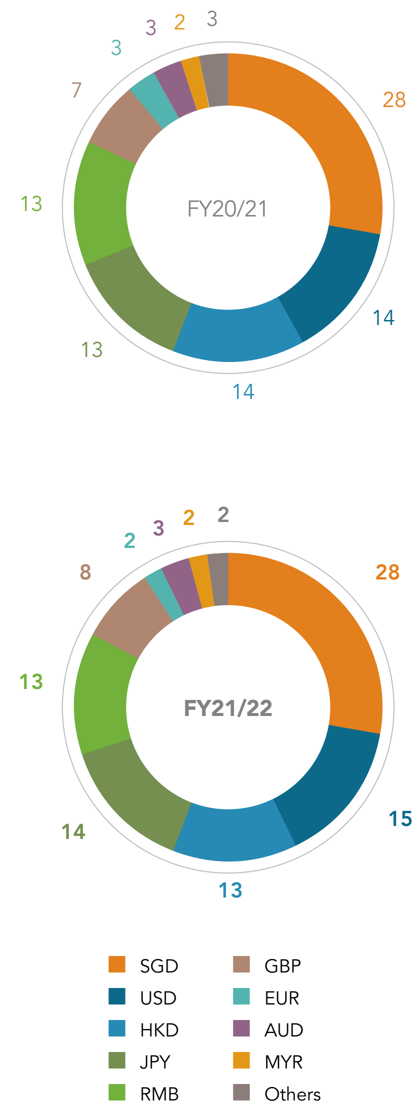
The improvement in the debt to equity ratio is attributed to the successful syndication of two Mapletree-sponsored and managed private trusts, namely, Mapletree US Income Commercial Trust (MUSIC) in September 2021 and Mapletree US Logistics Private Trust (MUSLOG) in November 2021, raising equity from a diversified group of investors. These syndications further demonstrate the Group's business model in active capital management in both the public and private markets.

During the year, the following assets were injected into Mapletree-managed private funds and public-listed real estate investment trusts (REITs):

- Five freehold Class A commercial office properties located in key growth cities across the US to MUSIC in September 2021;
- 155 logistics assets in US to MUSLOG in November 2021;
- 15 logistics assets (comprising 12 in China and three in Vietnam) to MLT in January 2022; and
- Malaysia Logistics Hub in Tanjung Pelepas, Malaysia to MLT in February 2022.

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 logistics, office and student accommodation across the US, the United Kingdom (UK) and Asia Pacific.

DEBT PROFILE (CURRENCY BREAKDOWN) (%)



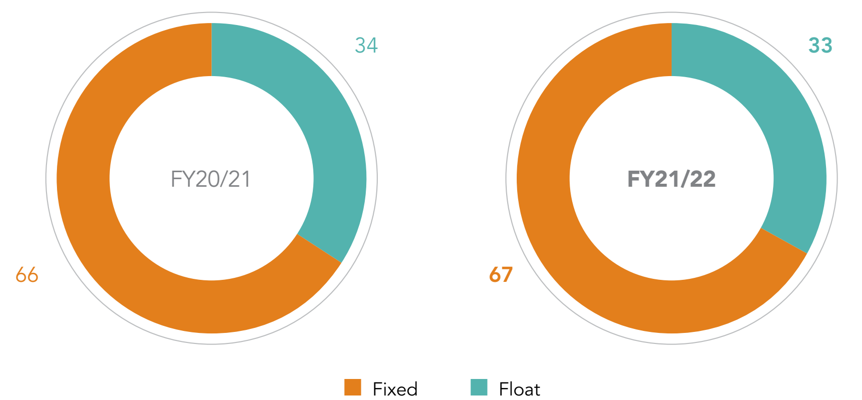
As at 31 March 2022, about 98.7% of the Group's debt was derived from committed banking facilities and medium- to long-term bond issuance. The remaining 1.3% was funded by short-term banking facilities to facilitate repayment flexibility arising from cash flows from operations or other activities.

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 3.2 years as at 31 March 2022 compared to 3.5 years a year ago. The Group has sufficient resources to support its refinancing needs for the next financial year.

