CORPORATE LIQUIDITY & FINANCIAL RESOURCES

FINANCIAL MARKET REVIEW

Global economic activity strengthened in 2017, across the developed and emerging economies which led stock markets to rally and commodity prices to recover. Geopolitical tensions and threats of increased protectionism however, could potentially derail the positive near-term growth prospects.

The Singapore economy expanded 3.6% in 2017, mainly due to strong growth in the manufacturing sector. The Monetary Authority of Singapore has, in April 2018, adopted a modest and gradual appreciation path of the Singapore dollar to ensure medium term price stability. China's economy rebounded with a 6.9% growth in 2017 from a 26-year low in 2016 due to stronger global trade that boosted exports but may face headwinds as it continues with the structural change from its debt-heavy investment model. The United States (US) economy grew 2.3% for the year and is expected to rise further in 2018, backed by the recently approved US tax policy changes. The US Federal Reserve raised rates by 0.25% in March 2018 (the fourth rate increase from March 2017), referencing the improving economy and labour market. There was one rate hike in the United Kingdom (UK) during the year, while most other central banks (including Eurozone, Japan and Australia) 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 to support its working capital requirements, capital expenditure and investment needs. This enables Mapletree to capitalise on any opportunity that may arise to grow its business. 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 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.

Financial Capacity	S$ million
Cash	1,267
Undrawn Banking Facilities	8,608
Total	**9,875**
Issue Capacity under Euro/Medium Term Note Programmes	**11,243**

As at 31 March 2018, total cash reserves and unutilised banking facilities amounted to S$9,875 million.

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

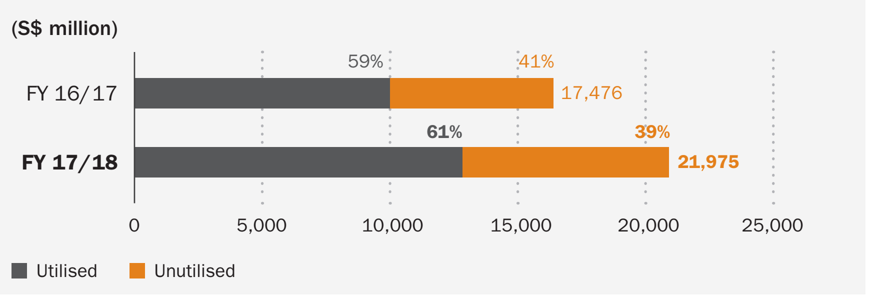
- Mapletree Treasury Services Limited (MTSL) raised S$700 million 3.95% perpetual securities in May 2017 to redeem the S$600 million 5.125% perpetual securities on its call date of 25 July 2017 and for general corporate purposes.
- In August 2017, MTSL raised a further S$300 million 2.85% 8-year fixed rate notes for general corporate purposes.
- Mapletree Logistics Trust (MLT) established a new S$3 billion Euro Medium Term Note Programme in July 2017 and issued S$180 million 3.65% perpetual securities. The proceeds were used for partial redemption of the S$350 million 5.375% perpetual securities on its call date of 19 September 2017.
- Mapletree Commercial Trust issued S$100 million 3.045% 10-year fixed rate notes in August 2017 and S$120 million 3.28% 6.5-year fixed rate notes in March 2018. Proceeds from both issuances were used to refinance existing borrowings.

DEBT AND GEARING

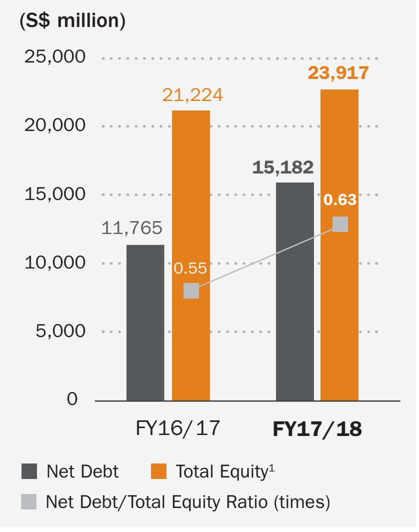
As at 31 March 2018, the Group's net debt was S$15,182 million compared to S$11,765 million as at 31 March 2017. Net Debt/Total Equity Ratio increased to 0.63 times from 0.55 times a year ago and Total Debt/Total Assets Ratio increased to 0.39 times from 0.36 times during the same period. The increase in debt was primarily due to the acquisitions of investment properties in the US (adding new asset classes of multi-family housing, data centre and office), Australia (expanding into offices in Melbourne and Adelaide) and the UK; and also the Group's growth of its logistics development portfolio in China.

