

# Corporate Liquidity & Financial Resources

## Financial Market Review

2016 was a volatile year for global economy against the backdrop of two major geopolitical events - the United Kingdom referendum and the United States (US) presidential election, as well as divergent monetary policies among central banks causing uncertainty in global financial markets.

The Singapore economy grew by 2% in 2016, comparable to the growth of 1.9% in 2015. The Ministry of Trade and Industry expects the economy to grow at a modest pace of 1% to 3% in 2017. The US Federal Reserve raised rates by 0.25% in March 2017 (following the last increase in December 2016); in view of stable economic growth, strong employment data and confidence that inflation is rising to the central bank's target. The US economy is also projected to grow at a faster pace in 2017, supported by the expected expansionary economic policies under the new US administration.

In contrast, China's economy ended 2016 with 6.7% growth, the slowest in 26 years. Growth in 2017 is expected to be lower, to around 6.5% as the country continues with the rapid structural change from an investment to domestic consumption driven economy. Markets had also been concerned on the impact from tightening of

monetary policy in China. In the Eurozone, growth is likely to remain modest. Confidence in the Eurozone continues to be undermined by political risks with upcoming elections in key Eurozone economies. As for Japan, it will likely see its economy grow this year on the back of the weak yen and government steps to stimulate sluggish consumer demand.

## Financial Resources and Liquidity

During the year, the Mapletree Group continues 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 opportunities for growth in Asia and beyond. 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.

As at 31 March 2017, total cash reserves and unutilised banking facilities amounted to S\$8,408 million.

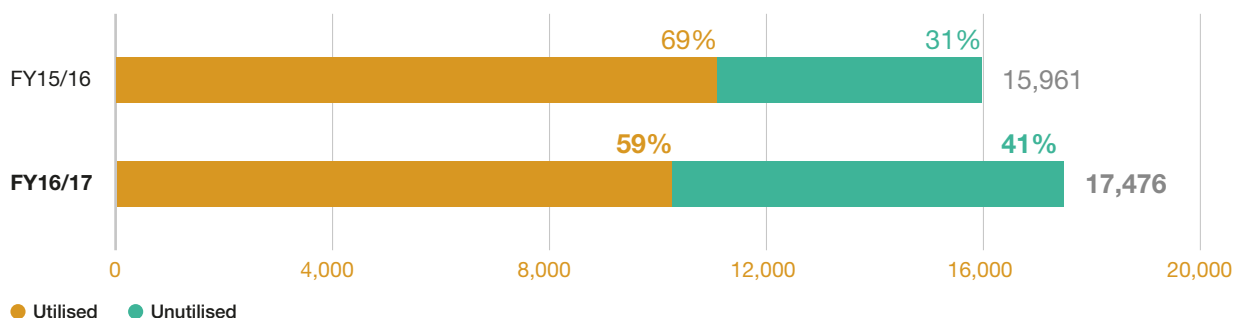
Financial Capacity	S\$ million
Cash	1,180
Undrawn Banking Facilities	7,228
<b>Total</b>	<b>8,408</b>
<b>Issue Capacity under Euro/Medium Term Note Programmes</b>	<b>10,312</b>

The Group taps the capital market from time to time, especially for funding in longer tenures. In November 2016, Mapletree Treasury Services Limited, a wholly-owned subsidiary of the Group, increased its existing US\$3 billion Euro Medium Term Note (EMTN) Programme to US\$5 billion. In addition, it raised S\$1,325 million comprising:

- S\$625 million principal amount of 4.50% perpetual securities on 12 January 2017. This was the first public Singapore dollar debt capital market transaction and also the first Asian hybrid issuance of 2017.
- S\$700 million principal amount of 3.95% perpetual securities on 4 May 2017. Proceeds are to be used for general corporate purposes and to redeem the outstanding S\$600 million 5.125% perpetual securities on its first call date of 25 July 2017.

## Bank Facilities Availability and Utilisation

(S\$ million)



## Debt and Gearing

As at 31 March 2017, the Group's net debt was S\$11,765 million compared to S\$12,147 million as at 31 March 2016. Net Debt/Total Equity Ratio decreased to 0.55 times from 0.67 times a year ago and Total Debt/Total Assets Ratio decreased to 0.36 times from 0.40 times during the same period. The decrease in debt was partly due to the receipt of proceeds from injection of various assets into its real estate capital management platforms.

