

# Corporate Liquidity and Financial Resources

The Manager takes a proactive capital management approach to maintain a healthy balance sheet and a diversified base of funding sources. Besides working to achieve a balanced debt maturity profile and minimise funding cost, the Manager also ensures that MLT remains in a sound financial position by actively monitoring and managing MLT's cash flow position, interest rate and foreign exchange exposures, as well as overall liquidity position.

## Funding and Liquidity Position

As at 31 March 2018, MLT's total undrawn banking facilities and cash on hand amounted to S\$798 million. This allows the Manager to address refinancing requirements, capitalise on potential investment opportunities, as well as support capital expenditure and working capital requirements. Its Euro Medium Term Notes ("EMTN") programme, which was newly set up during the year, can also be tapped for the issuance of MTNs in various currencies and tenure in the debt capital market.

During the year, MLT successfully completed equity fund raising ("EFR") of S\$640 million through a combination of private placement and preferential offering. The S\$354 million private placement, which was priced at the top end of the price range at S\$1.175 representing a tight discount of 1.3% to adjusted VWAP, was 3.3 times covered and saw strong participation from new and existing investors. The S\$286 million preferential offering was over-subscribed with total subscription rate at 143%. MLT also issued S\$180 million perpetual securities priced at an annual distribution rate of 3.65%, much lower than the 5.375% incurred on the S\$350 million perpetual securities redeemed. The issuance was well-received by high quality investors, with orders in excess of S\$1.2 billion, being a subscription rate of approximately 6.7 times. The successful fund raising in the equity and perpetual market is yet another testament to MLT's quality name and accessibility to various funding sources.

Financial Resources and Liquidity (S\$ million)	As at 31 March 2018
Undrawn bank facilities	696
Cash	102
<b>Total</b>	<b>798</b>
<b>Issue Capacity under Euro Medium Term Notes Programme</b>	<b>2,820</b>

Borrowings and Aggregate Leverage	As at 31 March 2018	As at 31 March 2017
Total Group borrowings (S\$ million)	2,512	2,184
Total Group deferred consideration (S\$ million)	5	8
Total Group assets (S\$ million)	6,678	5,687
Aggregate Leverage	37.7%	38.5%

Effective Interest Rate and Interest Cover Ratio	FY17/18	FY16/17
Effective interest rate for the financial year	2.3%	2.3%
Earnings before interest, tax, depreciation and amortisation (S\$ million)	289	265
Interest expenses (S\$ million)	52	47
Interest cover ratio (times)	5.6	5.6

## Borrowings and Aggregate Leverage

As compared to the prior year, total debt increased to S\$2,512 million mainly due to S\$367 million of net additional loans drawn to fund acquisitions and capital expenditure, offset by lower translated borrowings of S\$39 million arising from weaker Hong Kong Dollar, Australian Dollar and US Dollar. Other than the additional loans of S\$367 million, EFR of S\$640 million and perpetual securities of S\$180 million, we also used net divestment proceeds of S\$186 million and working capital cash to fund the S\$993 million acquisitions and capital expenditures and S\$350 million of perpetual redemption during the year.

Accordingly, the aggregate leverage ratio based on total assets as at 31 March 2018 declined to 37.7% from 38.5% at the start of the financial year. The total debt (including perpetual securities) to net asset value ratio and total debt (including perpetual securities) less cash and cash equivalent to net asset value ratio as at 31 March 2018 were 77.3% and 77.1% respectively. The weighted average interest rate for FY17/18 was maintained at 2.3% per annum while interest cover ratio stood at a healthy 5.6 times.

All borrowings continue to be unsecured with minimal financial covenants. In August 2017, Moody's Investors Service affirmed Baa1 issuer rating and improved MLT's outlook to stable from negative.

