CORPORATE LIQUIDITY AND CAPITAL RESOURCES

KEY FUNDING STATISTICS

As at 31 March	2019	2018
Total outstanding debt (S$ million)	**1,398.2**	1,219.8
Bank loans outstanding	**993.2**	814.8
Debt securities outstanding	**405.0**	405.0
Key Capital Management Indicators		
Unutilised bank facilities (S$ million)	**552.6**	532.1
Weighted average tenor of debt	**4.4 years**	3.3 years
Aggregate leverage ratio[1]		
- Based on deposited property	**33.8%**	33.1%
- Based on net assets	**50.7%**	49.3%
Average borrowing cost for the financial year	**3.0%**	2.9%
Interest cover ratio for the financial year	**6.6 times**	7.1 times
Interest rate hedge ratio	**78.6%**	85.1%
Weighted average tenor of interest rate hedges	**4.0 years**	2.9 years
MIT Issuer Default Rating by Fitch Ratings	**BBB+ Stable**	BBB+ Stable

1 The aggregate leverage ratio included the 40% proportionate share of borrowings and assets of MRDCT. As at 31 March 2019, total debt including such proportionate share was S$1,642.3 million based on the exchange rate of US$1 to S$1.35612 (as at 31 March 2018: S$1,457.1 million based on an exchange rate of US$1 to S$1.31839).

Total outstanding debt of S$1,398.2 million as at 31 March 2019 was higher by S$178.4 million, mainly due to the acquisition of 18 Tai Seng, ongoing development projects and capital expenditure. All borrowings continued to be unsecured with minimal financial covenants.

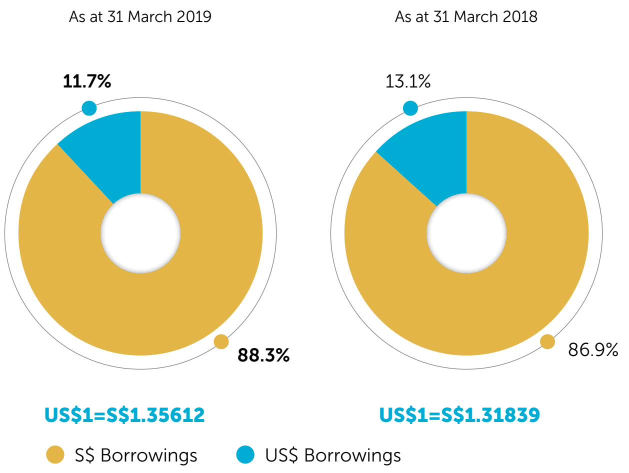
To partly fund the acquisition of 18 Tai Seng, the Manager launched a private placement in February 2019 and raised gross proceeds of S$201.0 million. 103,360,000 new units were issued at the issue price of S$1.945 pursuant to the private placement, which was well supported by investors at approximately 2.2 times covered with an upsize option exercised in full. The issue price represented a discount of approximately 3.3% to the adjusted volume weighted average price. The proceeds, which had been fully disbursed as at 31 March 2019, were largely used in accordance with the stated use and percentage allocated as set out in the announcement dated 12 February 2019.

The distribution reinvestment plan was resumed in 2QFY18/19 after its suspension in 4QFY15/16. Proceeds of approximately S$55.8 million in aggregate from distributions in respect of 2QFY18/19 and 3QFY18/19 as well as the advanced distribution for the period from 1 January 2019 to 19 February 2019 were utilised to partly fund development costs and capital expenditure in FY18/19. A total of 29,239,867 new units were issued in FY18/19 in respect of the distribution reinvestment plan, with issue price ranging from S$1.8612 to S$1.9434. Furthermore, the distribution reinvestment plan was also applied to the balance distribution for the period from 20 February 2019 to 31 March 2019 (the "Balance 4QFY18/19 Distribution"). 2,172,035 new units were issued at the issue price of S$2.0193 pursuant to the distribution reinvestment plan for the Balance 4QFY18/19 Distribution, and proceeds of approximately S$4.4 million were deployed to partly fund development costs and capital expenditure in 1QFY19/20. Following the successful execution of the equity fund raising exercise, there is sufficient debt headroom available to support the current ongoing development project as well as reasonably-sized growth opportunities in the near term; as such, the Manager has also announced the suspension of the distribution reinvestment plan thereafter.

