

# Unified Strengths Unwavering Commitment

Annual Report

## 2015



AMPCAPITAL

# Table of Contents

<b>1.</b> Introduction	<b>45.</b> Overview of the Singapore Economy and Industrial Real Estate Market
<b>2.</b> Our Sponsors	<b>60.</b> Overview of the Australia Economy and Industrial Real Estate Market of Macquarie Park
<b>4.</b> Financial Highlights	<b>62.</b> Manager's Report
<b>8.</b> Significant Events during Financial Year 2015	<b>76.</b> Corporate Governance Statement
<b>14.</b> Letter to Unitholders from Chairman and CEO	<b>92.</b> Investor Engagement
<b>18.</b> Trading Performance	<b>93.</b> Financial Statements
<b>19.</b> Structure of AIMS AMP Capital Industrial REIT	<b>155.</b> Statistics of Unitholders
<b>22.</b> Board of Directors of the Manager	<b>158.</b> Additional Information
<b>26.</b> Senior Management Team	<b>159.</b> Corporate Directory
<b>28.</b> Our Team	<b>160.</b> Notice of Annual General Meeting  Proxy Form
<b>32.</b> Property Showcase	



## Unified Strengths Unwavering Commitment

Honeycombs are natural engineering marvels, a mass of hexagons that serve as storage space for honey and pollen and as nurseries for bee larvae. Held strongly together by their structural stability, expanding in size, yielding precious honey, and cradling future bees, they are considered valuable and inspiring in many ways.

Operating on the same principles, AIMS AMP Capital Industrial REIT's strengths, like these multi-dimensional honeycombs are synergised to create and sustain value through its quality portfolio of assets which will continually be reinforced, optimised and strategised for the future with a focused direction and a strong sense of unfazed commitment to create and sustain value for Unitholders.

## Introduction

AIMS AMP Capital Industrial REIT (“AA REIT” or the “Trust”) is a real estate investment trust which has been listed on the Mainboard of the Singapore Exchange Securities Trading Limited (“SGX-ST”) since April 2007. The principal investment objective of AA REIT is to invest in a diversified portfolio of income-producing and high quality industrial real estate located throughout Asia Pacific. AA REIT’s portfolio includes properties that support warehousing and logistics, business parks, light industries, high tech and manufacturing activities. As at 31 March 2015, the Trust’s total assets under management was S\$1.46 billion. The Trust is rated investment grade BBB- by Standard & Poor’s.

AA REIT’s existing portfolio consists of 26 industrial properties, 25 of which are located in Singapore with a total appraised value of S\$1.23 billion as at 31 March 2015. AA REIT also holds a 49.0 per cent interest in Optus Centre, located at Macquarie Park, which is one of Australia’s largest high tech business park office precincts in New South Wales, Australia. As at 31 March 2015, Optus Centre was valued at A\$398.0 million.

The Trust is managed by AIMS AMP Capital Industrial REIT Management Limited (the “Manager”), a joint venture REIT management company owned jointly by AIMS Financial Group and AMP Capital. The Manager’s key investment objectives are to deliver stable, sustainable distributions and long-term capital growth to Unitholders, while maintaining a disciplined investment approach and prudent capital management. Since 2009, the Manager had more than doubled assets under management while remaining financially disciplined to maintain an average aggregate leverage of approximately 30 per cent during the same period.

During the financial year ended 31 March 2015 (“FY2015”), the

Trust made significant progress in unlocking value within its portfolio and increasing distribution to Unitholders to S\$69.2 million, a 21.0 per cent increase year-on-year. The Manager completed developments at the fully leased Phase Two extension and Phase Three of 20 Gul Way and 103 Defu Lane 10 properties, unlocking an additional S\$25.3 million in profit from the redevelopments, which contributed positively to the net asset value of the Trust. In addition, AA REIT’s portfolio boasts a 95.8 per cent occupancy, which exceeds the industrial average of 90.7 per cent.

The Manager also continued to actively enhance the Trust’s portfolio while supporting tenants’ business needs. During FY2015, asset enhancement works were carried out at 26 Tuas Avenue 7 and 1 Kallang Way 2A. After the enhancements, 26 Tuas Avenue 7 will better support the master tenant’s growing business needs with expanded space for an additional production line and warehouse space, while the enhancement at 1 Kallang Way 2A will provide additional space by increasing net lettable area by 13.0 per cent and improve efficiency of the building to 83.1 per cent from 76.0 per cent.

The Trust is backed by strong sponsors, AIMS Financial Group and AMP Capital. AIMS Financial Group is a privately owned Australian, non-bank financial services and investment group which has a solid track record in the Australian mortgage and securitisation markets. AMP Capital, one of Australia’s leading institutional property investors is part of the AMP Group, one of Australia’s largest retail and corporate pension providers and one of the region’s most significant investment managers. The Manager benefits from the sponsors’ regional footprint and capabilities in real estate funds management, corporate governance, debt structuring and development.

Alongside the sponsors, the Manager is committed to managing the Trust in the best interests of Unitholders by applying strong corporate governance principles. AA REIT seeks to comply with the principles and guidelines of the Code of Corporate Governance issued by the Monetary Authority of Singapore on 2 May 2012 and where applicable, the Listing Manual of SGX-ST and the Companies Act (Chapter 50 of Singapore).

## Our Sponsors

# About AIMS Financial Group

[www.aims.com.au](http://www.aims.com.au)

Our highly qualified, professional and experienced cross-cultural teams enable AIMS to bridge the gap between Australia and China across various sectors.



20 Gul Way

Established in 1991, AIMS Financial Group ("AIMS") is a diversified financial services and investment group, active in the areas of mortgage lending, securitisation, investment banking, funds management, property investment and stock broking. AIMS also owns 100.0 per cent of the Asia Pacific Stock Exchange.

Since 1999, AIMS has raised approximately A\$4.0 billion in funds from the capital markets. Of this, AIMS has issued approximately A\$3.0 billion residential mortgage-backed securities, with most of them rated AAA by both Standard & Poor's and Fitch Ratings, and has originated over A\$8.0 billion of high quality prime home loans since 1991.

AIMS has actively introduced a number of international investors into the Australian markets and to-date has also attracted over A\$1.0 billion of investments into Australia from overseas investors.

AIMS is also the investment manager for AIMS' funds, which amounted to approximately A\$1.8 billion funds as at 31 March 2015.

Since 2009 after the global financial crisis, AIMS had a total acquisition and investment amount of over A\$2.0 billion assets.

AIMS' head office is in Sydney, Australia, and it has businesses across Australia, China, Hong Kong and Singapore.



## Our Sponsors

# About AMP Capital

[www.ampcapital.com](http://www.ampcapital.com)

AMP Capital collaborates with a network of global investment partners, leveraging insights to provide greater access to new investment opportunities across a range of single sector and diversified funds.



23 Tai Seng Drive



56 Serangoon North Avenue 4



AMP Capital is committed to delivering outstanding investment outcomes for clients with contemporary solutions in fixed income, equities, real estate, infrastructure and multi-asset portfolios. Sharing a heritage with AMP that spans more than 160 years, AMP Capital is one of the largest investment managers in the Asia Pacific region.

A home strength in Australia and New Zealand has enabled AMP Capital to grow internationally, and operations are now established in Bahrain, China, Hong Kong, India, Japan, Luxembourg, the United Kingdom and the United States.

## Financial Highlights

(\$'million unless otherwise stated)

For the Financial Year ended 31 March	2015	2014	2013
Gross revenue	115.4	108.2	92.1
Net property income	80.0	71.9	59.9
Distribution to Unitholders	69.2	57.2	48.1
Distribution per Unit ("DPU")(cents) <sup>1</sup>	11.07	10.53	10.72

Balance Sheet as at 31 March	2015	2014	2013
Total assets	1,458.3	1,405.2	1,056.2
Total liabilities	496.2	493.3	390.9
Total borrowings	457.2	445.7	359.3
Unitholders' funds	962.1	911.9	665.3
Total Units in issue (million) <sup>2</sup>	630.9	621.2	450.9

Key financial ratios as at 31 March	2015	2014	2013
Earnings per Unit ("EPU")(cents) <sup>3</sup>	17.35	15.60	17.17
Net Asset Value per Unit (\$\$)	1.525	1.468	1.476
Aggregate leverage ratio (%) <sup>4</sup>	31.4	31.7	34.0
Interest cover ratio (times) <sup>5</sup>	4.4	5.2	4.9
Expense ratio (%) <sup>6</sup>	0.98	0.97	0.95

<sup>1</sup> DPU for FY2013 included a distribution amount of 0.30 cents from the capital gain arising from the divestment of 31 Admiralty Road.

<sup>2</sup> For FY2015, the total Units in issue included 1,991,579 Units issued to the Manager on 25 May 2015 for the payment of performance fees for FY2015. For FY2013, the total Units in issue included 671,102 Units issued to the Manager on 27 May 2013 for the payment of performance fees for FY2013 and 820,125 Units issued to the Manager on 30 July 2013 for the payment of the base fee element of the management fees incurred for the period from 1 January 2013 and 31 March 2013.

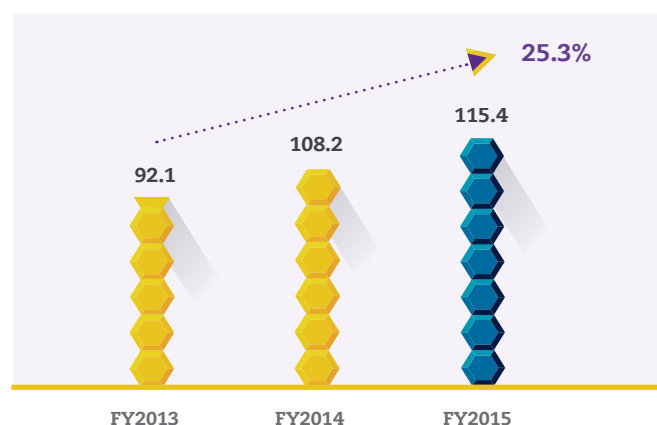
<sup>3</sup> For FY2014 and FY2013, EPU have been adjusted for the effect of the underwritten and renounceable 7-for-40 rights issue that was completed on 20 March 2014 with 92,512,712 Units issued.

<sup>4</sup> Aggregate leverage ratio is computed as total borrowings as a percentage of total assets.

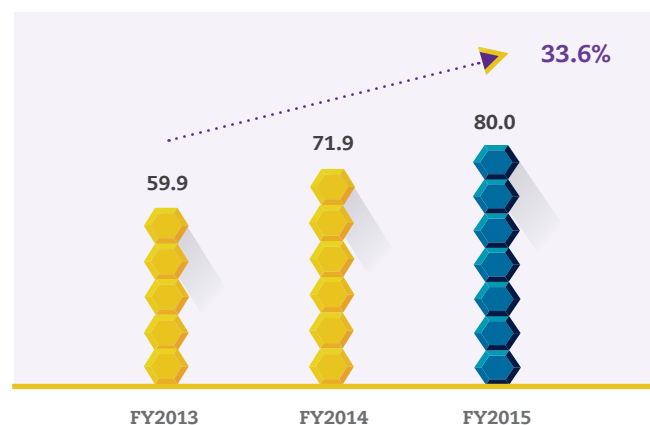
<sup>5</sup> Bank covenant: minimum of 2.0 times (FY2014: minimum of 2.5 times).

<sup>6</sup> Expenses to weighted average net asset value (excludes performance-related fee): The expenses refer to the expenses of the Group excluding property-related expenses, borrowing costs, change in fair value of financial derivatives and investment properties and foreign exchange gains/(losses). The expense ratio, including performance-related fee payable for FY2015 was 1.29 per cent.