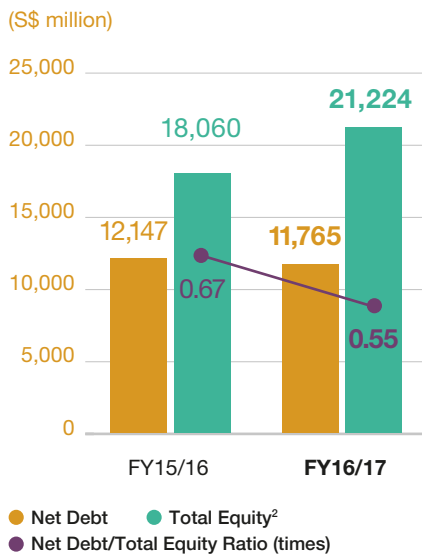
The injection of the office and business park components of Mapletree Business City I to Mapletree Commercial Trust (MCT) in August 2016 was very well received by MCT unitholders and helped Mapletree to recycle capital of approximately S\$1.8 billion. In February 2017, the Group divested three logistics centres in Japan for proceeds in excess of S\$500 million to MJLD. The capital recycled was mainly deployed to the Group's new investments and repayment of debt. In line with the strategy to expand the Group's real estate capital management platforms, the Group launched and closed its first student accommodation private trust, Mapletree Global Student Accommodation Private Trust, in March 2017 raising approximately US\$350 million (~S\$490 million) third party equity from institutions and private bank investors.

	As at 31 March 2016 S\$ million	As at 31 March 2017 S\$ million
<b>Total Debt<sup>1</sup></b>	13,174	<b>12,945</b>
<b>Cash</b>	1,027	<b>1,180</b>
<b>Net Debt</b>	12,147	<b>11,765</b>

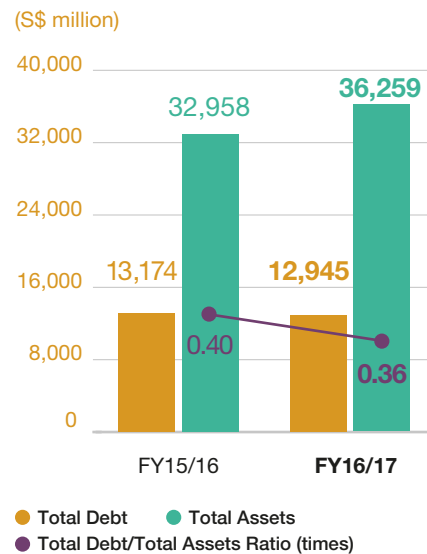
As at 31 March 2017, about 99% of the Group's debt portfolio was from committed banking facilities and medium to long-term bond issuance. The balance 1% was funded by short-term banking facilities to facilitate repayment flexibility arising from cash flows from operations and/or other activities.

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 3.3 years as at 31 March 2017 compared to 3.1 years a year ago. The Group

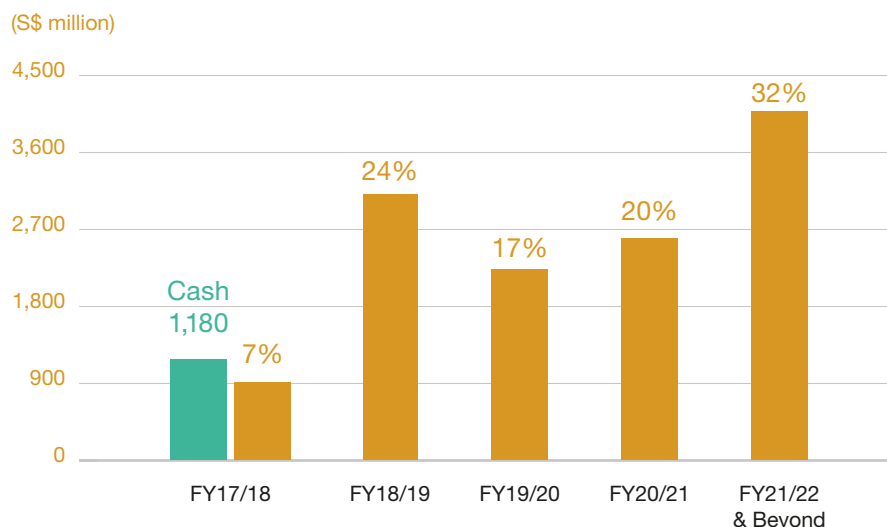
## Net Debt/Total Equity



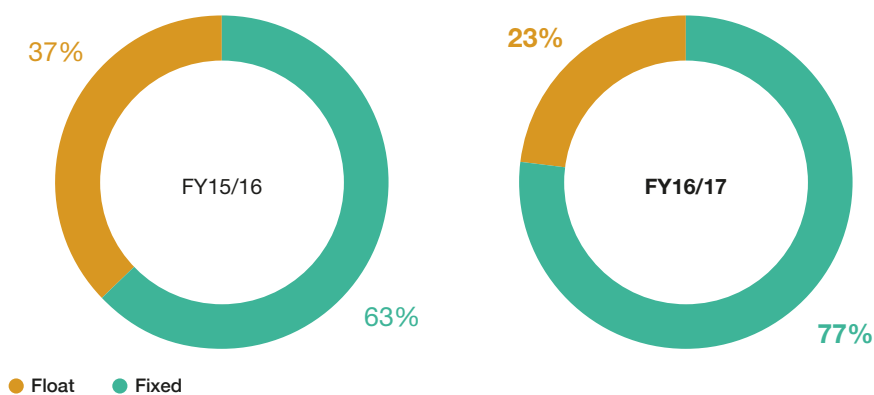
## Total Debt/Total Assets



## Maturity Profile as at 31 March 2017



## Fixed vs Float



<sup>1</sup> Loans from non-controlling interests of subsidiaries have been excluded from the analysis.  
<sup>2</sup> Comprising shareholder's funds, perpetual securities and non-controlling interests.