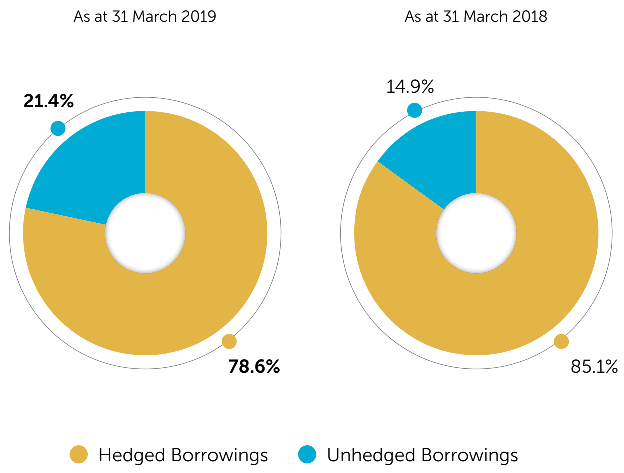
During the year, a S$2 billion Euro Medium Term Securities Programme ("Euro Programme") was established on 5 September 2018. The establishment of the new securities programme provides access to a larger debt capital market investor base both internationally and within Singapore. On 26 March 2019, the first series of notes was issued under the Euro Programme, which comprised S$125.0 million fixed rate notes with a tenor of 10 years and at a coupon rate of 3.58%. Proceeds of the issuance were used to refinance existing debt.

The aggregate leverage ratio computed based on total assets increased to 33.8% as at 31 March 2019 from 33.1% a year ago with the higher total outstanding debt, partly offset by revaluation gain from investment properties. As at 31 March 2019, the debt headroom to an aggregate leverage ratio of 40% was about S$501 million, which can be utilised to fund potential investment opportunities.

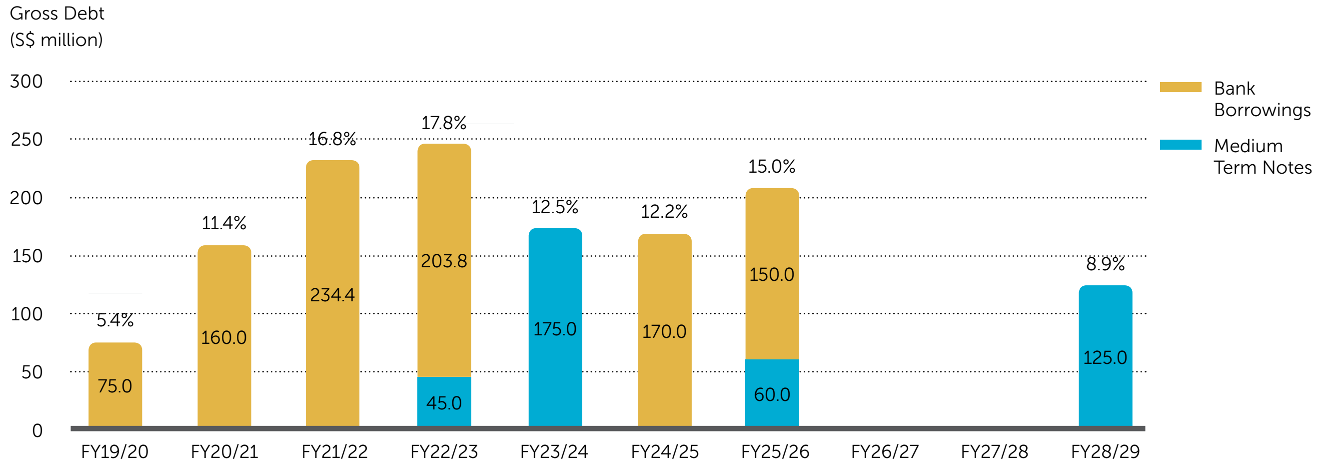
DEBT CURRENCY BREAKDOWN PROFILE



INTEREST RATE HEDGING PROFILE



DEBT MATURITY PROFILE



The debt maturity profile as at 31 March 2019 was well-diversified with an average debt tenor of 4.4 years and the highest debt maturity concentration at 17.8% in FY22/23. The available bank facilities are sufficient to meet the S$75.0 million debt maturing in FY19/20. The sources of debt comprised a combination of bank borrowings and medium term notes issued to debt capital market investors with a breakdown of 71% and 29%, respectively.

INTEREST RATE HEDGING

Interest rate hedges were in place to mitigate interest rate risk through a combination of both interest rate swaps and fixed rate debt. 78.6% of total debt as at 31 March 2019 had hedged interest rates (31 March 2018: 85.1%) with an average hedge tenor of 4.0 years (31 March 2018: 2.9 years). A notional amount of S$150.0 million of the interest rate hedges would expire in FY19/20. The Manager proactively manages the interest rate risk to ensure adequate protection against future interest rate volatility, weighing between the costs and benefits of these hedges. Based on 21.4% of total debt which was unhedged, interest cost would be expected to increase by approximately S$1.5 million per annum for every 50 basis point increase in interest rates generally.

FOREIGN EXCHANGE RATE HEDGING

The 40% share of investment in MRDCT continued to be funded by US dollar debt, which provided a natural hedge on the foreign exchange rate fluctuation that may arise on the US dollar investment. As the income steam received from MRDCT would be received in US dollars, foreign exchange forward contracts were entered into to hedge against foreign exchange rate volatility. 90.4% of the FY18/19 US dollar net income stream had been hedged into Singapore dollars through such forward contracts.