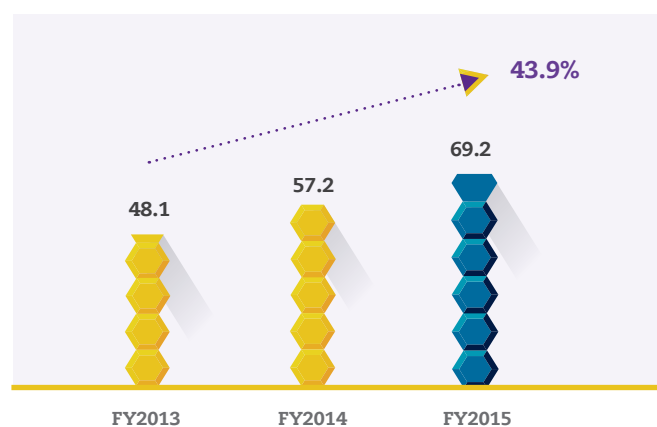
### Gross revenue (S\$'million)



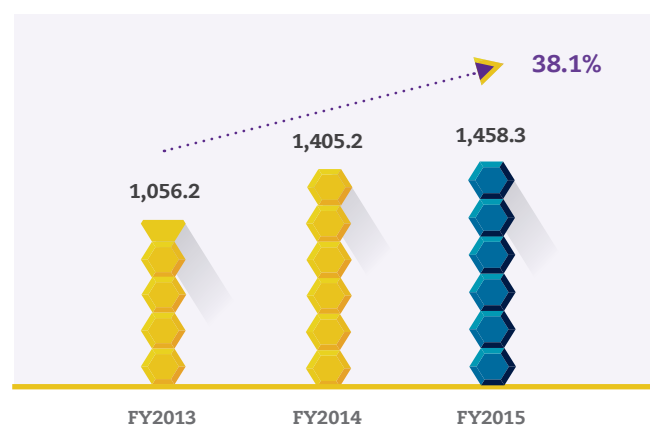
### Net property income (S\$'million)



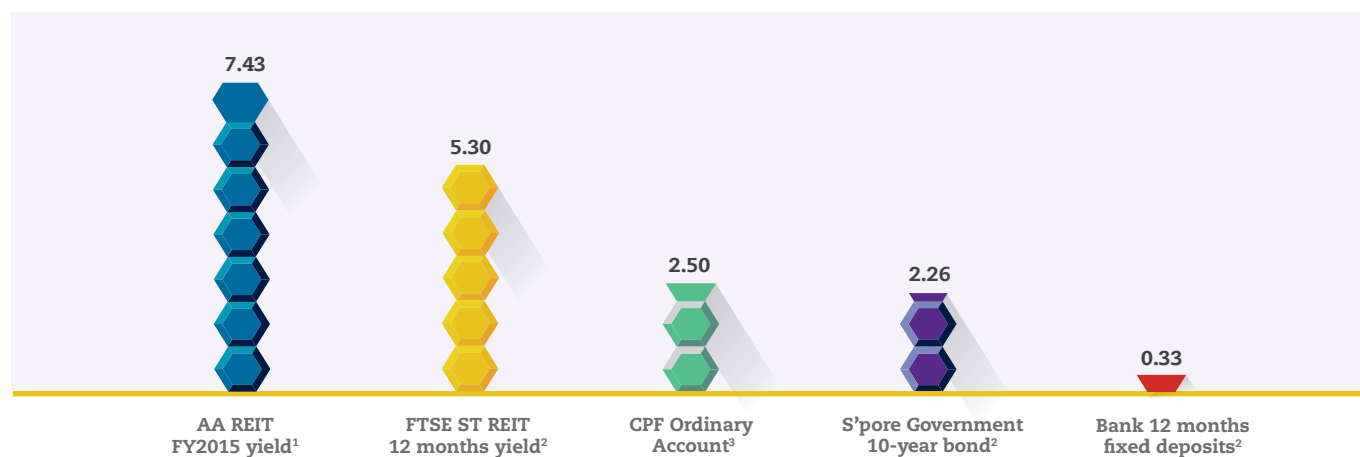
### Distribution to Unitholders (S\$'million)



### Total assets (S\$'million)



### Yield per annum (%)



<sup>1</sup> Based on closing price of S\$1.49 on 31 March 2015 and actual DPU of 11.07 cents for FY2015.

<sup>2</sup> Source: Bloomberg data as at March 2015.

<sup>3</sup> Prevailing CPF Ordinary Account interest rate.



## 20 Gul Way

This three and half year-long project was completed in four phases increasing the total gross floor area to 1.7 million sq ft from 378,064 sq ft. The completed development will deliver S\$22.6 million in annual rental income, more than five times the initial S\$3.6 million prior to redevelopment. 20 Gul Way is the largest asset in the Trust's portfolio, and is 100.0 per cent leased to CWT Limited.





.....  .....

## Shaping Our Future

.....

Challenges come and go, but our commitment to our tenants and Unitholders is a key principle in our business. Through prudent management, we strategically invest in our properties to keep pace with the demands of the various industries and tenants we serve. This way, we seek to continuously create value for our tenants and Unitholders

**S\$303.6m**

Value of largest asset in portfolio

---

**1.7m sq ft**

100% leased

---

## Significant Events during Financial Year 2015

23

Apr

2014

### Standard & Poor's reaffirmed BBB- investment grade rating

Standard & Poor's reaffirmed AA REIT's investment grade credit rating of BBB- and regarded the Trust "as one of the strongest trusts among Singapore-based industrial REITs that they rate. The Trust has a track record of expanding its portfolio and increasing its geographic diversity, while maintaining financial discipline."

21

May

2014

### Issued S\$50.0 million 3.80% fixed rate notes due 2019

Announced the issue of a third series of unsecured fixed rate notes of S\$50.0 million at 3.80 per cent per annum due in May 2019 (the "Notes") at a more attractive rate than earlier issuances. The Notes were issued under the S\$500.0 million Medium Term Note Programme established on 25 July 2012.

28

May

2014

### Temporary occupation permit ("TOP") for 103 Defu Lane 10 redevelopment

103 Defu Lane 10 redevelopment, Singapore had achieved TOP on 28 May 2014. Anchor tenant, Focus Network Agencies (S) Pte Ltd took up 76.4 per cent of the net lettable area. The newly redeveloped 103 Defu Lane 10 was valued at S\$43.1 million, up from its former value of S\$12.0 million prior to the redevelopment. The redevelopment doubled the gross floor area from 97,367 sq ft to 202,901 sq ft.

07

May

2014

### 4Q FY2014 & FY2014 financial results

Announced financial results for the financial year ended 31 March 2014 achieving 20.0 per cent year-on-year ("y-o-y") increase in net property income ("NPI") to S\$71.9 million. The Distribution Per Unit ("DPU") of 2.51 cents for the final quarter of FY2014 brought the full year DPU to 10.53 cents (from operations), representing a 1.1 per cent y-o-y increase.

20.0%

y-o-y  
increase in  
FY2014 NPI

22

May

2014

### Launched customised asset enhancement initiative ("AEI") for 26 Tuas Avenue 7

Announced that the Trust had undertaken customised AEI at 26 Tuas Avenue 7, Singapore for tenant Aalst Chocolate Pte Ltd. After the AEI, 26 Tuas Avenue 7 will better support the tenant's growing business needs with expanded space for an additional production line and warehouse space. As a result, the tenant extended the current ten year lease for a further five years until April 2022 and a return on investment of ten per cent for the Trust.



103 Defu Lane 10



103 Defu Lane 10

14

Jun

2014

### TOP for Phase Two Extension ("2E") of 20 Gul Way

Phase 2E of development at 20 Gul Way, Singapore achieved TOP on 14 June 2014 which was about six months ahead of schedule and within budget. The entire Phase 2E of 20 Gul Way was pre-leased to CWT Limited and partial rental contribution from Phase 2E was recognised in September 2014 quarter.



20 Gul Way

30

Jul

2014

26.9%

y-o-y  
increase in distribution  
to Unitholders in  
1Q FY2015

### 1Q FY2015 financial results

Announced financial results for the first quarter ended 30 June 2014 delivering an increased distribution to Unitholders by 26.9 per cent to S\$15.8 million and improving NPI by 23.9 per cent to S\$19.5 million compared to the same period last year. The Manager declared a DPU for the quarter of 2.55 cents.

### Poll results of the 5th Annual General Meeting ("AGM")

Announced that all three resolutions, as set out in the notice of AGM dated 9 July 2014 were duly passed at the AGM on 30 July 2014.

### Poll results of the Extraordinary General Meeting ("EGM")

Announced that the resolution for the reappointment of AIMS AMP Capital Property Management Pte. Ltd. (the "Property Manager") for a further ten years and entry into the master property management agreement between HSBC Institutional Trust Services (Singapore) Limited, in its capacity as trustee of AA REIT, the Manager and the Property Manager at the EGM held on 30 July 2014 was duly passed.

29

Jul

2014

### Newly redeveloped 103 Defu Lane 10, Singapore 100% leased

Announced that the remaining net lettable area (45,500 sq ft) of the newly redeveloped 103 Defu Lane 10 property was fully leased to a subsidiary of SingPost, just two months after achieving TOP. Rental income for this lease was recognised in December 2014 quarter, with yield on cost of approximately 8.4 per cent for the entire property.



## Significant Events during Financial Year 2015

09

Sep

2014

### Achieved TOP for final phase of 20 Gul Way

The completion of final phase of 20 Gul Way development project was achieved within budget and almost four months ahead of schedule. The entire premises of 20 Gul Way have been pre-leased to CWT Limited. With the completion of the final phase, 20 Gul Way's total asset value was S\$306.4 million, compared to S\$41.8 million before redevelopment. The property is now the largest asset in the Trust's portfolio.



20 Gul Way

30

Oct

2014

### 2Q FY2015 financial results

Announced financial results for the second quarter ended 30 September 2014 with a y-o-y increase of 19.2 per cent in distribution to Unitholders and 8.2 per cent y-o-y increase in NPI. The Manager declared a DPU for the quarter of 2.77 cents, a 8.6 per cent increase from the previous quarter.

19.2%

y-o-y

increase in distribution  
to Unitholders in  
2Q FY2015

8.2%

y-o-y

increase in  
2Q FY2015 NPI

19

Nov

2014

### Further financial flexibility with five more unencumbered assets

Announced further financial flexibility with five more unencumbered assets, valued at S\$283.6 million as at 30 September 2014. These five unencumbered assets together with the previous eight unencumbered assets were valued at S\$527.2 million which represented about 42.9 per cent of the total appraised value of the Singapore portfolio of S\$1.23 billion as at 30 September 2014.



21

Nov

2014

**Interest savings with new refinancing arrangement**

Announced interest cost savings under a new refinancing arrangement for the Trust's Singapore secured borrowings. The refinancing arrangement extended the Trust's debt maturity profile and provided greater financial flexibility by freeing up the revolving credit facility to execute on future opportunities. The Manager had also broadened the Trust's banking relationships in Singapore and increased its bank syndicate from five to six banks.

29

Jan

2015

**Valuation uplift in Optus Centre, New South Wales, Australia**

Announced that the valuation of its 49.0 per cent interest in Optus Centre, New South Wales, Australia rose from A\$184.7 million as at 31 March 2014 to A\$195.0 million as at 31 December 2014, an increase of 5.5 per cent. The Optus Centre's valuation uplift was largely due to compression in capitalisation rate.

**3Q FY2015 financial results**

Announced financial results for the third quarter ended 31 December 2014, achieving a 21.0 per cent y-o-y increase in distribution to Unitholders to S\$17.7 million and 9.7 per cent y-o-y increase in NPI. The Manager declared a DPU for the quarter of 2.83 cents, a 2.2 per cent increase y-o-y.

21.0%

y-o-y

increase in distribution  
to Unitholders in  
3Q FY2015

9.7%

y-o-y

increase in  
3Q FY2015 NPI

1 Kallang Way 2A

**Commenced asset enhancement at 1 Kallang Way 2A**

Announced the commencement of AEI at 1 Kallang Way 2A for a modest investment of S\$2.2 million. This AEI will increase lettable area at the eight-storey light industrial building by 13.0 per cent, adding warehouse and ancillary space and increase efficiency of the building from 76.0 per cent to 83.1 per cent.

## Optus Centre, New South Wales, Australia

The Trust's first investment in Australia, the acquisition of the 49.0 per cent interest in Optus Centre in February 2014 was made to leverage on the network and on-the-ground real estate expertise of the two Australian sponsors, AIMS Financial Group and AMP Capital.

Optus Centre is a freehold Grade A business park comprised of six buildings with total lettable area of 84,194 sqm. The Trust holds a 49.0 per cent interest in Optus Centre, located at Macquarie Park, one of Australia's largest high tech business park office precincts in New South Wales, Australia. The Optus Centre was valued at A\$398.0 million as at 31 March 2015.

## Leveraging on Synergised Strengths

Our strong bond with our sponsors enables us to pursue market opportunities with foresight, confidence and focus. We seek to prudently expand our footprint in Singapore and in Asia Pacific with a strategic aim for long-term value and sustainability.



### 1st

Freehold property

### 4.5 star

NABER's Energy rating

### 100%

Fully occupied



Optus Centre is 100.0 per cent leased to Optus Administration Pty Limited at a weighted average lease term of 7.3 years as at 31 March 2015 with fixed annual escalation of three per cent. Optus Administration Pty Ltd is a wholly owned subsidiary of SingTel Optus Pty Limited, which is the second largest telecommunications company in Australia, and is a wholly owned subsidiary of the internationally recognised leading telecommunications group, Singapore Telecommunications Limited.





## Letter to Unitholders from Chairman and CEO

“Our strategy of unlocking value within the Trust’s portfolio delivered solid results in FY2015, with distribution to Unitholders up 21.0% year-on-year.”

**George Wang** • Chairman

**Koh Wee Lih** • CEO







# S\$115.4m

Gross revenue

# S\$80.0m

Net property income

# 11.07 cents

Distribution Per Unit

## Dear Unitholders,

On behalf of the Board of Directors of AIMS AMP Capital Industrial REIT Management Limited, the Manager of AIMS AMP Capital Industrial REIT ("AA REIT" or the "Trust"), we are pleased to present the Annual Report for the year ended 31 March 2015 ("FY2015").

## Robust financial performance

AA REIT delivered another year of robust financial performance in FY2015 against the backdrop of a challenging business environment in Singapore, with slowing gross domestic product growth and increased supply in industrial space. The Trust's gross revenue increased 6.6 per cent to S\$115.4 million and net property income ("NPI") increased by 11.3 per cent to S\$80.0 million year-on-year as a result of better cost management for property maintenance and lease management. Over the same period, distribution to Unitholders increased 21.0 per cent to S\$69.2 million, achieving a full year distribution per unit ("DPU") of 11.07 cents – representing a 5.1 per cent increase over FY2014's DPU of 10.53 cents.