In October 2017, the Group divested Mapletree Logistics Hub Tsing Yi in Hong Kong SAR to MLT. This allowed the Group to recycle gross proceeds of approximately S$835 million.

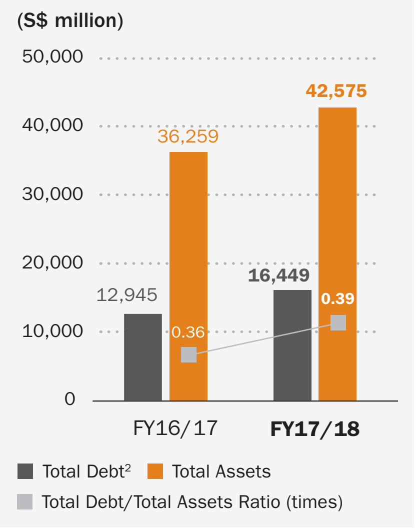
BANK FACILITIES AVAILABILITY AND UTILISATION



NET DEBT/TOTAL EQUITY

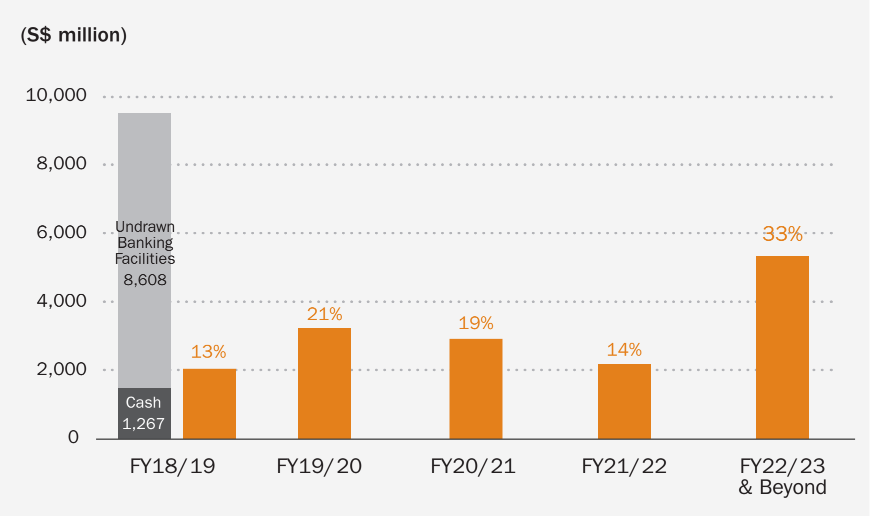


TOTAL DEBT/TOTAL ASSETS

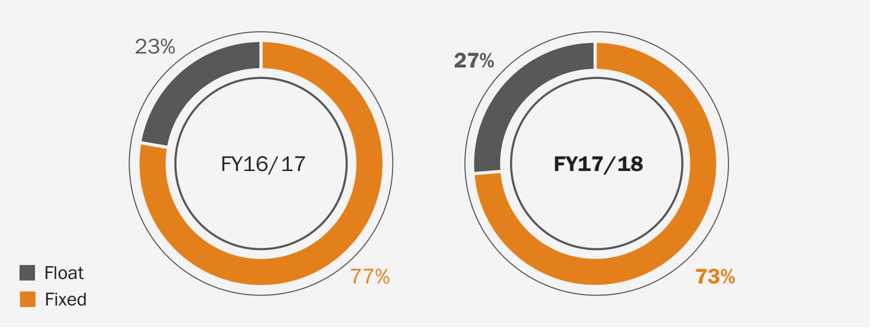


	As at 31 March 2017 S$ million	As at 31 March 2018 S$ million
Total Debt[2]	12,945	16,449
Cash	1,180	1,267
Net Debt	11,765	15,182

MATURITY PROFILE AS AT 31 MARCH 2018



FIXED VS FLOAT



As at 31 March 2018, about 99% of the Group's debt was from committed banking facilities and medium to long-term bond issuance. The balance 1% was funded by short-term banking facilities to facilitate repayment flexibility arising from cash flows from operations and/or other activities.

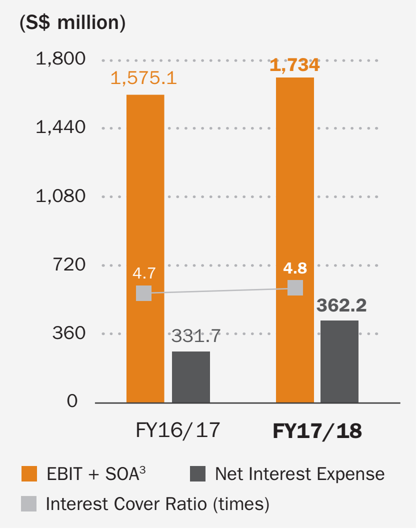
The Group makes a conscious effort to diversify its funding sources and spread its debt maturity profile to align with its cash flow plans, and also to reduce refinancing risks. The average life of its existing gross debt portfolio was 3.2 years as at 31 March 2018 compared to 3.3 years a year ago. The 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 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.