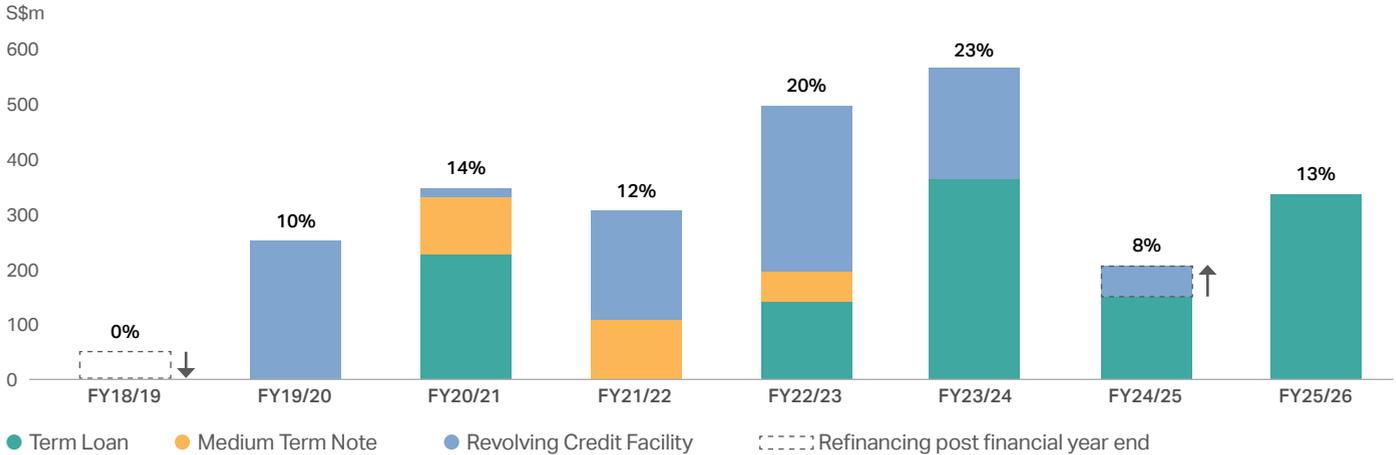
## Debt Maturity Profile

MLT's debt maturity profile remains well staggered with a weighted average debt duration of approximately 4.5 years as at 31 March 2018. During the year, the Manager procured loans of approximately S\$919 million with tenures of 5 to 8 years to finance acquisitions and capital expenditure as well as for refinancing purposes.

About S\$222 million equivalent of foreign currency loans due in FY18/19 were refinanced ahead of their maturities during the year. Post March 2018, the remaining S\$53 million equivalent of foreign currency loans due in FY18/19 was further refinanced and no debt is due in the coming financial year. As part of its prudent capital management strategy, the Manager continues to actively explore refinancing plans for loans ahead of their maturities, to lengthen MLT's debt maturity profile and mitigate refinancing risks.

### Debt Maturity Profile (% of Total Debt)

(As at 31 March 2018)



As at 31 March 2018	
<b>Total Group Borrowings</b>	<b>S\$2,512 million</b>
<b>Average Duration</b>	<b>4.5 years<sup>1</sup></b>

<sup>1</sup> Includes S\$53 million of short term debt termed out post quarter with a 6-year committed facility.

### Hedging Profile

The Manager continues to implement measures to mitigate the impact of foreign exchange and interest rate volatilities on distributable income. As of 31 March 2018, about 70% of MLT’s projected FY18/19 income stream has been hedged into or will be derived in Singapore Dollar, while about 78% of MLT’s total debt was hedged into fixed rates through interest rate swaps or drawn on fixed rate basis.

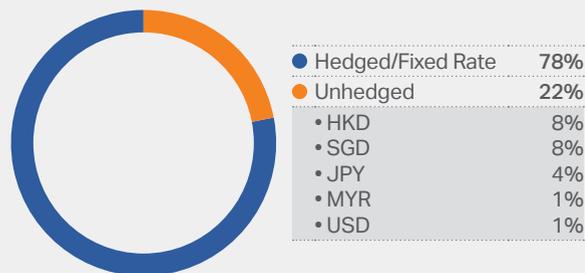
Where feasible, after taking into account cost, tax and other considerations, the Manager will borrow in the same currency as the underlying assets to provide some natural hedge, or hedge through cross currency swaps for its overseas investments. As at 31 March 2018, about 33% of MLT’s loans were denominated in Japanese Yen, 57% in other foreign currencies such as Australian Dollar, Hong Kong Dollar, Korean Won, Chinese Renminbi,

Malaysian Ringgit and US Dollar, and the balance 10% in Singapore Dollar.

The fair value of derivatives for FY17/18, which included derivative financial instruments in Total Assets and Total Liabilities were S\$17 million and S\$20 million, respectively. The net derivative financial liability represented 0.1% of the net assets of MLT Group as at 31 March 2018.

### Interest Rate Hedging Profile

(As at 31 March 2018)



### Debt Profile (Currency Breakdown)

(As at 31 March 2018)