The financial result was bolstered by increased rental contribution of the redeveloped 20 Gul Way and 103 Defu Lane 10, positive rental reversions coupled with high occupancy of 95.8 per cent, and built-in rent escalations for master leases, which comprised 49.9 per cent of the portfolio. In addition, significant interest savings were achieved through the refinancing of the Singapore bank loans in November 2014.

As at 31 March 2015, the Trust's portfolio was appraised at S\$1.44 billion and is diversified across a broad range of industries and high-quality tenants.

## Letter to Unitholders from Chairman and CEO

### Executing our strategies to deliver stable and growing returns

At the heart of AA REIT's strategy is to deliver stable and sustainable returns for our Unitholders. We remain steadfastly focused in executing this strategy through fostering close tenant relationships, actively managing the assets and tenancies, unlocking value within our portfolio through asset enhancement initiatives ("AEIs"), prudent capital management, and adopting a disciplined approach in growing the Trust.

Over the past five years, the Trust has more than doubled its assets under management from S\$657.7 million to S\$1.46 billion, increasing the value of its portfolio by more than 120.0 per cent. While achieving this growth, the Trust has continued to fortify its portfolio through asset rejuvenation as well as tenant and sector diversification. Today, the Trust's portfolio includes business parks, cargo lift warehouses, hi-tech space, light-industrial spaces, ramp-up warehouses, and manufacturing facilities; and serves 155 tenants across 15 business sectors. The Trust has also achieved geographical diversification by expanding into Australia through the acquisition of Optus Centre in New South Wales, Australia.

The Trust announced two AEIs in FY2015. The first was for a food factory at 26 Tuas Avenue 7 that achieved a return on investment of ten per cent and secured an extension of the master lease for a further five years to 2022. Another was a light industrial facility at 1 Kallang Way 2A that saw the property's lettable area increase by 13.0 per cent, improving efficiency of the building from 76.0 to 83.1 per cent.

In May 2015, the Trust announced a S\$41.7 million investment to redevelop its asset located at 30 & 32 Tuas West Road, which will increase the asset's value by four times. Upon completion, the asset is expected to be valued at S\$60.7 million<sup>1</sup>, up from its current value of S\$14.1 million<sup>2</sup>. The redevelopment will transform the existing two three-story detached industrial buildings into a five-storey ramp-up warehouse facility, and nearly double the gross floor area.

### Prudent capital and risk management

The Trust continued to exercise a prudent and disciplined approach to capital and risk management and has successfully maintained its aggregate leverage at an average of 30 per cent for five and a half years.

Leveraging on the low interest rate environment last year and having anticipated possible interest rate hikes in the near term, the Trust refinanced its Singapore bank loans in November 2014 in advance of their maturities in October 2015 and 2016. The new facility included an A\$66.0 million<sup>3</sup> loan to part finance the Optus Centre investment in Australia. During the process, five additional assets were released from the Singapore's banking syndicate security pool. This resulted in the total number of unencumbered assets held by the Trust, increasing to 13 properties with a total value at S\$529.1 million (42.9 per cent of the Singapore portfolio as at 31 March 2015), which reflects strong confidence in the Trust from Singapore lenders.

The new Singapore bank facilities enable the Trust to enjoy substantial interest savings, strengthen its balance sheet by extending its debt maturity profile and achieve greater financial flexibility by having a S\$120.0 million revolving credit facility to execute on future opportunities. The Trust also issued a third series of S\$50.0 million unsecured five year fixed rate notes at 3.80 per cent per annum in May 2014. This extended the Trust's debt maturity profile during the financial year from 3.1 years (as at 31 March 2014) to 3.2 years (as at 31 March 2015). In addition, 86.2 per cent of the Trust's borrowings are on fixed interest rates, taking into account the interest rate swaps entered into and fixed rates medium term notes issued.

In May 2015, Standard & Poor's reaffirmed the Trust's investment grade credit rating of BBB-.

<sup>1</sup> Based on Colliers International Consultancy and Valuation (Singapore) Pte Ltd's valuation dated 20 May 2015.

<sup>2</sup> Based on Knight Frank Pte Ltd's valuation dated 31 March 2015.

<sup>3</sup> Together with the A\$110.7 million loan in Australia, the Australian dollar denominated borrowings create a substantial natural hedge for the Australian investment. Approximately 90 per cent of the investment is hedged to mitigate volatility of the Australian dollar against Singapore dollar.

## Cautious market outlook for FY2016

The Trust remains cautious on the outlook of the Singapore industrial market in FY2016 due to the soft business sentiment in Singapore as restructuring of the economy continues, manufacturing output decreases and where there is an increasing supply of industrial space. Nonetheless, we believe the Trust is well-positioned to navigate the challenging environment because of the strengths and well-diversified nature of its portfolio and the Manager's active approach to managing the assets and tenancies. The strong capital structure of the Trust will also enable it to capitalise on future growth opportunities.

In the year ahead we will continue to focus on strengthening our portfolio through unlocking the value from within our portfolio as well as strategic acquisitions or developments. Our strategy for the coming year includes:

- Yield accretive investments through either investment or development opportunities in Singapore and Australia;
- Active asset and leasing management by proactively managing the tenancy mix and lease expiries to maintain high occupancy and unlocking value within our portfolio through AEIs; and
- Prudent capital and risk management that focuses on maintaining a strong capital structure in order to deliver a stable and sustainable DPU.

## In appreciation

We would like to extend our gratitude to our fellow directors, management team and staff for their support, dedication and hard work over the past 12 months. We would also like to thank our tenants, business partners and service providers for their continued support and valued contribution to the Trust.

Last but not least, we would like to thank you, our Unitholders, for your unwavering support and trust in our strategy as we continue to deliver long-term value to you. We look forward to your ongoing support and another rewarding year ahead.

**George Wang**  
Chairman

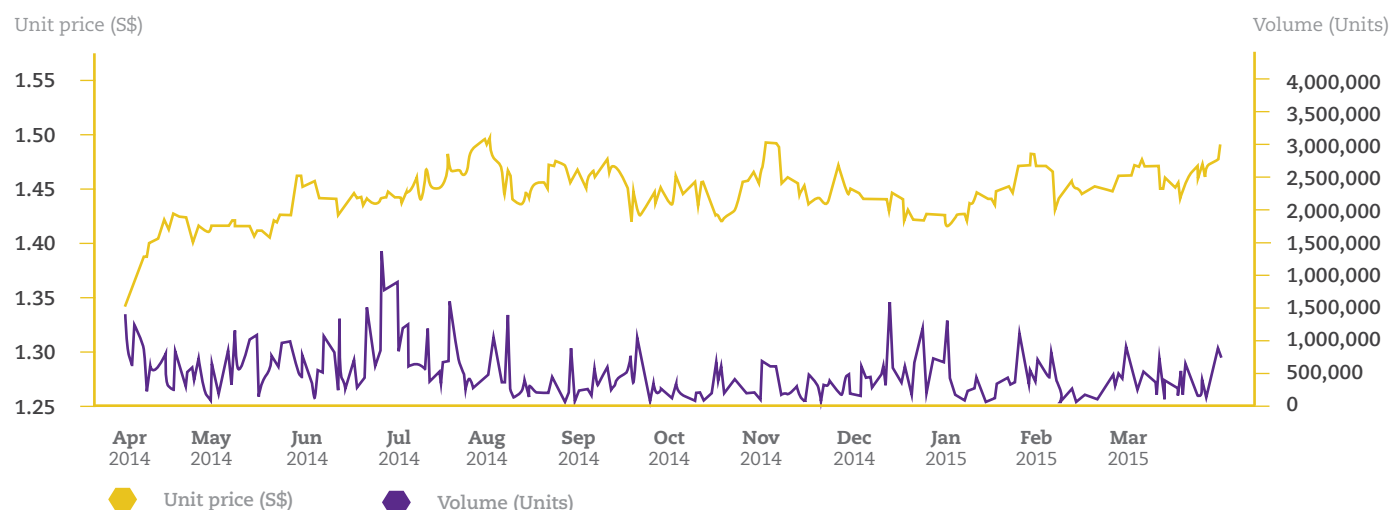
**Koh Wee Lih**  
Chief Executive Officer



## Trading Performance

	31 March 2015	31 March 2014	31 March 2013
Net Asset Value per Unit (\$\$)	1.525	1.468	1.476
Closing price (\$\$)	1.490	1.340	1.575
Highest price during financial year (\$\$)	1.495	1.870	1.595
Lowest price during financial year (\$\$)	1.340	1.310	1.100
Total volume traded ('million Units)	95.1	206.1	132.2
Average daily volume traded (Units)	378,899	814,617	530,996
Market capitalisation (\$\$'million) <sup>1</sup>	937.1	832.4	707.8

### AIMS AMP Capital Industrial REIT Unit price and volume



(Source: Bloomberg)

AIMS AMP Capital Industrial REIT Total returns	%
Since listing on 19 April 2007 to 31 March 2015	5.88
From 1 April 2014 to 31 March 2015 (one-year)	19.70
From 1 April 2012 to 31 March 2015 (three-year)	19.53

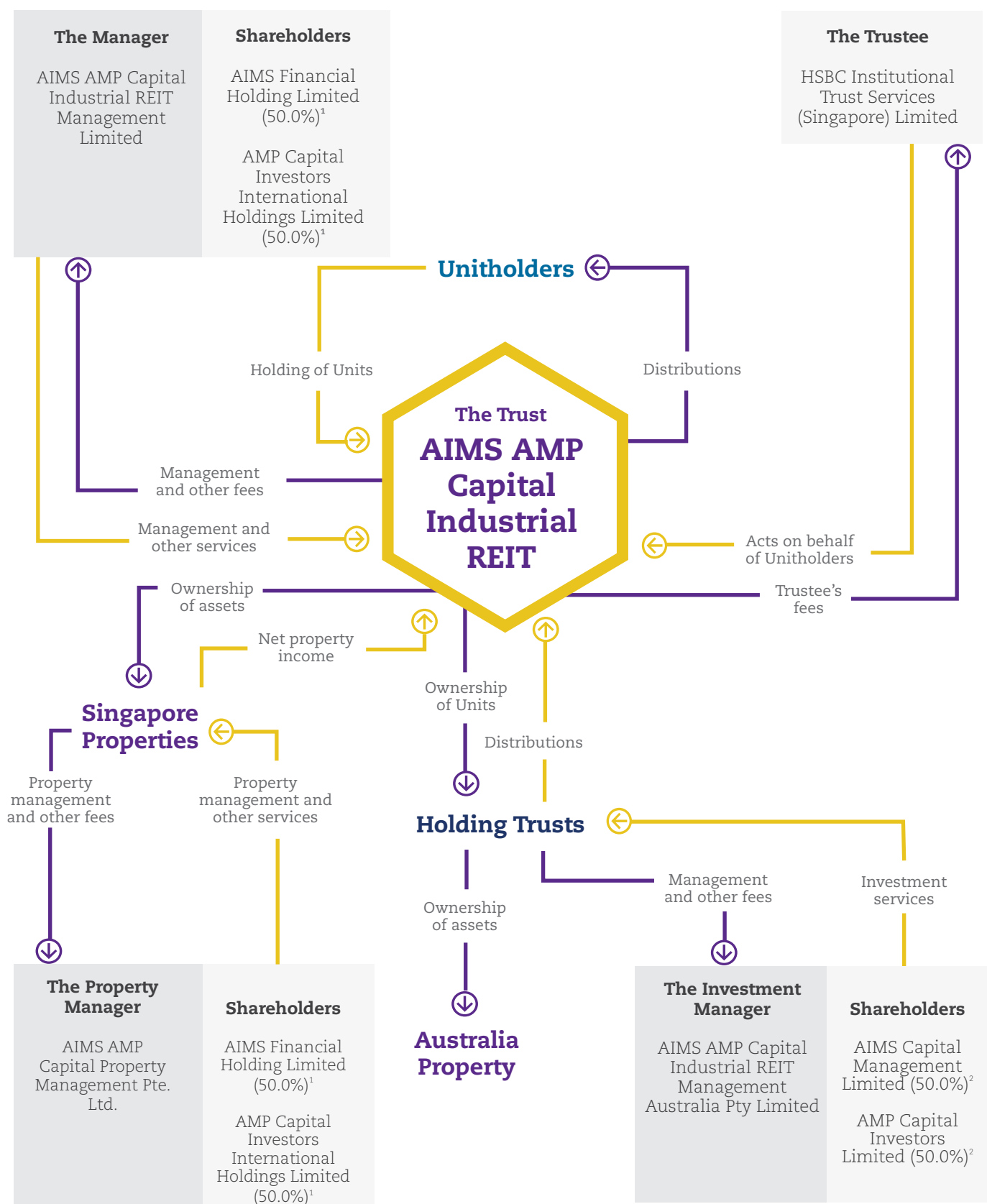
The total returns are calculated on the following assumptions:

- The investor has fully subscribed for his rights entitlements.
- The distributions are assumed gross, before deducting any withholding tax which may be applicable.
- The distributions are assumed to be reinvested into the Trust
  - At the closing price on the ex-distribution date;
  - On the day the distributions were paid out.