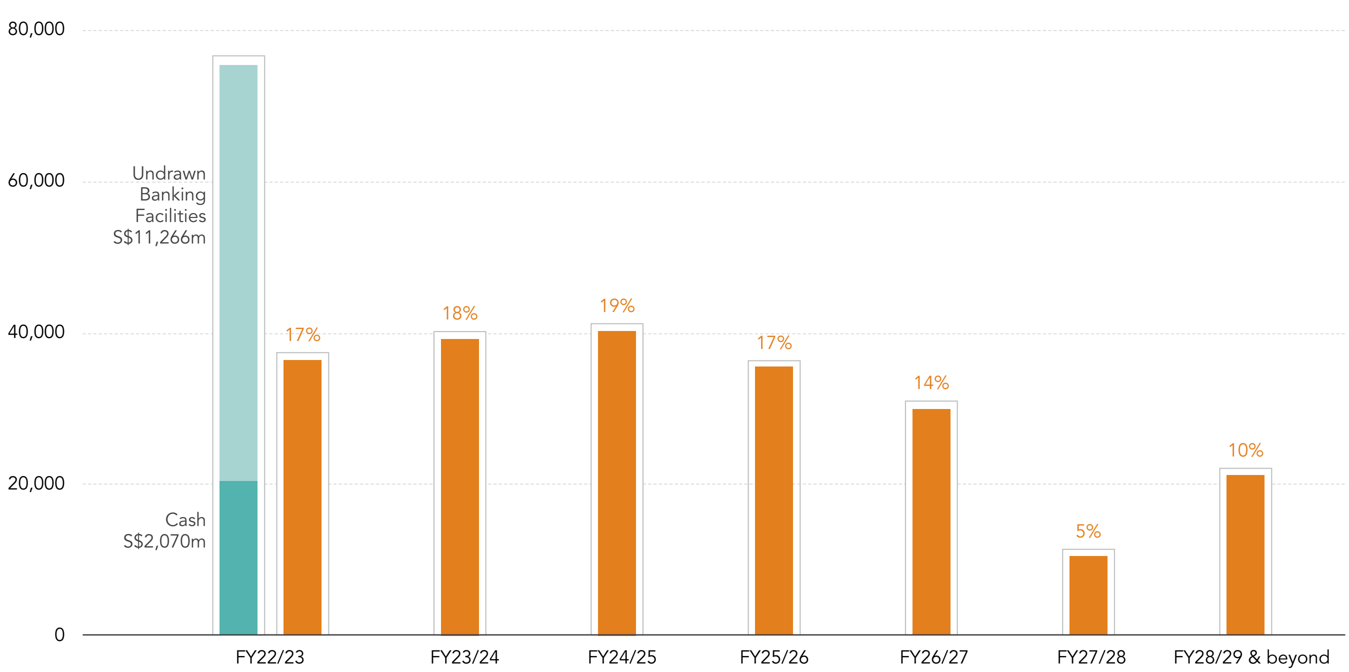
Mapletree continues to maintain and build active relationships with a wide network of banks and life insurance companies across the globe. The diversification of financial institutions has enabled the Group to tap on their different strengths and competencies to support Mapletree's business strategy 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 67% 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 to be generated from business operations.

FIXED VS FLOAT (%)



MATURITY PROFILE AS AT 31 MARCH 2022 (S$ million)