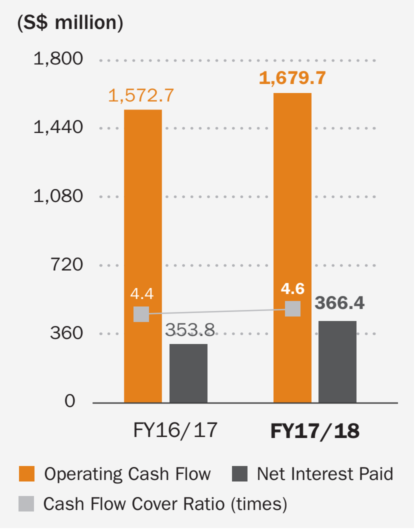
The Group manages its interest cost by maintaining a prudent mix of fixed and floating rate borrowings as part of its liability management strategy. Where necessary, the Group uses derivative financial instruments to hedge its interest rate risks. Fixed rate borrowings made up 73% of the Group's total gross debt with the balance from floating rate 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.

CORPORATE LIQUIDITY & FINANCIAL RESOURCES

INTEREST COVER RATIO



CASH FLOW COVER RATIO



In FY17/18, the Group's interest cover ratio and cash flow cover ratio (including finance costs capitalised) improved to 4.8 times (FY16/17: 4.7 times) and 4.6 times (FY16/17: 4.4 times) respectively.

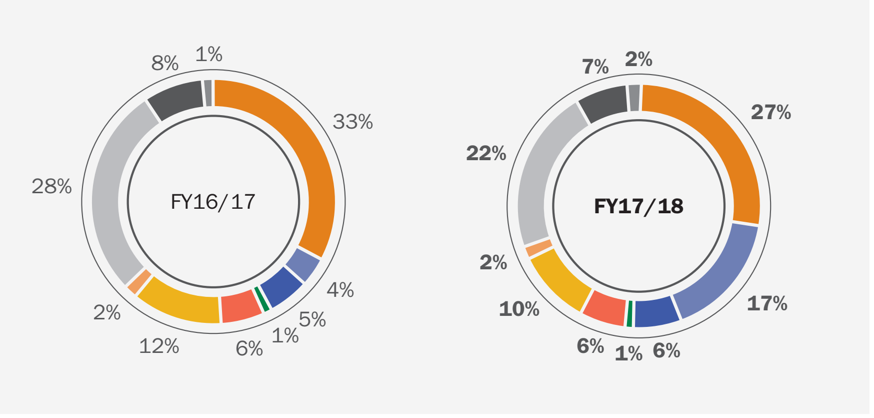
ASSET-LIABILITY MANAGEMENT

Where feasible, the Group adopts a natural hedge policy to mitigate exposure to foreign exchange rate risks. As at 31 March 2018, 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.

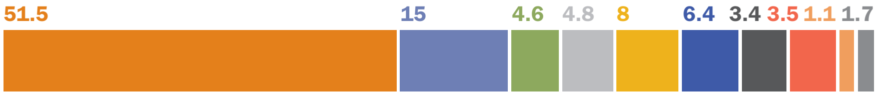
The listed REITs have their own Board and Board Committees. The respective management companies of the REITs, guided by their Board and Board Committees, manage their own capital and treasury positions, including asset-liability management, taking into account, inter alia, their strategies and returns 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. Below is an analysis of the asset-liability breakdown by currency excluding the consolidation of the REITs as at 31 March 2018.

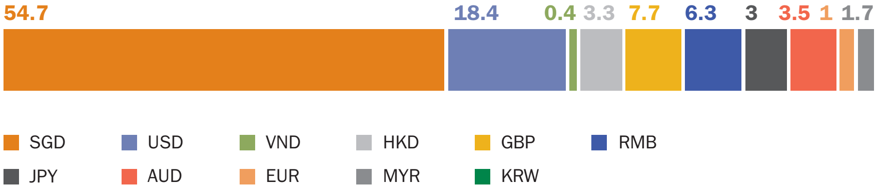
DEBT PROFILE (CURRENCY BREAKDOWN)



ASSETS (%)



LIABILITIES4 & EQUITY (%)



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

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

3 Earnings before interest and tax (EBIT) plus share of operating profit or loss of associated companies and joint ventures (SOA), excluding revaluation gains or losses, divestment gains or losses, foreign exchange and derivatives gains or losses.

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