<sup>1</sup> Based on closing price per unit of S\$1.490 on 31 March 2015, S\$1.340 on 31 March 2014 and S\$1.575 on 31 March 2013.



## Structure of AIMS AMP Capital Industrial REIT



<sup>1</sup> AIMS Financial Holding Limited and AMP Capital Investors International Holdings Limited are indirectly owned by the two strategic sponsors, AIMS Financial Group and AMP Capital respectively.

<sup>2</sup> AIMS Capital Management Limited and AMP Capital Investors Limited are indirectly owned by the two strategic sponsors, AIMS Financial Group and AMP Capital respectively.



before upgrading



after upgrading



## 1 Kallang Way 2A

To further unlock value within the portfolio, the Trust commenced asset enhancements at 1 Kallang Way 2A for a modest investment of S\$2.2 million. This project increased lettable area of the eight-storey light industrial building by 13.0 per cent, adding warehouse and ancillary space, thereby improving building efficiency from 76.0 to 83.1 per cent.

1 Kallang Way 2A is centrally located and connects with major roads and the new MRT downtown line 3. The inner city precinct is being rejuvenated with the new Singapore Sports Hub, which is a fully integrated sports, leisure, entertainment and lifestyle arena with retail and waterfront area as well as sports museum and sports library.



## Strategic Moves for the Future

Like the busy bees, we always endeavour to find ways to collaborate and create opportunities for future growth. With the Manager's proven track record of delivering such opportunities, the Manager remains focused on adding value to the Trust's portfolio through accretive developments, active asset management and strategic acquisitions.

### 13.0%

Increased lettable area

### 83.1%

Improved building efficiency

## Board of Directors of the Manager





01.

**George Wang***Chairman and Non-Executive Non-Independent Director*

Mr Wang was appointed as a Director on 7 August 2009 and reprised the role as Chairman of the Manager on 16 January 2014. He was previously the Chairman from 7 August 2009 to 19 April 2012 and has returned to the role following rotation between the Manager's joint venture partners, AIMS Financial Group and AMP Capital.

Mr Wang is the founding Executive Chairman of AIMS Financial Group and an active participant in both the Australian and Chinese financial services industries. Established in 1991, AIMS Financial Group is a diversified financial services and investment group, active in the areas of lending, securitisation, investment banking, funds management, property investment, stock exchange ownership and stock broking. Mr Wang is also the Deputy Chairman of Asia Pacific Stock Exchange.

Mr Wang is the President of the AustChina Finance & Investment Council. As the President of AustChina Finance & Investment Council, Mr Wang has been laying the foundation for the financial bridge between Australia and China for many years, closely following the development of the Chinese financial sector, at the same time building a professional team. Mr Wang is also a patron of the Taronga Foundation which is affiliated with the Taronga Zoo based in Sydney, Australia which operates wildlife conservation programs.

02.

**Tan Kai Seng***Non-Executive Lead Independent Director and Chairman of the Audit, Risk and Compliance Committee*

Mr Tan was appointed as a Director on 1 December 2006 and the Chairman of the Audit, Risk and Compliance Committee on 19 February 2010.

Mr Tan holds a Bachelor of Accountancy from the National University of Singapore. He is a member of the Institute of Singapore Chartered Accountants and a Fellow of the Association of Chartered Certified Accountants, United Kingdom. Mr Tan started his career at Price Waterhouse Singapore and was Finance Director of Parkway Holdings Limited from 1988 until his retirement in 2005.

Mr Tan has been an Independent Non-Executive Director of IGB Corporations Berhad, listed on Bursa Malaysia, Kuala Lumpur, since 2003. In addition, he holds several other directorships in companies in the fields of building construction, investment holdings and water management.

03.

**Norman Ip Ka Cheung***Non-Executive Independent Director and Member of the Audit, Risk and Compliance Committee*

Mr Ip was appointed as a Director on 31 March 2010.

Mr Ip is a Chartered Accountant by training and has over 33 years of experience in auditing, accounting, treasury, investments and taxation. From 2000 to 2009, he held the position of the President and Group Chief Executive Officer of The Straits Trading Company Limited ("STC"), the main activities of which are in real estate, mining and hospitality. Prior to joining STC in 1983, he was with Ernst & Whinney (now known as Ernst & Young LLP).

Mr Ip is currently the Acting Group Chief Executive Officer and Director of Great Eastern Holdings Limited. He is a director of its subsidiaries, including The Great Eastern Life Assurance Company Limited, The Overseas Assurance Corporation Limited, Great Eastern Life Assurance (Malaysia) Berhad, Overseas Assurance Corporation (Malaysia) Berhad and Great Eastern Takaful Bhd. He serves as an Independent Non-Executive Director of United Engineers Limited and is also a member of the Building and Construction Authority.

Mr Ip holds a Bachelor of Science (Economics) from the London School of Economics and Political Science. He is a Fellow of both the Institute of Chartered Accountants in England and Wales and the Institute of Singapore Chartered Accountants.

## Board of Directors of the Manager

04.

### **Eugene Paul Lai Chin Look** *Non-Executive Independent Director*

Mr Lai was appointed as a Director on 26 February 2010.

Mr Lai began his career as an attorney in New York and in Singapore and has a wealth of experience of over 27 years in law, investment banking, real estate and private equity. He is currently a Managing Director and Co-Managing Partner of Southern Capital Group and was previously a Managing Director and Senior Country Officer at JP Morgan, Malaysia as well as the Managing Director and Chief Executive Officer of The Ascott Group Limited. He also held the position of Managing Director at The Carlyle Group Asia and Managing Director at Citigroup, Singapore.

Mr Lai currently holds directorships in several other companies such as Perennial Real Estate Holdings Limited and UE E&C Pte Ltd and is also a council member of Design Singapore Council and the Securities Industry Council. He holds an LL.B from The London School of Economics and Political Science, where he graduated with First Class Honors, and an LL.M from Harvard Law School.

05.

### **Simon Laurence Vinson** *Non-Executive Non-Independent Director and Member of the Audit, Risk and Compliance Committee*

Mr Vinson was appointed as a Director on 24 December 2009.

As the Head of Asian Property of AMP Capital since 2006, Mr Vinson is responsible for establishing and growing AMP Capital's property investment capability in Asia and all aspects of property investment, research, acquisitions, disposals and portfolio management in the region. Mr Vinson sits on AMP Capital's Property Leadership team and is also a member of several Property Investment Committees.

Mr Vinson started his career in the AMP Group by preceding the role of Head of Asian Property as the Head of AMP Capital Property Group's business development team for a substantial period where he was involved in the launch of several key property funds, including an

unlisted Shopping Centre Fund, an unlisted Office Fund, and the Global Direct Property Fund. Mr Vinson then held the position of Managing Director, AMP Capital Singapore from 2006 to 2009 where he spearheaded the establishment of AMP Capital's Asian hub office in Singapore before being appointed as the Head of New Business Initiatives in 2009 where he led a team which was responsible for sourcing and developing new business and product opportunities for AMP Capital's Property business. Most recently in 2012, Mr Vinson became responsible for overseeing AMP Capital Property's opportunity fund business which consists of the suite of Select Property Funds.

Mr Vinson has been with the AMP Group since 1982 and has a wealth of experience in property development on retail and commercial projects, as well as property acquisitions and disposals. Mr Vinson holds a Bachelor of Commerce (Finance and Systems) from University of New South Wales and an Associate Diploma in Property Valuation from New South Wales Institute of Technology.

06.

### **Nicholas Paul McGrath** *Non-Executive Non-Independent Director*

Mr McGrath was appointed as a Director on 26 February 2010.

Mr McGrath held the position of Chief Executive Officer of the Manager from 12 January 2009 until 31 December 2013. He remains on the Board of the Manager in the capacity of a Non-Executive Non-Independent Director. Mr McGrath is currently the fund manager of the AMP Capital Wholesale Office Fund, an A\$3.7 billion prime commercial office fund with assets located in Sydney, Melbourne, Perth and Wellington.

Prior to joining AMP Capital and the Manager, Mr McGrath was the Chief Executive Officer of Allco Commercial REIT (now known as Frasers Commercial Trust) and Managing Director of Allco (Singapore) Limited. Mr McGrath moved to Singapore in 2005 to establish Allco's real estate funds management business and was responsible for growing assets under management in excess of S\$2.0 billion. Prior to that, he spent over five years with Allco Finance Group

in Australia in a range of senior executive roles in its property funds management and structured finance divisions. Mr McGrath has over 15 years of experience in real estate investment and fund management.

Mr McGrath was a lawyer at a leading Australian law firm, Blake Dawson (now known as Ashurst) before joining Allco Finance Group. He holds a LL.B and a Bachelor of Business from the University of Technology, Sydney and a Graduate Diploma of Applied Finance & Investment from Securities Institute of Australia.

07.

**Moni XinYe An***Non-Executive Non-Independent Director*

Ms An was appointed as a Director on 4 July 2013.

Ms An is currently responsible for AIMS Financial Group's investor relationships for funds management and structured program developments in the Asia Pacific region as its Treasurer and Head of Investor Relations. She also oversees the existing securitisation programs, treasury functions and fixed income investments for AIMS Financial Group and is company secretary of AIMS Financial Group Funds Management business ("AIMS Funds"). Ms An was instrumental in the establishment of the AIMS Financial Group's Securitisation program and various debt and equity raising activities for AIMS Funds.

Ms An has over 14 years of experience and extensive knowledge in the areas of structured products, funds management, treasury, mergers and acquisitions and stock exchange operations in Australia. Ms An had also spent over four years with Asia Pacific Stock Exchange assisting in the restructuring of the Asia Pacific Stock Exchange as well as providing support to the compliance department.

Ms An holds a Master of Applied Finance from Macquarie University and a Bachelor of Economics from the University of New South Wales.

08.

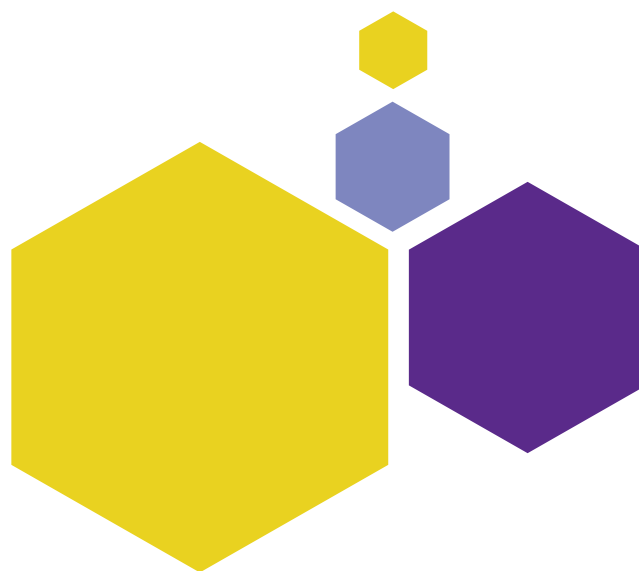
**Koh Wee Lih***Executive Director and Chief Executive Officer*

Mr Koh joined the Manager in December 2008. He was appointed the Chief Executive Officer of the Manager on 1 January 2014 and was subsequently appointed as a Director on 29 January 2014. Prior to this appointment, Mr Koh was the Head of Real Estate for the Manager since October 2011 and its Senior Investment Manager before that.

As the Chief Executive Officer of the Manager, Mr Koh is responsible for the overall planning, management and operation of the Trust. He works closely with the Board of Directors to determine business strategies for the strategic development of the Trust.

Mr Koh has over 19 years of experience in investment, corporate finance and asset management, of which more than 11 years are in direct real estate, covering investments, developments, asset management and real estate private equity in the Asia Pacific region.

Mr Koh holds a Master of Business Administration, a Master of Science in Industrial and Operations Engineering and a Bachelor of Science (Summa Cum Laude) in Aerospace Engineering from the University of Michigan.



## Senior Management Team



01.



02.



03.

01. Koh Wee Lih  
02. Regina Yap  
03. Joanne Loh

01.

**Koh Wee Lih***Chief Executive Officer*

Mr Koh Wee Lih is also an Executive Director of the Manager. Please refer to his profile under the Board of Directors.

02.

**Regina Yap***Head of Finance and Company Secretary*

Ms Yap is responsible for the financial accounting and reporting for the Trust and Manager, compliance as well as corporate secretarial matters. She plays a strategic role in the financial performance of the Trust through treasury and capital management.

Ms Yap has more than 20 years of experience in group financial and management reporting, operational management and control, tax planning and performance analysis. She has extensive regional experience spanning across South East Asia, North Asia and Australia.

Prior to joining the Manager, Ms Yap was the Vice President, Finance (South East Asia & Australia) with The Ascott Limited, a wholly-owned subsidiary of CapitaLand Limited. She has spent almost 14 years in various senior finance roles at CapitaLand Limited across a few business units including hospitality, residential, commercial, corporate headquarter and Australand Property Group (formerly a subsidiary of CapitaLand Limited listed on the Australian Securities Exchange). She started her career as a Tax Consultant with Price Waterhouse (now known as PricewaterhouseCoopers LLP) in Singapore.