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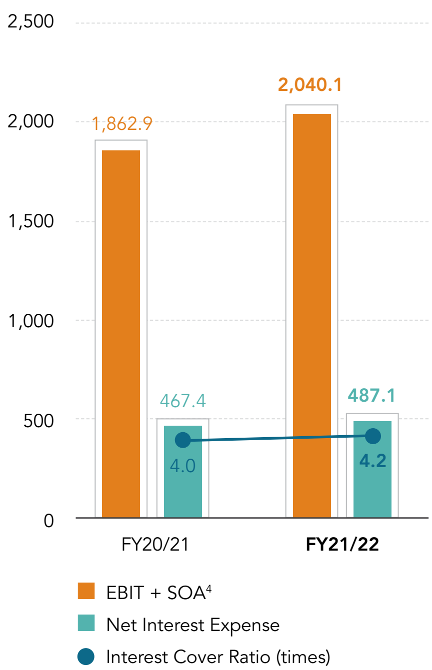
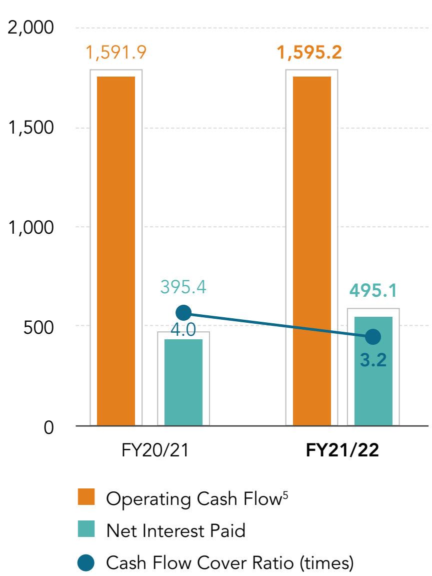
In Financial Year 2021/2022 (FY21/22), the Group's interest cover ratio improved to 4.2 times (FY20/21: 4.0 times) and cash flow cover ratio (including finance costs capitalised) decreased to 3.2 times (FY20/21: 4.0 times).

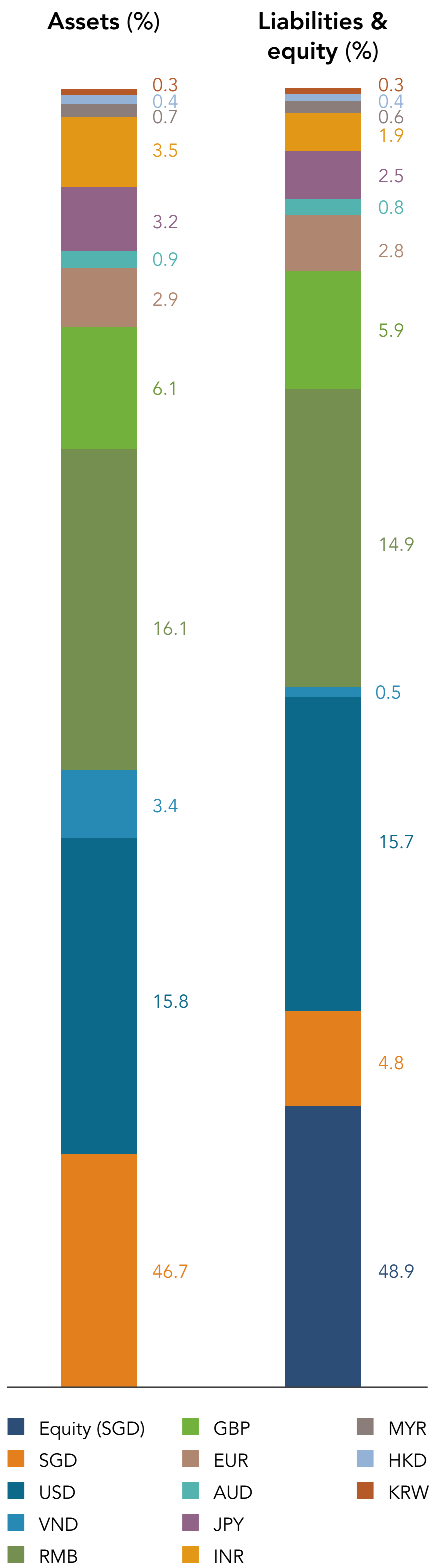
INTEREST COVER RATIO (S$ million)



CASH FLOW 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 2022, the Group has drawn foreign currency loans to fund investments that are denominated in the same currencies. The Group also entered into foreign exchange derivatives to hedge the currency exposure of certain overseas investments. The breakdown of the Group's debt by currency is illustrated in the charts under Debt and Gearing section.

The Singapore-listed REITs have their own Boards and Board Committees. The respective management companies of the REITs, guided by their Boards 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 closely monitors and manages its 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 2022.

1 Loans from non-controlling interests of subsidiaries have been excluded from the analysis.
2 Right-of-use assets 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 Excluded changes in properties held for sale.