

CORPORATE LIQUIDITY AND FINANCIAL RESOURCES

FINANCIAL MARKET REVIEW

The global economy started 2018 on a positive note but weakened in the second half of the year due to geopolitical tensions, United States-China trade conflict and market volatility from the increased pace of US interest rate hikes. Some of these factors are expected to carry over to coming quarters, and global growth is projected to decline.

The Singapore economy's growth slowed to 3.2% in 2018, from 3.9% in 2017, mainly due to a decline in the manufacturing sector. The Monetary Authority of Singapore has, in April 2019, maintained a modest and gradual appreciation path of the Singapore Dollar to ensure medium-term price stability. China's economy grew 6.6% in 2018, the slowest rate in 28 years, amid a crackdown on high debt levels and an ongoing trade dispute with the US. On the other hand, the US economy grew 2.9% in 2018, which was the strongest since 2015, driven by tax cuts and increased government spending. After four rate hikes in 2018, the US Federal Reserves is expected to leave rates unchanged this year, given risk to the US economy from a global slowdown. The United Kingdom (UK) kept rates unchanged since the last rate hike in August 2018 given Brexit uncertainty, and most other central banks (including Eurozone, Japan and Australia) also maintained their monetary policies to support economic activity and boost inflation.

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 its cash flow position, debt

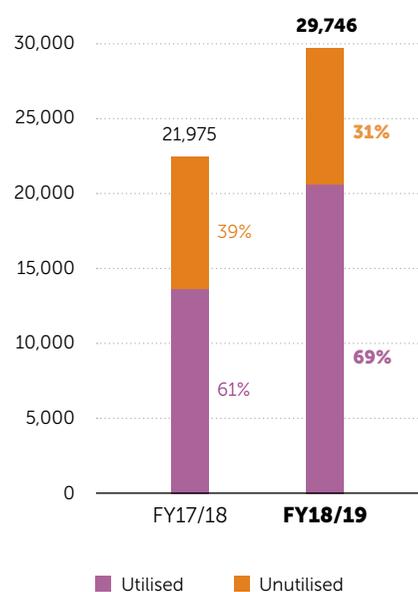
Financial Capacity	S\$ million
Cash ¹	1,900
Unutilised Facilities from Financial Institutions	9,135
Total	11,035
Issue Capacity under Euro/Medium Term Note Programmes	15,080

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 2019, total cash reserves and unutilised banking facilities amounted to S\$11,035 million.

FACILITIES FROM FINANCIAL INSTITUTIONS – AVAILABILITY AND UTILISATION

(S\$ million)



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

- Mapletree Treasury Services Limited had three issuances totaling S\$750 million with maturities ranging from three to 10 years. The proceeds were used for general corporate purposes.
- Mapletree North Asia Commercial Trust (MNACT)⁶ issued HK\$580 million (~S\$100.2 million) 3.65% eight-year fixed rate notes in March 2019. The proceeds were used to refinance existing borrowings.
- Mapletree Industrial Trust (MIT) established a S\$2 billion Euro Medium Term Securities Programme in September 2018 and issued S\$125 million 3.58% 10-year fixed rate notes in March 2019. The proceeds were used to refinance existing borrowings.
- Mapletree Commercial Trust increased its existing S\$1 billion Medium Term Note Programme to S\$3 billion in June 2018 to enhance financial flexibility.

The Group also raised US\$2,032 million (~S\$2,755.6 million) of non-recourse debt from top American life insurance lenders to part-finance a portfolio of 200 logistics assets in the US, with maturities ranging from five to eight years.

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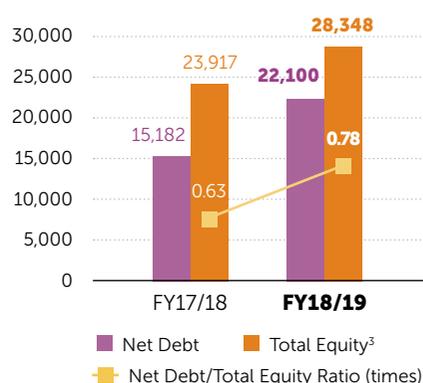
DEBT AND GEARING

	As at 31 March 2018 S\$ million	As at 31 March 2019 S\$ million
Total Debt ^{1,2}	16,449	24,000
Cash ¹	1,267	1,900
Net Debt	15,182	22,100

As at 31 March 2019, the Group's net debt was S\$22,100 million as compared to S\$15,182 million as at 31 March 2018. Net Debt/Total Equity Ratio increased to 0.78 times from 0.63 times a year ago and Total Debt/Total Assets Ratio increased to 0.44 times from 0.39 times during the same period.