Ms Yap holds a Master of Applied Finance from the Macquarie University of Sydney, Australia and a Bachelor of Accountancy Degree from the Nanyang Technological University of Singapore. She is also a Chartered Accountant with the Institute of Singapore Chartered Accountants.

03.

**Joanne Loh***Assistant Fund Manager*

Ms Loh joined the Manager as an Asset Manager in August 2007 and was responsible for the asset and leasing management of the Trust's portfolio. In April 2011, she was promoted to the role of Investor Relations Manager and subsequently Assistant Fund Manager in October 2011.

In her role, Ms Loh manages the fund performance of the Trust's portfolio as well as heads the investor relations department. She reports to and works closely with the Chief Executive Officer to formulate strategic and investment plans to maximise the returns of the fund and Trust's existing assets. In addition, she ensures clear and timely communication with the investment community on the performance of the Trust.

Prior to joining the Manager, Ms Loh was a Property Manager at property consultant firm Colliers International, managing a portfolio of residential and industrial assets. Previously, she worked with real estate developers including Far East Organisation and Keppel Land Limited. Ms Loh has over 11 years of experience in the real estate industry across asset management, leasing and property management.

Ms Loh holds a Master of Science Degree in Real Estate and a Bachelor of Science Degree in Building from the National University of Singapore.



## Our Team



01.

02.

03.



04.

05.

06.

07.

08.

### Investor Relations & Portfolio Management

01. Lynn Wong  
03. Joanne Loh

### Office Administration

02. Eileen Yap

### Asset Management

04. Louis Ng  
05. Sandra Go  
06. Avril Chong  
07. Cindy Tan  
08. Sharon Tay



09.

10.

11.



12.

13.

14.

15.

16.

17.

18.

### Leasing & Marketing

- 09. Kester Tan
- 10. Toh Lay Gan
- 11. Darren Ang

### Finance, Legal & Compliance

- 12. Tanya Teow
- 13. Stella Yeak
- 14. Charlotte Khoo
- 15. Regina Yap
- 16. Janet Foo
- 17. Patrina Tan
- 18. Amy Lim



# Building Assets

Our portfolio is diversified and is actively managed with a single focus – to deliver stable and sustainable yields. Our asset redevelopment and enhancement initiatives are designed and carried out to fortify our existing assets and to unlock the value from our portfolio.

Artist's impression



## 30 & 32 Tuas West Road

The redevelopment of 30 & 32 Tuas West Road will transform the existing two three-storey detached industrial buildings into a five-storey ramp-up warehouse facility. The redevelopment will make the Trust one of the largest ramp-up warehouse landlords in Singapore. The Trust's portfolio of other ramp-up warehouses include 20 Gul Way and 27 Penjuru Lane.

Upon completion, the asset is expected to be valued at S\$60.7 million, up from its current value of S\$14.1 million. It will nearly double the gross floor area from 159,717 sq ft to approximately 287,866 sq ft and increase the built plot ratio from 1.15 to 2.07.

after upgrading



before upgrading



**287,866 sq ft**

Gross floor area

**100%**

Pre-committed upon completion

**S\$60.7m**

Asset value after completion of redevelopment



## Property Showcase



### 20 Gul Way, Singapore

The property comprises of a five-storey ramp-up warehouse and logistics facility providing warehouse, logistics, ancillary office and a hardstand marshalling yard. The facility was developed in four stages with Phase One achieving temporary occupation permit on 29 October 2012, Phase Two on 7 May 2013, Phase Two Extension on 14 June 2014 and Phase Three on 9 September 2014.

It is located in a well-established industrial estate at the north-western junction of Gul Way and Gul Circle in Jurong Industrial Estate and is approximately 23.0 km from the City Centre. The property is within a few minutes' drive from the Joo Koon MRT station and well-served by expressways such as the Ayer Rajah Expressway and Pan Island Expressway. The second causeway between Singapore and Malaysia located at Tuas Checkpoint is a short drive away.

Property details	
Valuation (\$'million)	303.60
Valuation date	31 March 2015
Valuation as percentage of total portfolio value (%)	21.11
Capitalisation rate (%)	7.00
Acquisition date	19 April 2007
Purchase price (\$'million)	39.40
Leasehold title expiry year	15 January 2041
Land area (sq m)	76,946.10
Gross floor area (sq m)	153,892.20
Net lettable area (sq m)	153,892.20
Property type	Ramp-up Warehouse
Town planning	Business 2
Maximum plot ratio	2.00
Current plot ratio	2.00

Lease terms	
Lease type	Master Lease (CWT Limited)
Occupancy of property (%)	100.0
Annual rental income FY2015 (\$'million)	19.58



### Optus Centre, 1-5 Lyonpark Road, Macquarie Park, New South Wales, Australia

Optus Centre is a secure Grade A business park office complex which was completed in 2007 and comprises of six buildings. The buildings are a combination of four and five levels, arranged in a chevron shape that opens to the main entrance. The buildings are serviced by a total of 15 passenger lifts and two cargo lifts. Amenities include a secure central courtyard featuring extensive landscaping, water features, paved areas and a basketball court. The ground level of each building includes various cafes, eateries, bars, automated teller machines, convenience stores and the property also includes one childcare centre for the exclusive use of employees.

It is located at 1-5 Lyonpark Road, Macquarie Park with access to Epping Road and is within minutes to the Macquarie Shopping Centre and Macquarie University. It is approximately 15.0 km to the northwest of the Sydney central business district and approximately 12.0 km to the northwest of the North Sydney Central Business District.

Property details	
Valuation (\$'million)	204.68 <sup>1</sup>
Valuation date	31 March 2015
Valuation as percentage of total portfolio value (%)	14.23
Capitalisation rate (%)	7.25
Acquisition date	7 February 2014
Purchase price (\$'million)	205.3 <sup>2</sup>
Leasehold title expiry year	Freehold
Land area (sq m)	75,860.00
Gross floor area (sq m)	84,194.00
Net lettable area (sq m)	84,194.00
Property type	Business Park
Town planning	Business Park

Lease terms	
Lease type	Master Lease (Optus Administration Pty Limited)
Occupancy of property (%)	100.0
Annual rental income FY2015 (\$'million)	15.96

<sup>1</sup> Based on 49.0 per cent interest in the property. The valuation for the property is A\$398.00 million appraised by Savills Valuations Pty Ltd as at 31 December 2014 and adopted by the Directors as at 31 March 2015.

<sup>2</sup> Based on 49.0 per cent interest in the property. The purchase price for the property is A\$184.425 million.





## 27 Penjuru Lane, Singapore

The property comprises of a five-storey high height clearance warehouse and logistics building with mezzanine offices and an attached nine-storey ancillary office.

It is located within a well-established industrial estate along Penjuru Lane, off Penjuru Road and Jalan Buroh in the Jurong Industrial Estate and approximately 16.5 km from the City Centre. The property is in close proximity to the Ayer Rajah Expressway, Pan Island Expressway, West Coast Highway, Jurong Port and Jurong East MRT station.

Property details	
Valuation (S\$'million)	182.00
Valuation date	31 March 2015
Valuation as percentage of total portfolio value (%)	12.66
Capitalisation rate (%)	6.50
Acquisition date	15 October 2010
Purchase price (S\$'million)	161.00
Leasehold title expiry year	15 October 2049
Land area (sq m)	38,297.00
Gross floor area (sq m)	95,758.40
Net lettable area (sq m)	92,903.80
Property type	Ramp-up Warehouse
Town planning	Business 2
Maximum plot ratio	2.50
Current plot ratio	2.50

Lease terms	
Lease type	Multi-tenanted
Occupancy of property (%)	100.0
Annual rental income FY2015 (S\$'million)	14.56



## 8 & 10 Pandan Crescent, Singapore

The property comprises of a five-storey (Block 8) and six-storey (Block 10) warehouse buildings. The two blocks are serviced by 16 cargo lifts and 12 passenger lifts. The property has loading and unloading areas accommodating a total of 80 bays with 38 dock-levellers on the first storey.

It is located at the southern junction of Pandan Crescent and West Coast Highway and is approximately 13.0 km away from the City Centre. The property is well-served by expressways such as the West Coast Highway, the Ayer Rajah Expressway and the Pan-Island Expressway. The Clementi MRT station and bus interchange are about ten minutes' drive away.

Property details	
Valuation (S\$'million)	156.10
Valuation date	31 March 2015
Valuation as percentage of total portfolio value (%)	10.85
Capitalisation rate (%)	6.25
Acquisition date	19 April 2007
Purchase price (S\$'million)	115.00
Leasehold title expiry year	31 May 2068
Land area (sq m)	32,376.50
Gross floor area (sq m)	80,940.00
Net lettable area (sq m)	65,840.24
Property type	Cargo Lift Warehouse
Town planning	Business 2
Maximum plot ratio	2.50
Current plot ratio	2.50

Lease terms	
Lease type	Multi-tenanted
Occupancy of property (%)	98.2
Annual rental income FY2015 (S\$'million)	10.62

## Property Showcase



### 29 Woodlands Industrial Park E1, Singapore

The property comprises of an L-shaped four-storey high-technology industrial building with basement car park. The building is serviced by nine passenger lifts, nine cargo lifts with ancillary canteen and café located at the first storey and basement respectively.

It is located within a well-established industrial estate at the western junction of Admiralty Road West and Woodlands Avenue 8 in Woodlands East Industrial Estate. The property is within a few minutes' drive to the Admiralty MRT station, Sembawang MRT station and proposed Woodlands North MRT station. Its accessibility to other parts of Singapore is enhanced by its proximity to the Seletar Expressway, the Bukit Timah Expressway, the upcoming North-South Expressway and is approximately 23.5 km from the City Centre.

Property details	
Valuation (S\$'million)	89.00
Valuation date	31 March 2015
Valuation as percentage of total portfolio value (%)	6.19
Capitalisation rate (%)	6.75
Acquisition date	21 February 2011
Purchase price (S\$'million)	72.00
Leasehold title expiry year	8 January 2055
Land area (sq m)	17,955.50
Gross floor area (sq m)	45,481.30
Net lettable area (sq m)	36,270.00
Property type	Hi-Tech
Town planning	Business 2
Maximum plot ratio	2.56
Current plot ratio	2.53

Lease terms	
Lease type	Multi-tenanted
Occupancy of property (%)	96.1
Annual rental income FY2015 (S\$'million)	5.60



### 1A International Business Park, Singapore

The property comprises of a 13-storey high-tech business park building with basement car park. The building is designated for business park use and incorporates ancillary office and warehouse areas that are serviced with two loading and unloading bays located at the 1st storey.

It is located within the prestigious precinct of International Business Park, south of Boon Lay Way and east of Jurong East Street 11. International Business Park is a business and technology hub for companies involved in high-technology industries that include software development, research and ancillary activities. The property is within a short drive from the Jurong East MRT station, the Pan-Island Expressway, Ayer Rajah Expressway and is approximately 14.0 km from the City Centre.

Property details	
Valuation (S\$'million)	86.70
Valuation date	31 March 2015
Valuation as percentage of total portfolio value (%)	6.03
Capitalisation rate (%)	6.25
Acquisition date	30 November 2009
Purchase price (S\$'million)	90.20
Leasehold title expiry year	31 May 2059
Land area (sq m)	7,988.40
Gross floor area (sq m)	19,949.60
Net lettable area (sq m)	16,697.00
Property type	Business Park
Town planning	Business Park
Maximum plot ratio	2.50
Current plot ratio	2.50

Lease terms	
Lease type	Master Lease (Eurochem Corporation Pte Ltd)
Occupancy of property (%)	100.0
Annual rental income FY2015 (S\$'million)	6.54



### 103 Defu Lane 10, Singapore

The property comprises of a six-storey industrial facility with sheltered car parking and display area on the first storey. There are two vehicular accesses into the property, one for loading and unloading purposes and another for cars and motorcycles from Defu Lane 10. The building has 12 loading and unloading bays with dock levellers, two passenger lifts and three cargo lifts.

It is located within a well-established industrial estate on the western side of Defu Lane 10 in Defu Industrial Estate. The property is within a few minutes' drive from the Kovan MRT station and Hougang MRT station with close proximity to expressways including the Central Expressway, Seletar Expressway, Kallang-Paya Lebar Expressway, the Pan-Island Expressway via Eunos Link and is approximately ten km away from the City Centre.

Property details	
Valuation (S\$'million)	41.00
Valuation date	31 March 2015
Valuation as percentage of total portfolio value (%)	2.85
Capitalisation rate (%)	7.00
Acquisition date	21 January 2008
Purchase price (S\$'million)	14.50
Leasehold title expiry year	30 June 2043
Land area (sq m)	7,541.00
Gross floor area (sq m)	18,852.50
Net lettable area (sq m)	17,935.05
Property type	Cargo Lift Warehouse
Town planning	Business 1
Maximum plot ratio	2.50
Current plot ratio	2.50

Lease terms	
Lease type	Multi-tenanted
Occupancy of property (%)	100.0
Annual rental income FY2015 (S\$'million)	1.96



### 15 Tai Seng Drive, Singapore

The property comprises of a five-storey with basement industrial warehouse building. Basement warehouse and storage areas have been created within an area originally designated for car parking. The property has three loading and unloading bays with dock-levellers and serviced by two passenger and two cargo lifts.