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 77% 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 FY16/17, the Group's interest cover ratio was 4.7 times (FY15/16: 5.4 times) and the cash flow cover ratio was 4.4 times (FY15/16: 6.1 times).

## Asset-Liability Management

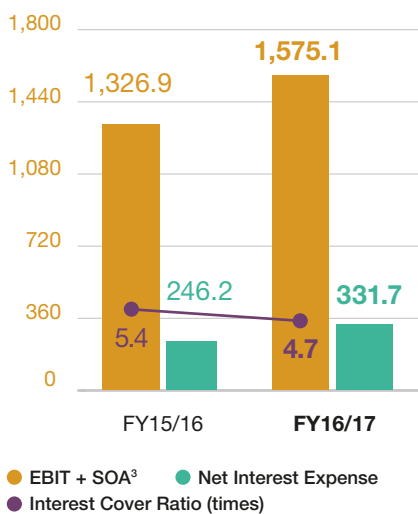
Where feasible, the Group adopts a natural hedge policy to mitigate exposure to foreign exchange rate risks. As at 31 March 2017, the Group has drawn foreign currency loans to fund investments that are denominated in the same currencies. The Group has also entered into foreign exchange contracts and cross currency swaps (in various currencies) to hedge the currency exposure of certain overseas investments.

The respective management companies of the REITs have their own Board and Board Committees which guide and manage their capital and treasury positions, including asset-liability management, taking into account, inter alia, their strategies and returns requirements of the unitholders.

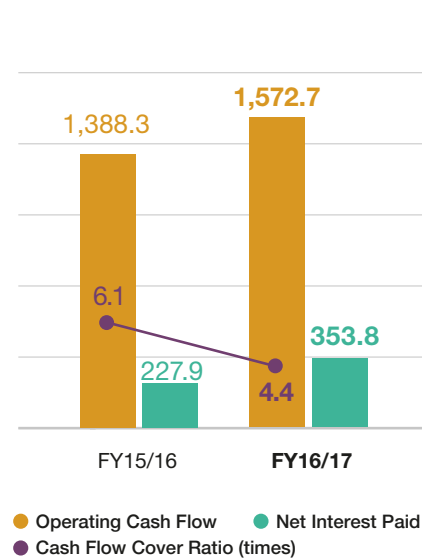
Outside of the REITs, the Group seeks to minimise foreign exchange exposure by closely matching its assets and liabilities by currency. The chart shows an analysis of the asset-liability breakdown by currency excluding the consolidation of the listed REITs as at 31 March 2017.

## Interest Cover Ratio

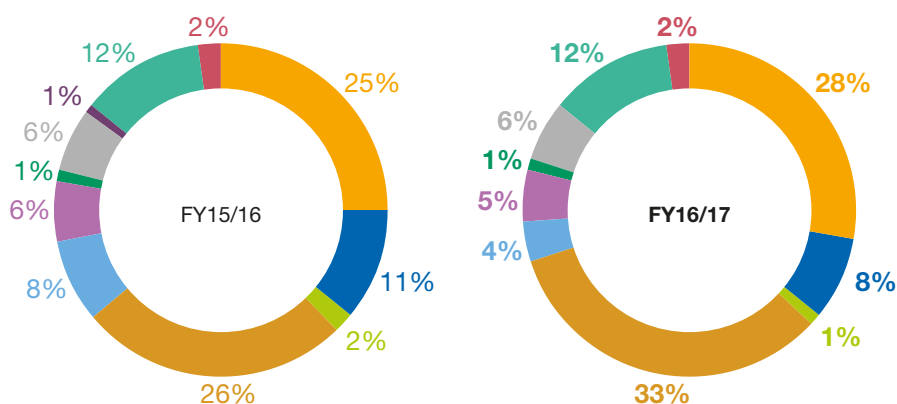
(S\$ million)



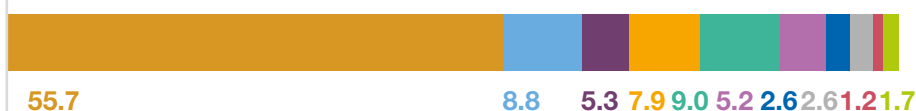
## Cash Flow Cover Ratio



## Debt Profile (Currency Breakdown)



## Assets (%)



## Liabilities<sup>4</sup> & Equity (%)



Legend for Assets and Liabilities & Equity (%): SGD (Orange), USD (Blue), VND (Purple), HKD (Yellow), GBP (Teal), RMB (Pink), JPY (Dark Blue), AUD (Grey), EUR (Red), MYR (Light Green), KRW (Dark Green).

<sup>3</sup> 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.

<sup>4</sup> Adjusted for foreign exchange swaps and cross currency interest rate swaps.