NET DEBT/TOTAL EQUITY

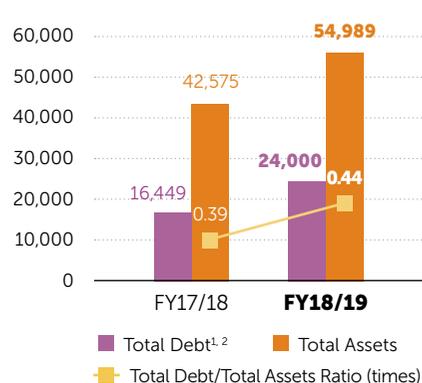
(S\$ million)



The increase in debt was primarily due to new acquisitions as the Group continues to deepen its presence in the US and Europe (logistics asset portfolios), India (IT office) and office assets in China's Tier 1 cities as well as Australia. MNACT also acquired a portfolio of six commercial assets in Japan in May 2018 and Mapletree Logistics Trust (MLT) acquired a portfolio of five logistics properties in Singapore in September 2018. In addition, the Group made further progress on the development front, with the addition of 18 new logistics projects in China and started its first student accommodation developments in the UK and the US.

TOTAL DEBT/TOTAL ASSETS

(S\$ million)



MLT co-invested in 11 logistics properties in China via a 50:50 joint venture in June 2018 and MIT acquired 18 Tai Seng in February 2019. Gross proceeds recycled amounted to approximately S\$470 million.

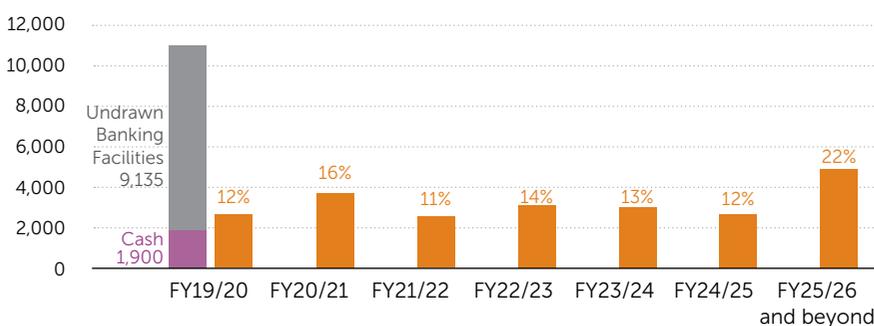
Post FY18/19, the Group completed the divestment of Mapletree Bay Point in Hong Kong SAR to a private equity firm in May 2019, and the proceeds were mainly deployed to repay debt. Assuming this divestment had been completed on 31 March 2019, the pro-forma gearing ratios and average debt maturity would improve to the following:

- Net Debt/Total Equity Ratio: 0.72 times (from 0.78 times)
- Total Debt/Total Assets Ratio: 0.42 times (from 0.44 times)
- Average Debt Maturity: 4.0 years (from 3.8 years)

In line with the strategy to expand the Group's real estate capital management platforms, Mapletree successfully completed the first stage of Mapletree US & EU Logistics Private Trust (MUSEL) syndication (for the US and Europe logistics portfolios) in March 2019 raising approximately S\$870 million third-party equity from a diversified group of investors, and freeing corporate facilities with non-recourse debt.

MATURITY PROFILE AS AT 31 MARCH 2019

(S\$ million)

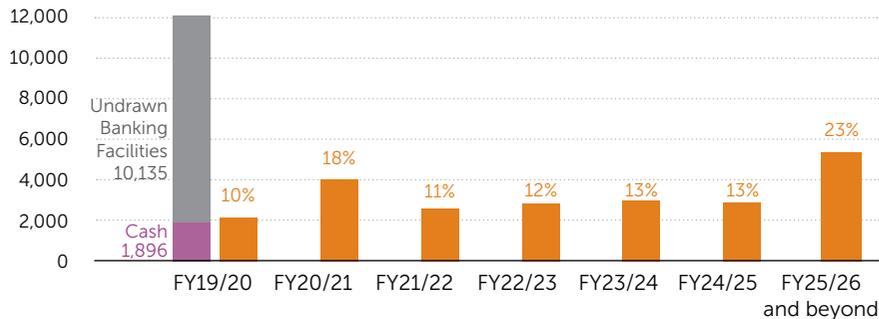


As at 31 March 2019, about 99.7% of the Group's debt was from committed banking facilities and medium to long-term bond issuance. The balance 0.3% was funded by short-term banking facilities to facilitate repayment flexibility arising from cash flows from operations and/or other activities.

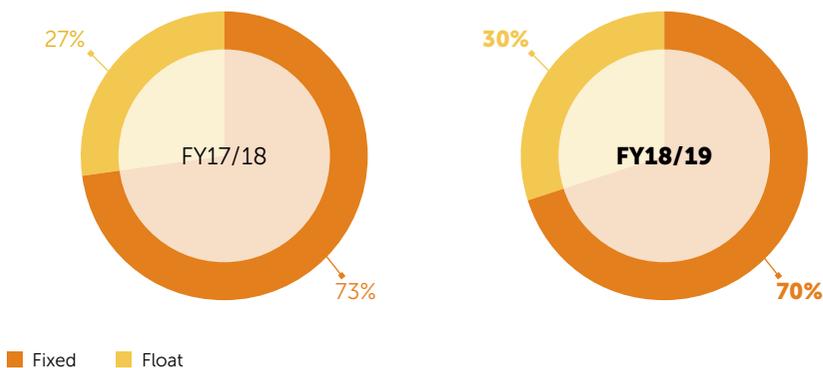
The Group makes a conscious effort to diversify its funding sources and spread its debt maturity profile to align with its cash flow plans, and also to

