CAPITAL MANAGEMENT

MLT adopts a proactive and disciplined approach towards capital management to ensure optimal return to Unitholders amid the uncertain business and market environment, while also maintaining a robust balance sheet and an efficient capital structure to fund growth opportunities. Substantial investments are structured with an appropriate mix of equity and debt after careful evaluations of carrying out a strict and holistic investment while also managing risk and financing considerations. The Manager's capital management strategy involves maintaining a well-staggered debt maturity profile, minimising the impact from interest rate and foreign exchange volatilities by undertaking prudent hedging strategies, as well as diversifying sources of funding while minimising funding costs.

Key Financial Metrics and Indicators	As at 31 March 2022	As at 31 March 2021
Total Borrowings, excluding lease liabilities (S$ million)[1]	**4,958.2**	4,226.1
Total Deferred Consideration (S$ million)	**21.7**	11.6
Total Assets (S$ million)	**13,689.8**	11,204.7
Aggregate Leverage[2]	**36.8%**	38.4%
	FY21/22	**FY20/21**
Average Cost of Debt	**2.2%**	2.2%
EBITDA (S$ million)	**499.7**	440.1
Interest Expenses (S$ million)	**100.5**	85.7
Interest Cover Ratio (times)[3]	**5.0**	5.1
Unencumbered Assets as % of Total Assets	**93.1%**	92.8%

Notes:

1 Total borrowings including lease liabilities that are entered into in the ordinary course of MLT's business on or after 1 April 2019 in accordance to the Monetary Authority of Singapore guidance is S$4,990.3 million and S$4,259.6 million as at 31 March 2022 and 31 March 2021, respectively.

2 As per Property Funds Appendix, the aggregate leverage includes proportionate share of borrowings and deposited property values of joint ventures as well as lease liabilities that are entered into in the ordinary course of MLT's business on or after 1 April 2019 in accordance to the Monetary Authority of Singapore guidance.

3 Ratio of EBITDA over interest expense for a 12 months period up to balance sheet date.

Financial Resources and Liquidity	As at 31 March 2022 S$'million
Undrawn committed credit facilities	**920.6**
Undrawn uncommitted credit facilities	**477.3**
Total available credit facilities	**1,397.9**
Cash and cash equivalents[1]	**338.6**
Total	**1,736.5**
Issue Capacity under Euro Medium Term Notes Programme	**2,148.3**

Note:

1 Exclude restricted cash of S$7.9 million.

Diversified Funding Channels

MLT enjoys continued access to a diversified base of funding sources from both financial institutions and capital markets at competitive terms, with a view to ensure adequate liquidity for refinancing, working capital requirements, while supporting portfolio growth initiatives.

During the year, the Manager undertook several initiatives to further strengthen MLT's balance sheet while diversifying its sources of funding by reaching out to a wider investor base to fund MLT's acquisitions and capital expenditure totalling S$1.8 billion.

In October 2021, MLT issued a new S$400.0 million fixed-rate subordinated perpetual securities at a distribution rate of 3.725% per annum pursuant to its S$3.0 billion Euro Medium Term Notes Programme. The proceeds from the issuance were used for general corporate and working capital purposes, including redemption of MLT's existing S$250.0 million of 4.18% per annum fixed-rate subordinated perpetual securities and to fund committed acquisitions.

In November 2021, MLT successfully raised proceeds of approximately S$692.8 million from an equity fund raising ("EFR") through private placement and preferential offering to partly fund the acquisitions of a portfolio of properties in China, Vietnam and Japan. To demonstrate strong commitment from the Sponsor and promote a closer alignment of interests with Unitholders, the Sponsor agreed to receive S$200.0 million in the form of new MLT consideration units as partial consideration for MLT's China acquisition.

The S$400.0 million private placement was oversubscribed and saw good participation from a broad spectrum of investors including new and existing institutional, accredited and other investors. The S$292.8 million preferential offering was also over-subscribed by approximately 134% based on valid acceptances and excess applications. The use of proceeds arising from the EFR were in accordance with the stated use and percentage allocated as set out in the relevant announcements dated 24 November 2021 and 20 January 2022.

CAPITAL MANAGEMENT

During 3QFY21/22, MLT issued JPY14.0 billion (approximately S$161.8 million) of up to 9 years fixed rate senior Medium Term Notes ("MTNs") to three reputable long-term investors, including two existing investors. The proceeds were utilised for general corporate purposes including refinancing the existing borrowings and freeing up the committed credit facilities. The successful fund raising in both the equity and perpetual markets of over S$1 billion within a quarter as well as the participation from repeat investors for the MTNs is yet another testament to investors' confidence in MLT and its accessibility to various funding sources, even amidst the economic uncertainties from the pandemic.