It is located along the eastern end of Tai Seng Drive, a cul-de-sac off Airport Road within the Tai Seng Industrial Estate. The property is within a few minutes' drive away from Tai Seng MRT station, the Pan-Island and Kallang-Paya Lebar Expressways, the Bartley viaduct and is approximately 9.5 km away from the City Centre.

Property details	
Valuation (S\$'million)	36.60
Valuation date	31 March 2015
Valuation as percentage of total portfolio value (%)	2.54
Capitalisation rate (%)	7.00
Acquisition date	17 December 2007
Purchase price (S\$'million)	28.90
Leasehold title expiry year	31 March 2051
Land area (sq m)	9,077.90
Gross floor area (sq m)	22,594.01
Net lettable area (sq m)	17,886.30
Property type	Light Industrial
Town planning	Business 2
Maximum plot ratio	2.50
Current plot ratio	2.49

Lease terms	
Lease type	Multi-tenanted
Occupancy of property (%)	100.0
Annual rental income FY2015 (S\$'million)	3.35

## Property Showcase



### 10 Changi South Lane, Singapore

The property comprises of a part five-storey and part seven-storey warehouse with ancillary office space. The property has three cargo lifts and equipped with eight loading and unloading bays with dock-levellers together with an Automated Storage and Retrieval System provided at the warehouse area and showroom on the first-storey.

It is located within Changi South Industrial Estate. The property is well-served by expressways and major roads such as the Pan-Island Expressway, the East Coast Parkway and is approximately 18.0 km away from the City Centre. It is in close proximity to the Singapore Expo, Changi Business Park and Changi Airport.

Property details	
Valuation (S\$'million)	31.20
Valuation date	31 March 2015
Valuation as percentage of total portfolio value (%)	2.17
Capitalisation rate (%)	6.75
Acquisition date	19 April 2007
Purchase price (S\$'million)	33.80
Leasehold title expiry year	15 June 2056
Land area (sq m)	9,219.10
Gross floor area (sq m)	14,793.00
Net lettable area (sq m)	12,740.80
Property type	Cargo Lift Warehouse
Town planning	Business 2
Maximum plot ratio	2.50
Current plot ratio	1.60

Lease terms	
Lease type	Multi-tenanted
Occupancy of property (%)	83.8
Annual rental income FY2015 (S\$'million)	2.37



### 1 Bukit Batok Street 22, Singapore

The property comprises of an eight-storey light industrial building incorporating a four-storey factory and eight-storey of ancillary office space. The building is served by two passenger and two cargo lifts. There is loading and unloading area provided within the development.

It is located at the south-eastern junction of Bukit Batok Street 22 and Bukit Batok East Avenue 6 within the Bukit Batok Industrial Park A and approximately 15.5 km away from the City Centre. The property is within a short drive away from Pan-Island Expressway, Ayer Rajah Expressway and in close proximity to Bukit Batok MRT station and bus interchange.

Property details	
Valuation (S\$'million)	26.30
Valuation date	31 March 2015
Valuation as percentage of total portfolio value (%)	1.83
Capitalisation rate (%)	6.75
Acquisition date	19 April 2007
Purchase price (S\$'million)	18.00
Leasehold title expiry year	30 June 2055
Land area (sq m)	6,399.30
Gross floor area (sq m)	15,978.40
Net lettable area (sq m)	14,036.54
Property type	Light Industrial
Town planning	Business 1
Maximum plot ratio	2.50
Current plot ratio	2.50

Lease terms	
Lease type	Multi-tenanted
Occupancy of property (%)	94.7
Annual rental income FY2015 (S\$'million)	2.18





### 61 Yishun Industrial Park A, Singapore

The property comprises of a six-storey industrial building suitable for manufacturing, warehouse, distribution and ancillary offices. The building is served by three cargo lifts and six loading and unloading bays located on the first storey.

It is located at the south-eastern side of Yishun Industrial Park A sited within the Yishun Industrial Estate and approximately 21.5 km away from the City Centre. The property is within a few minutes' drive from the Yishun MRT station, Sembawang MRT station and well-served by major expressways and major roads such as Central Expressway and including Yishun Avenue 2 which directly links with the Seletar Expressway.

Property details	
Valuation (S\$'million)	25.10
Valuation date	31 March 2015
Valuation as percentage of total portfolio value (%)	1.75
Capitalisation rate (%)	7.00
Acquisition date	21 January 2008
Purchase price (S\$'million)	24.60
Leasehold title expiry year	31 August 2052
Land area (sq m)	5,921.80
Gross floor area (sq m)	14,601.00
Net lettable area (sq m)	11,942.21
Property type	Light Industrial
Town planning	Business 2
Maximum plot ratio	2.50
Current plot ratio	2.47

Lease terms	
Lease type	Multi-tenanted
Occupancy of property (%)	88.1
Annual rental income FY2015 (S\$'million)	1.61



### 3 Tuas Avenue 2, Singapore

The property comprises of a purpose-built factory complex comprising a two-storey front office block, a single storey warehouse and a part two and part three-storey warehouse block at rear. The property is served by a cargo lift at the warehouse building, which has loading and unloading areas.

It is located on the north-western side of Tuas Avenue 2, near its junction with Pioneer Road, within the Jurong Industrial Estate. The property is in close proximity to the Pan-Island Expressway, Ayer Rajah Expressway and is approximately 26.0 km away from the City Centre. The property is also a short drive from the Tuas Checkpoint which is the second causeway between Singapore and Malaysia.

Property details	
Valuation (S\$'million)	24.80
Valuation date	31 March 2015
Valuation as percentage of total portfolio value (%)	1.72
Capitalisation rate (%)	6.75
Acquisition date	19 April 2007
Purchase price (S\$'million)	20.80
Leasehold title expiry year	15 March 2055
Land area (sq m)	17,802.70
Gross floor area (sq m)	16,334.30
Net lettable area (sq m)	14,700.10
Property type	Manufacturing
Town planning	Business 2
Maximum plot ratio	1.40
Current plot ratio	0.92

Lease terms	
Lease type	Master Lease (Cimelia Resource Recovery Pte Ltd)
Occupancy of property (%)	100.0
Annual rental income FY2015 (S\$'million)	1.85

## Property Showcase



### 135 Joo Seng Road, Singapore

The property comprises of an eight-storey light industrial building with sheltered car parks on the first-storey and a canteen located on the second-storey. The property is primarily suitable for light industrial activities with ancillary display areas on the second-storey. The building is served by two passenger lifts, two cargo lifts and four loading and unloading bays located on the first-storey with a total of 63 covered and surface car park lots provided.

It is located at the north-western junction of Joo Seng Road and Jalan Bunga Rampai and is approximately eight km away from the City Centre. The property is in proximity to the Tai Seng MRT station and Bartley MRT station. It is well-served by Upper Paya Lebar Road and Upper Aljunied Road, which are both directly linked with the Central Expressway, the Pan-Island Expressway and the Kallang-Paya Lebar Expressway.

Property details	
Valuation (S\$'million)	23.30
Valuation date	31 March 2015
Valuation as percentage of total portfolio value (%)	1.62
Capitalisation rate (%)	6.75
Acquisition date	10 March 2008
Purchase price (S\$'million)	25.00
Leasehold title expiry year	30 June 2054
Land area (sq m)	5,420.10
Gross floor area (sq m)	12,385.00
Net lettable area (sq m)	8,818.54
Property type	Light Industrial
Town planning	Business 1
Maximum plot ratio	2.50
Current plot ratio	2.29

Lease terms	
Lease type	Multi-tenanted
Occupancy of property (%)	92.9
Annual rental income FY2015 (S\$'million)	1.98



### 3 Toh Tuck Link, Singapore

The property comprises of a multi-storey office and warehouse building. The primary warehouse areas are located at levels one and three, with the latter featuring a semi-automated narrow aisle storage system. The office accommodation is located over five levels. The building is served by loading and unloading bays with seven dock-levellers located at the first storey of the building.

It is located within the Toh Tuck Industrial Estate to the south-eastern side of Toh Tuck Link, bounded by Old Toh Tuck Road and Toh Tuck Avenue and approximately 15.5 km from the City Centre. The property is within a short drive from the Jurong East MRT station, Clementi MRT station and bus interchanges. It is well-served by major roads and expressways such as Boon Lay Way, Commonwealth Avenue West, the Ayer Rajah Expressway and the Pan-Island Expressway.

Property details	
Valuation (S\$'million)	22.85
Valuation date	31 March 2015
Valuation as percentage of total portfolio value (%)	1.59
Capitalisation rate (%)	6.75
Acquisition date	11 January 2010
Purchase price (S\$'million)	19.30
Leasehold title expiry year	15 November 2056
Land area (sq m)	10,724.40
Gross floor area (sq m)	12,492.41
Net lettable area (sq m)	11,956.10
Property type	Cargo Lift Warehouse
Town planning	Business 2
Maximum plot ratio	1.60
Current plot ratio	1.16

Lease terms	
Lease type	Multi-tenanted
Occupancy of property (%)	100.0
Annual rental income FY2015 (S\$'million)	2.05



### 23 Tai Seng Drive, Singapore

The property comprises of a six-storey industrial building with a basement car park. The building accommodates reception, ancillary office, and data centre uses. The building is served by two passenger lifts, one cargo lift and two loading and unloading bays with raised platform.

It is located at the eastern junction of Tai Seng Drive and Tai Seng Avenue which gives easy access to major roads and expressways such as the Paya Lebar Road, Eunos Link, the Pan-Island Expressway, Kallang-Paya Lebar Expressway as well as the Bartley viaduct and is approximately 9.5 km away from the City Centre. The property is within a few minutes' drive from the Tai Seng MRT station.

Property details	
Valuation (S\$'million)	22.70
Valuation date	31 March 2015
Valuation as percentage of total portfolio value (%)	1.58
Capitalisation rate (%)	7.00
Acquisition date	11 January 2010
Purchase price (S\$'million)	17.20
Leasehold title expiry year	31 July 2050
Land area (sq m)	3,813.60
Gross floor area (sq m)	9,493.10
Net lettable area (sq m)	8,456.40
Property type	Light Industrial
Town planning	Business 2
Maximum plot ratio	2.50
Current plot ratio	2.49

Lease terms	
Lease type	Multi-tenanted
Occupancy of property (%)	95.4
Annual rental income FY2015 (S\$'million)	1.77



### 11 Changi South Street 3, Singapore

The property comprises of a four-storey light industrial building incorporating warehouse, office and showroom accommodation with basement car parking. A single basement level incorporates car parking for 60 bays and ancillary storage areas. The property has two passenger lifts and two cargo lifts which serve the basement to the fourth storey. There are three loading and unloading bays with dock-levellers.

It is located in a well-established industrial estate on the southern end of Changi South Street 3, north of Xilin Avenue within the Changi South Industrial Estate and is approximately 15.5 km away from the City Centre. The property is in close proximity to the Expo MRT station and well-served by the Pan-Island Expressway, the East Coast Parkway, the Tampines Expressway. Currently there are construction works being carried out around the Expo MRT station to connect the station to the new Downtown Line Stage 3 and the Changi International Airport is just five to ten minutes' drive away.

Property details	
Valuation (S\$'million)	22.00
Valuation date	31 March 2015
Valuation as percentage of total portfolio value (%)	1.53
Capitalisation rate (%)	6.75
Acquisition date	17 December 2007
Purchase price (S\$'million)	20.80
Leasehold title expiry year	31 March 2055
Land area (sq m)	8,832.60
Gross floor area (sq m)	14,015.90
Net lettable area (sq m)	11,725.37
Property type	Cargo Lift Warehouse
Town planning	Business 2
Maximum plot ratio	2.00
Current plot ratio	1.59

Lease terms	
Lease type	Multi-tenanted
Occupancy of property (%)	74.7
Annual rental income FY2015 (S\$'million)	1.97

## Property Showcase



### 56 Serangoon North Avenue 4, Singapore

The property comprises of a seven-storey light industrial building incorporating warehouse, production and ancillary office areas. The building is served by two cargo lifts, loading and unloading bays with four dock-levellers at the first-storey.

It is located on the eastern end of Serangoon North Avenue 4, bounded by Yio Chu Kang Road to the east within the Serangoon North Industrial Estate and approximately 11.5 km from the City Centre. The property is in proximity to the Ang Mo Kio MRT station and well-served by major expressways and roads such as the Central Expressway, the Seletar Expressway, the Tampines Expressway and Seletar Aerospace Park via Yio Chu Kang Road and Ang Mo Kio Avenue 5.