MATURITY PROFILE AS AT 31 MARCH 2019 (PRO-FORMA AFTER MAPLETREE BAY POINT)

(\$ million)

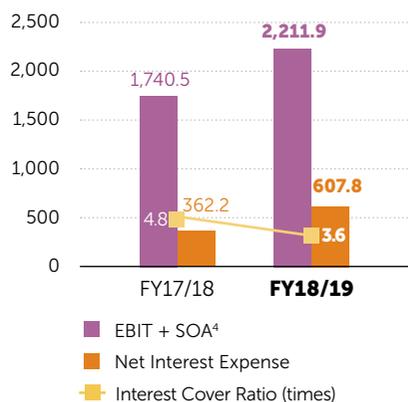


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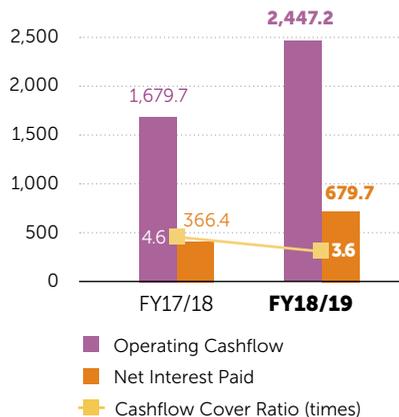
INTEREST COVER RATIO

(\$ million)



CASHFLOW COVER RATIO

(\$ million)



reduce refinancing risks. The average life of its existing gross debt portfolio was 3.8 years as at 31 March 2019 compared to 3.2 years a year ago. The Group has more than sufficient resources to support its refinancing needs for the next financial year.

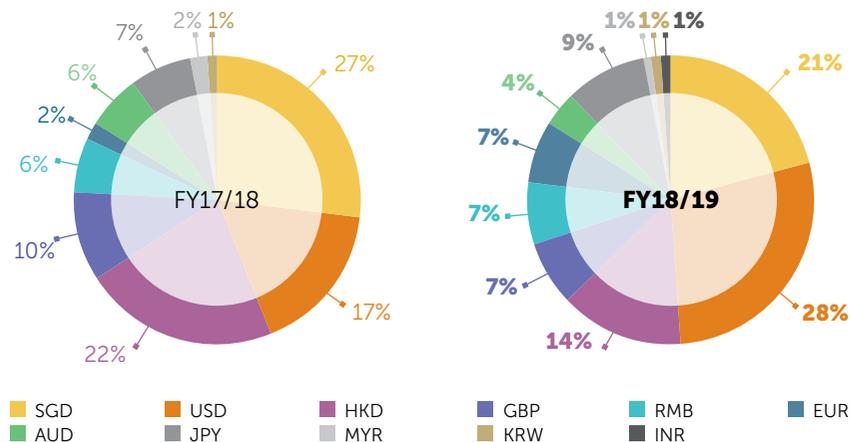
Mapletree continues to maintain and build active relationships with a wide network of banks and life insurance companies of various nationalities. The diversification of financial institutions has enabled the Group to tap on the different competencies and strengths of its relationship banks to support 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. Where necessary, the Group uses derivative financial instruments to hedge its interest rate risks. Fixed rate borrowings made up 70% of the Group's total gross debt with the balance from floating rates borrowings. Factors used in determining the interest rate profile included the interest rate outlook, the investments' planned holding period, and the expected cash flows generated from business operations.

In FY18/19, the Group's interest cover ratio and cashflow cover ratio (including finance costs capitalised) both decreased to 3.6 times from 4.8 times and 4.6 times in FY17/18 respectively.

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DEBT PROFILE (CURRENCY BREAKDOWN)



ASSET-LIABILITY MANAGEMENT

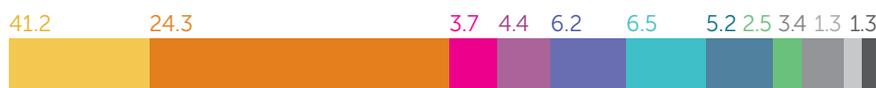
Where feasible, the Group adopts a natural hedge policy to mitigate exposure to foreign exchange rate risks. As at 31 March 2019, the Group has drawn foreign currency loans to fund investments that are denominated in the same currencies. The Group has also entered into foreign exchange contracts and cross currency swaps (in various currencies) to hedge the currency exposure of certain overseas investments.

The listed real estate investment trusts (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 minimises 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 2019.

ASSETS (%)



LIABILITIES⁵ AND EQUITY (%)



- 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 revaluation, SOA gains or losses relating to disposal, foreign exchange and derivatives gains or losses.
- 5 Adjusted for foreign exchange contracts and cross currency interest rate swaps.
- 6 Formerly known as Mapletree Greater China Commercial Trust (MGCCT). Please refer to MNACT's SGX-ST Announcement dated 25 May 2018 titled "Change of Name of Mapletree Greater China Commercial Trust and the Manager".