On top of the MTNs, additional bank loans were also partially drawn from the S$1,276.5 million new credit facilities procured during the year with tenures ranging from four to eight years to fund the balance requirements from acquisitions and capital expenditure. Net against S$94.5 million lower translated borrowings due to weaker JPY and AUD (partially offset by a stronger HKD, RMB and USD), MLT's total debt increased by S$732.1 million from the prior year.

Strong Balance Sheet

As at 31 March 2022, MLT has available committed credit facilities of S$920.6 million. Together with available uncommitted credit facilities and cash balance, MLT is well-positioned with S$1,736.5 million of financial resources and liquidity to capitalise on potential acquisition opportunities as well as withstand any liquidity crunch in the credit market that may arise.

MLT also has in place a S$3.0 billion Euro Medium Term Notes Programme that can be tapped for the issuance of MTNs and perpetual securities in various currencies. The Programme's current capacity stands at S$2,148.3 million.

Aggregate Leverage Ratio Well Below Regulatory Limit

A lower aggregate leverage ratio of 36.8% (as compared to prior year's 38.4%) provides MLT with a large debt headroom of about S$3,589.2 million before the aggregate leverage ratio reaches the regulatory limit of 50.0%[1]. The relatively large headroom provides for a greater flexibility for MLT to manage its capital structure and to capture any acquisitive growth opportunity. Total debt (including perpetual securities) to net asset value ratio and total debt (including perpetual securities) less cash and cash equivalents to net asset value ratio as at 31 March 2022 were 72.5% and 72.4% respectively.

No Refinancing Risk and Well-Staggered Debt Maturity Profile

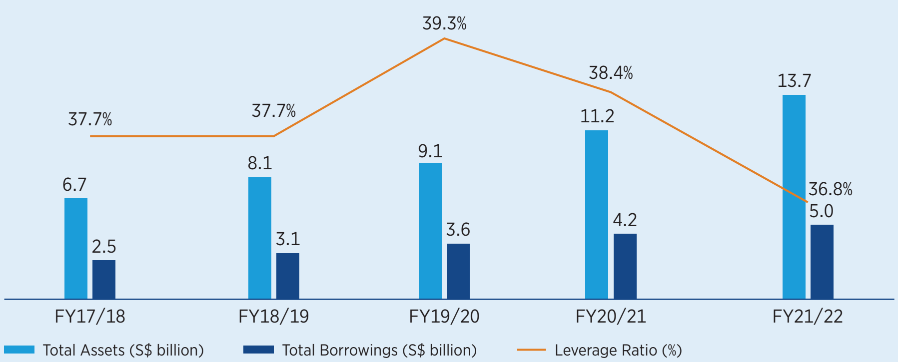
The Manager continues to actively explore refinancing of loans ahead of their maturities to extend MLT Group's debt maturity and mitigate refinancing risks by ensuring that no more than 30% of total debt is due in any one year. Debt due in the coming financial year amounts to only S$533.9 million or 11% of total debt. Based on the available committed credit facilities of approximately S$920.6 million, MLT has more than sufficient facilities to meet its maturing debt obligations in the coming financial year.

MLT Group's debt maturity profile remains well-staggered with a weighted average debt duration of approximately 3.8 years as at 31 March 2022. The Group's refinancing risk exposure in any one financial year is no more than 20% of total debt. About 91% of total debt are unsecured with minimal financial covenants.

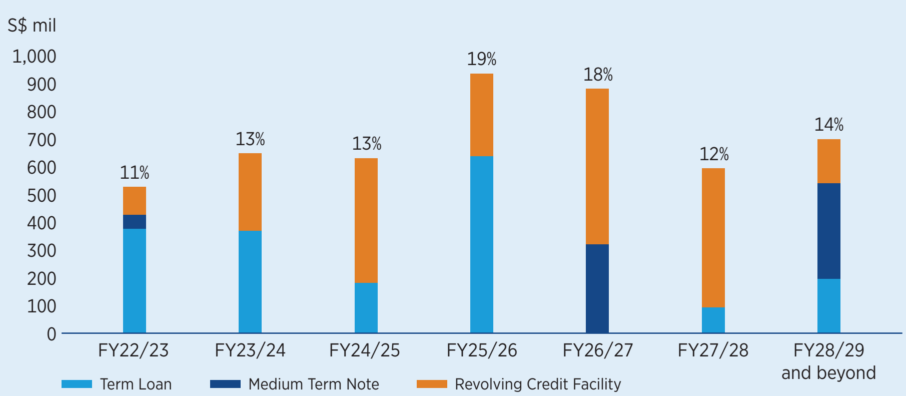
Credit Rating: Investment Grade

In August 2021, Fitch assigned a 'BBB+' long-term issuer default rating with a stable outlook to MLT and its Euro Medium Term

Aggregate Leverage Ratio



Debt Maturity Profile as at 31 March 2022 (% of Total Debt)



	As at 31 March 2022
Total Borrowings, excluding lease liabilities (S$ million)	4,958.2
Average Debt Duration (years)	3.8

Note:

[1] The Monetary Authority of Singapore ("MAS") raised the aggregate leverage limit for S-REITs from 45.0% to 50.0% with effect from 16 April 2020, on condition of a minimum adjusted interest coverage ratio of 2.5 times.