Property details	
Valuation (S\$'million)	19.60
Valuation date	31 March 2015
Valuation as percentage of total portfolio value (%)	1.36
Capitalisation rate (%)	6.75
Acquisition date	11 January 2010
Purchase price (S\$'million)	14.80
Leasehold title expiry year	15 May 2055
Land area (sq m)	4,999.10
Gross floor area (sq m)	11,750.95
Net lettable area (sq m)	9,918.02
Property type	Cargo Lift Warehouse
Town planning	Business 1
Maximum plot ratio	2.50
Current plot ratio	2.35

Lease terms	
Lease type	Multi-tenanted
Occupancy of property (%)	89.5
Annual rental income FY2015 (S\$'million)	1.83



### 8 & 10 Tuas Avenue 20, Singapore

The property comprises of two adjoining JTC "Type D" two-storey detached industrial space currently amalgamated into one building.

It is located within a well-established industrial estate on the north-western side of Tuas Avenue 20, near the junction with Tuas Avenue 11 in the Jurong Industrial Estate. The property is well-served by major arterial roads and expressways such as Jalan Ahmad Ibrahim, the Ayer Rajah Expressway, the Pan-Island Expressway and is approximately 27.5 km away from the City Centre. The property is also a short drive from the Tuas Checkpoint which is the second causeway between Singapore and Malaysia.

Property details	
Valuation (S\$'million)	16.70
Valuation date	31 March 2015
Valuation as percentage of total portfolio value (%)	1.16
Capitalisation rate (%)	7.00
Acquisition date	19 April 2007
Purchase price (S\$'million)	11.60
Leasehold title expiry year	3
8 Tuas Avenue 20	31 December 2050
10 Tuas Avenue 20	30 September 2052
Land area (sq m)	10,560.00
Gross floor area (sq m)	10,918.00
Net lettable area (sq m)	10,915.18
Property type	Cargo Lift Warehouse
Town planning	Business 2
Maximum plot ratio	1.40
Current plot ratio	1.03

Lease terms	
Lease type	Master Lease (DNKH Logistics Pte Ltd)
Occupancy of property (%)	100.0
Annual rental income FY2015 (S\$'million)	1.11





### 541 Yishun Industrial Park A, Singapore

The property comprises of a four-storey factory building primarily incorporating production, warehouse and office areas. The building is served by a single passenger lift and two cargo lifts with six loading and unloading bays with dock-levellers located at the first storey.

It is located at the northern-eastern junction of Yishun Industrial Park A which gives easy access to Yishun Avenue 2 or Yishun Avenue 7 and approximately 20.0 km away from the City Centre. The property is within a few minutes' drive from the Yishun MRT station and bus interchange. It is well-served by major arterial roads and expressways such as Gambas Avenue, Sembawang Road, including Yishun Avenue 2 which directly links with the Seletar Expressway and the upcoming North-South Expressway.

Property details	
Valuation (S\$'million)	15.90
Valuation date	31 March 2015
Valuation as percentage of total portfolio value (%)	1.11
Capitalisation rate (%)	6.75
Acquisition date	3 October 2007
Purchase price (S\$'million)	16.80
Leasehold title expiry year	30 June 2054
Land area (sq m)	6,851.40
Gross floor area (sq m)	8,770.90
Net lettable area (sq m)	8,017.50
Property type	Manufacturing
Town planning	Business 1
Maximum plot ratio	2.50
Current plot ratio	1.28

Lease terms	
Lease type	Master Lease (King Plastic Pte Ltd)
Occupancy of property (%)	100.0
Annual rental income FY2015 (S\$'million)	1.36



### 30 & 32 Tuas West Road, Singapore

The property comprises of two three-storey detached industrial buildings connected by a covered link at the first storey driveway.

The property will be undergoing redevelopment works for a master tenant who requires a purpose-built five-storey ramp-up warehouse facility with ancillary offices at first to fifth storey mezzanine floors. There will be direct vehicular ramp access to every floor and there will be loading and unloading bays with dock levellers on every floor. The redevelopment is expected to commence in 3Q FY2016.

It is located within the well-established Jurong industrial estate, on the south-eastern side of Tuas West Road near its junction with Pioneer Road and is approximately 28.0 km away from the City Centre. The property is a short walk from the future Tuas West Road MRT station of the Tuas West Extension which is expected to be completed in 2016. Accessibility to other parts of Singapore is enhanced by its proximity to the Pan Island Expressway and the Ayer Rajah Expressway. It is also a short drive away from the Tuas Second Link between Singapore and Malaysia located at the end of Jalan Ahmad Ibrahim.

Property details	
Valuation (S\$'million)	14.10
Valuation date	31 March 2015
Valuation as percentage of total portfolio value (%)	0.98
Capitalisation rate (%)	6.75
Acquisition date	11 January 2010
Purchase price (S\$'million)	17.30
Leasehold title expiry year	31 December 2055
Land area (sq m)	12,894.90
Gross floor area (sq m)	14,838.10
Net lettable area (sq m)	13,162.39
Property type	Cargo Lift Warehouse
Town planning	Business 2
Maximum plot ratio	1.40
Current plot ratio	1.15

Lease terms	
Lease type	Multi-tenanted
Occupancy of property (%)	32.7
Annual rental income FY2015 (S\$'million)	0.82

## Property Showcase



### 2 Ang Mo Kio Street 65, Singapore

The property comprises of an “L-shaped” three-storey detached factory building incorporating production area, laboratories, warehouses and office areas, which was refurbished in 2006. The building is served by a cargo and a passenger lift.

It is located in the Ang Mo Kio Industrial Estate on the north-eastern junction of Ang Mo Kio Street 65 and Street 64, which has easy access to the Yio Chu Kang Road. The property is well-served by major arterial roads and expressways such as the Central Expressway, the Seletar Expressway, the Tampines Expressway and is approximately 14.5 km away from the City Centre.

Property details	
Valuation (S\$'million)	13.60
Valuation date	31 March 2015
Valuation as percentage of total portfolio value (%)	0.95
Capitalisation rate (%)	7.00
Acquisition date	19 April 2007
Purchase price (S\$'million)	15.20
Leasehold title expiry year	31 March 2047
Land area (sq m)	5,610.20
Gross floor area (sq m)	7,325.00
Net lettable area (sq m)	6,255.00
Property type	Manufacturing
Town planning	Business 1
Maximum plot ratio	2.50
Current plot ratio	1.31

Lease terms	
Lease type	Master Lease (CIT Cosmeceutical Pte. Ltd)
Occupancy of property (%)	100.0
Annual rental income FY2015 (S\$'million)	1.34



### 7 Clementi Loop, Singapore

The property comprises of a warehouse and office building consisting of a single level high-bay warehouse with a mezzanine level and a three level section incorporating an ancillary air-conditioned storage and office accommodation. The building is served by a passenger lift servicing the office and ancillary storage and eight loading and unloading bays with dock-levellers on the first storey.

It is located within the well-established Clementi West Distripark, on the western side of Clementi Avenue 6 and is approximately 13.0 km away from the City Centre. The property is a few minutes' drive from the Clementi MRT station and well-served by the Pan-Island Expressway, Ayer Rajah Expressway and West Coast Highway.

Property details	
Valuation (S\$'million)	13.60
Valuation date	31 March 2015
Valuation as percentage of total portfolio value (%)	0.95
Capitalisation rate (%)	7.00
Acquisition date	31 March 2008
Purchase price (S\$'million)	18.30
Leasehold title expiry year	15 June 2053
Land area (sq m)	9,998.30
Gross floor area (sq m)	9,081.30
Net lettable area (sq m)	8,099.40
Property type	Cargo Lift Warehouse
Town planning	Business 2
Maximum plot ratio	1.60
Current plot ratio	0.91

Lease terms	
Lease type	Multi-tenanted
Occupancy of property (%)	80.9
Annual rental income FY2015 (S\$'million)	1.14



## 1 Kallang Way 2A, Singapore

The property comprises of an eight-storey light industrial building incorporating production areas, offices and showrooms. The building is served by two passenger lifts, a cargo lift, a fireman's lift and two loading and unloading bays. The property underwent an asset enhancement initiative ("AEI") which converted the existing common areas to lettable area, deck over void area between levels four and five creating two separate floors and improved traffic circulation at driveway which added 13.0 per cent to net lettable area. The AEI achieved temporary occupation permit on 19 May 2015.

It is located on the western side of Kallang Way 2A, at the junction with Kallang Way and is approximately 6.5 km away from the City Centre. The property is a few minutes' drive from the Aljunied and MacPherson MRT stations and well-served by the Pan-Island Expressway, Central Expressway, Kallang-Paya Lebar Expressway, MacPherson Road and Aljunied Road.

Property details	
Valuation (S\$'million)	13.50
Valuation date	31 March 2015
Valuation as percentage of total portfolio value (%)	0.94
Capitalisation rate (%)	6.50
Acquisition date	30 January 2008
Purchase price (S\$'million)	14.00
Leasehold title expiry year	30 June 2055
Land area (sq m)	3,231.40
Gross floor area (sq m)	8,029.29 (After AEI) <sup>1</sup>
Net lettable area (sq m)	6,714.42 (After AEI) <sup>1</sup>
Property type	Manufacturing
Town planning	Business 2
Maximum plot ratio	2.50
Current plot ratio	2.48

Lease terms	
Lease type	Multi-tenanted
Occupancy of property (%)	14.1 <sup>2</sup>
Annual rental income FY2015 (S\$'million)	0.91

<sup>1</sup> Subject to final survey

<sup>2</sup> The occupancy rate excludes the net lettable areas which are undergoing asset enhancement works as of 31 March 2015.



## 8 Senoko South Road, Singapore

The property comprises of a six-storey factory with an ancillary office building and a single-storey annex building. The building is served by a passenger lift and two cargo lifts, as well as five loading and unloading bays with dock-levellers on the first storey.

It is located at the northern side of Senoko South Road, off Woodlands Avenue 8 and Admiralty Road West, within the Woodlands East Industrial Estate and approximately 23.0 km from the City Centre. The property is within a few minutes' drive from the Admiralty MRT station, Sembawang MRT station and the proposed Woodlands North MRT station. It is well-served by expressways such as the Seletar Expressway, the Bukit Timah Expressway and the upcoming North-South Expressway.

Property details	
Valuation (S\$'million)	13.40
Valuation date	31 March 2015
Valuation as percentage of total portfolio value (%)	0.93
Capitalisation rate (%)	6.75
Acquisition date	19 April 2007
Purchase price (S\$'million)	12.80
Leasehold title expiry year	31 October 2054
Land area (sq m)	7,031.30
Gross floor area (sq m)	9,249.00
Net lettable area (sq m)	7,278.90
Property type	Manufacturing
Town planning	Business 2
Maximum plot ratio	2.50
Current plot ratio	1.32

Lease terms	
Lease type	Master Lease (Sin Hwa Dee Food Stuff Industries Pte Ltd)
Occupancy of property (%)	100.0
Annual rental income FY2015 (S\$'million)	1.05

## Property Showcase



### 26 Tuas Avenue 7, Singapore

The property comprises of a two-storey purpose-built factory with a mezzanine office level. The building has four loading and unloading bays, a cargo lift and substation. The property is currently undergoing an asset enhancement initiative to create new warehouse space and additional production line.

It is located at the eastern junction of Tuas Avenue 7 and Tuas West Road, within the Jurong Industrial Estate. The property is well-served by major arterial roads and expressways such as Jalan Ahmad Ibrahim, Ayer Rajah Expressway and the Pan-Island Expressway and is approximately 27.5 km away from the City Centre. It is also in close proximity to the Second Link to Johor Malaysia.

Property details	
Valuation (S\$'million)	11.42
Valuation date	31 March 2015
Valuation as percentage of total portfolio value (%)	0.79
Capitalisation rate (%)	6.75
Acquisition date	19 April 2007
Purchase price (S\$'million)	8.30
Leasehold title expiry year	31 December 2053
Land area (sq m)	5,823.30
Gross floor area (sq m)	6,449.13
Net lettable area (sq m)	5,522.10
Property type	Manufacturing
Town planning	Business 2
Maximum plot ratio	1.40
Current plot ratio	1.11

Lease terms	
Lease type	Master Lease (Aalst Chocolate Pte Ltd)
Occupancy of property (%)	100.0
Annual rental income FY2015 (S\$'million)	1.09



### 10 Soon Lee Road, Singapore

The property comprises of a four-storey factory with an ancillary office building and a single-storey factory building. The building is served by a passenger lift, a cargo lift, a pallet lift and three loading and unloading areas with dock-levellers on the first storey.

It is located within a well-established industrial estate on the southern side of Soon Lee Road, off International Road in the Jurong Industrial Estate and approximately 21.0 km away from the City Centre. The property is a few minutes' drive from the Pioneer MRT station, Boon Lay MRT station and bus interchange. It is also well-served by major arterial roads and expressways such as Jalan Ahmad Ibrahim, Ayer Rajah Expressway and the Pan-Island Expressway.

Property details	
Valuation (S\$'million)	8.40
Valuation date	31 March 2015
Valuation as percentage of total portfolio value (%)	0.58
Capitalisation rate (%)	7.25
Acquisition date	19 April 2007
Purchase price (S\$'million)	8.70
Leasehold title expiry year	12 March 2041
Land area (sq m)	9,303.30
Gross floor area (sq m)	8,142.00
Net lettable area (sq m)	7,223.80
Property type	Manufacturing
Town planning	Business 2
Maximum plot ratio	2.50
Current plot ratio	0.88

Lease terms	
Lease type	Multi-tenanted
Occupancy of property (%)	90.7
Annual rental income FY2015 (S\$'million)	0.86



## Overview of the Singapore Economy and Industrial Real Estate Market

The following report was prepared by Knight Frank Pte Ltd ("Knight Frank") as at 15 May 2015 for the purpose of its inclusion in this Annual Report.