Notes Programme of S$3.0 billion. The rating was underpinned by MLT's stable and recurring rental income from its diversified tenant base and portfolio of logistics assets across nine markets within Asia Pacific, in addition to its solid liquidity profile, like-for-like strong rent growth and occupancy rate, coupled with its modern and well-located assets in core connectivity nodes across key Asian trade hubs.

Fitch expects MLT's credit profile to remain resilient against the COVID-19 pandemic which has accelerated the adoption of e-commerce and third-party logistics, leading to higher demand for good-quality logistics warehouse. The eventual transition towards endemic living puts MLT in a favourable position to capture growing demand from improving market fundamentals.

Prudent Hedging Strategies

MLT's diversified geographic presence across nine regional markets subjects the Trust's operations to a variety of market risks, including interest rate and foreign exchange rate risks, amongst others. Exposure to these risks is managed via derivative financial instruments, with a view to minimising the impact of interest rate and foreign exchange rate volatilities on distribution income.

Managing Interest Rate Risk

The average cost of debt for FY21/22 was 2.2% per annum, while interest cover ratio and adjusted interest cover ratio stood at a healthy 5.0 times and 4.2 times respectively as at 31 March 2022. MLT hedges its exposure to interest rate volatilities through interest rate swaps or draws its loans on a fixed rate basis. With 79% of MLT's total debt being hedged into fixed rate, any movement in base interest rates will have minimal impact on interest expense and accordingly, the distribution income.

Sensitivity Analysis

A 0.25% movement in the base rate would have an estimated 0.05 SGD cent impact on DPU per annum.

Estimated DPU impact per annum (SGD cent)	
0.25% increase in interest rate	-0.05
0.25% decrease in interest rate	+0.05

Managing Foreign Exchange Rate Risk

To mitigate the impact of foreign exchange rate risk, the Manager adopts various strategies that include:

- The use of foreign currency denominated borrowings to match the currency of the underlying assets as a natural hedge, where feasible, after taking into account cost, tax and other considerations;
- The use of cross currency swaps to swap a portion of debt in another currency into the currency of the underlying assets; and
- Entering into currency forward contracts to hedge the foreign currency income received or to be received into SGD.

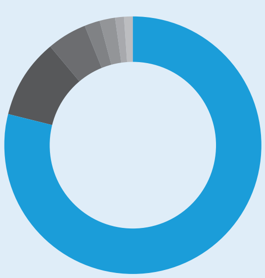
As at 31 March 2022,

- About 76% of MLT's projected income stream for the next 12 months has been hedged into or will be derived in SGD.
- About 26% of MLT's loans were denominated in JPY, 62% in other foreign currencies such as HKD, AUD, KRW, USD, RMB, INR and MYR, and the balance 12% in SGD.

Net Fair Value of Financial Derivatives

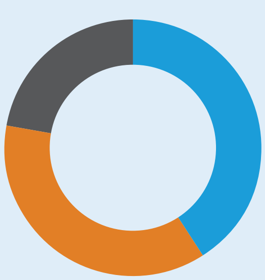
The fair value derivatives for FY21/22 included in the financial statements as derivative financial instruments in total assets and total liabilities were S$90.0 million and S$26.4 million respectively. The net derivative financial assets of S$63.7 million represented 0.83% of the net assets of MLT Group as at 31 March 2022.

Interest Rate Hedging Profile as at 31 March 2022



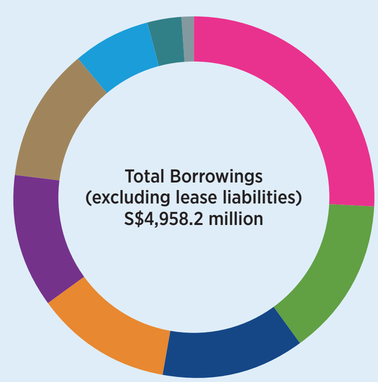
	%
Hedged / Fixed Rate	79%
Unhedged	21%
JPY	10%
SGD	5%
USD	2%
AUD	2%
RMB	1%
INR	1%

Foreign Exchange Rate Risk Management Profile as at 31 March 2022



	%
Hedged (JPY, HKD, KRW, RMB, AUD)	39%
SGD	37%
Unhedged	24%

Debt Profile (Currency Breakdown) as at 31 March 2022



Currency	S$ million	% of total debt
JPY	1,302	26%
HKD	671	14%
AUD	658	13%
SGD	617	12%
RMB	616	12%
KRW	591	12%
MYR	320	7%
USD	143	3%
INR	40	1%
Total	**4,958**	**100%**