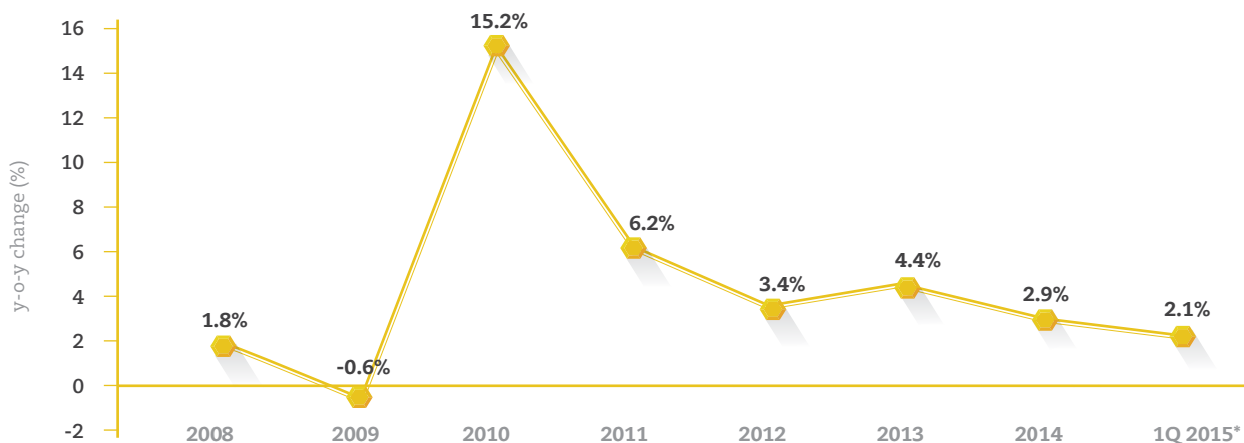
### 1 Singapore economic overview

#### 1.1 Overall economy

Singapore's Gross Domestic Product ("GDP") grew by 2.1 per cent year-on-year ("y-o-y") in 1Q 2015, according to the advance estimates announcement by the Ministry of Trade and Industry ("MTI").

The manufacturing sector saw a further contraction by 3.4 per cent y-o-y in 1Q 2015 as compared to an overall decline of 1.3 per cent y-o-y in 4Q 2014. The contraction was largely attributed by decreases in outputs for the clusters of precision engineering, transport engineering and electronics.

#### Exhibit 1-1: Singapore GDP growth, 2008 to 1Q 2015\*



Source: MTI, Singstat, Knight Frank Research.

\*Based on advance estimates by MTI.

#### 1.2 Manufacturing sector

According to Economic Development Board ("EDB")'s monthly manufacturing performance for March 2015, Singapore's manufacturing output registered a y-o-y fall by 5.5 per cent, reflecting a sharper decline than the drop of 3.3 per cent in the previous month. On a seasonally adjusted month-on-month ("m-o-m") basis, the overall manufacturing output (excluding biomedical manufacturing) declined by 0.9 per cent in March 2015.

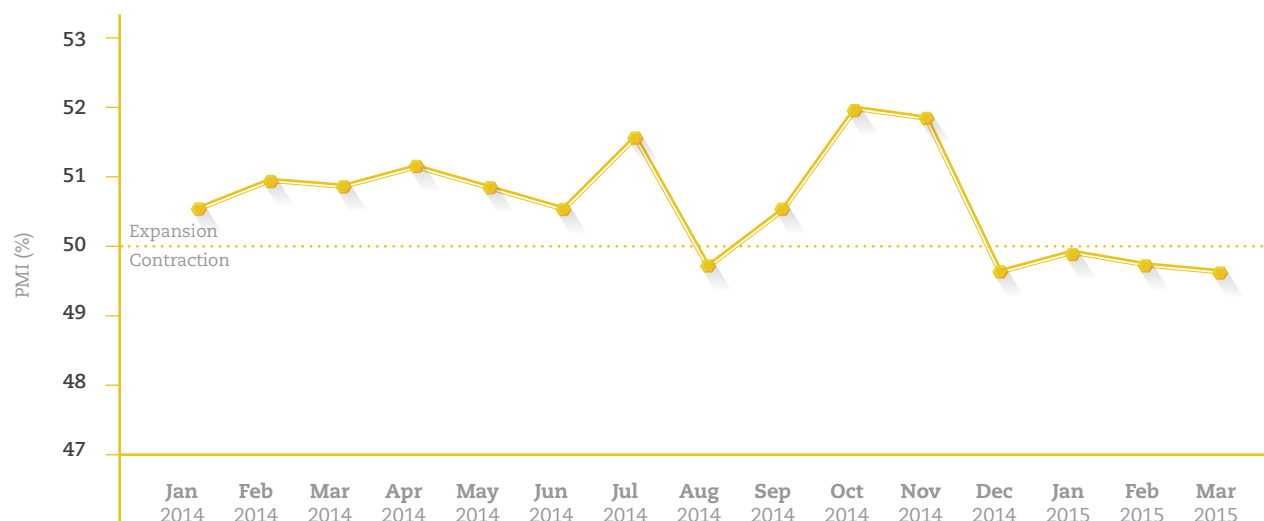
Transport engineering cluster saw a 15.6 per cent y-o-y fall in output, attributed by declines in outputs from the marine and offshore engineering (18.8 per cent), as well as aerospace segments (14.5 per cent). Biomedical manufacturing cluster experienced a 8.5 per cent y-o-y decline, despite a 19.0 per cent expansion in the medical technology segment. Lower production of active pharmaceutical ingredients and biologic products led to a y-o-y decrease of 13.9 per cent in outputs from pharmaceuticals segment.

On the contrary, output from the chemical cluster rose 7.8 per cent y-o-y in March 2015, largely contributed by the petrochemicals segment, which grew 18.8 per cent due to a low base last year when some plants were undergoing maintenance shutdowns. Precision engineering cluster also saw a marginal growth of 1.0 per cent y-o-y in March 2015.

The Singapore Purchasing Managers' Index ("PMI") saw a slight fall from 49.7 in February 2015 to 49.6 in March 2015, reflecting a continual contraction of the manufacturing sector for four consecutive months. The overall contraction in PMI was largely due to lower demand for new orders and new export orders. Input prices and employment continued to contract while the inventory and stockholdings of finished goods experienced a contraction for the first time.

## Overview of the Singapore Economy and Industrial Real Estate Market

**Exhibit 1-2: PMI, January 2014 - March 2015**



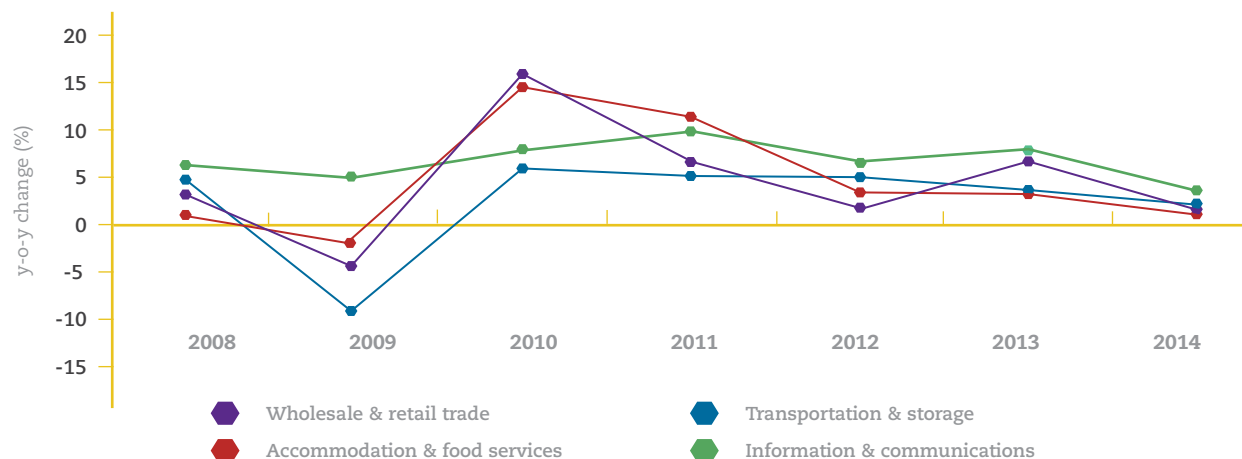
Source: Singapore Institute of Purchasing & Materials Management, Knight Frank Research.

### 1.3 Service producing sectors

Wholesale and retail trade sector saw an annual growth of 1.7 per cent for the whole of 2014, lower compared to 6.7 per cent y-o-y growth in 2013. Annual growth rate in transportation and storage sector eased to 1.7 per cent y-o-y in 2014, after an increase of 3.5 per cent in 2013. In addition, both accommodation and food services as well as information and communications sectors registered annual increases of 1.1 per cent and 3.6 per cent for the year of 2014 (Exhibit 1-3).

Despite a moderated growth trend for the selected service producing sectors in 2014, these trends are in tandem with 2014 overall GDP growth, which saw an annual growth of 2.9 per cent compared to 4.4 per cent in the preceding year. The stable growth of service producing sectors is a reflection of continuing business activities and consequently supports industrial space demand for logistics and warehousing facilities, as well as business parks.

**Exhibit 1-3: GDP growth trends by selected services producing sectors, 2008 - 2014**



Source: Singstat, Knight Frank Research.

## 1.4 Singapore economic outlook for 2015

Singapore's economy is expected to grow by two to four per cent in 2015, unchanged from the previous forecast in 2014, in light of general expectations of a mixed picture for the recovery prospects of major economies around the world. The US economy is expected to perform better as overall business sentiment rises in optimism and the employment market improves with more jobs added. The euro zone economy is likely to continue with its weak growth path amid high unemployment and fiscal challenges; while the widely speculated interest rate hikes by the US Federal Reserve may affect investments and consumer demand globally. In Asia, China's economy may see a new normal of lower growth momentum due to efforts by the government to implement economic restructuring in a bid to create a more reasonable growth path with greater diversification of its economy. These macroeconomic trends would significantly influence Singapore's economic performance in light of its open economy and global city status.

At the domestic front, labour-intensive producing services or industries will continue to face higher operating costs and challenges chiefly due to labour constraints. The heightening competition with regional and global enterprises to capture both visitor and domestic markets could impact top-line revenue of local businesses. Tighter immigration and foreign worker policies have also capped population growth for the last three years. Invariably, these issues could restrain Singapore's economic growth in 2015. However, the moderation of the strength of the Singapore dollar against the greenback is envisaged to boost exports and provide support to the island state's GDP growth.

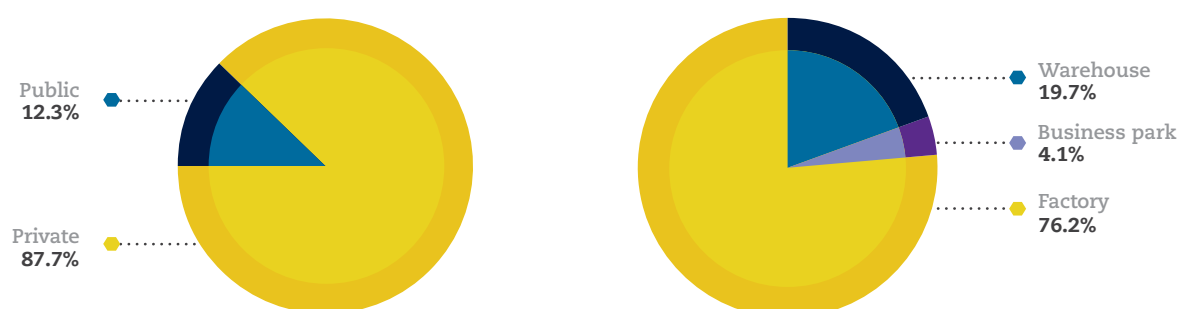
Notwithstanding global risks and local challenges, Singapore's economy is expected to register a stable growth path in 2015, barring unforeseen macroeconomic or geopolitical circumstances.

## 2 Review of Singapore industrial property market

### 2.1 Overview of industrial property stock

As at 4Q FY2015<sup>1</sup>, total island-wide industrial stock reached approximately 464.9 million sq ft (43.2 million sq m) of net lettable area ("NLA"). Public industrial space accounted for approximately 12.3 per cent of the total industrial stock, while the remaining 87.7 per cent constitutes industrial spaces from the private sector. In terms of the breakdown of industrial property types, factory space constitutes 76.2 per cent of total industrial stock, while warehouse and business parks comprise 19.7 per cent and 4.1 per cent of the total stock respectively.

#### Exhibit 2-1: Total industrial stock in Singapore as at 4Q FY2015



Source: JTC, REALIS, Knight Frank Research.

<sup>1</sup> 4Q FY2015 refers to the fourth quarter Financial Year Period from January 2015 to March 2015.

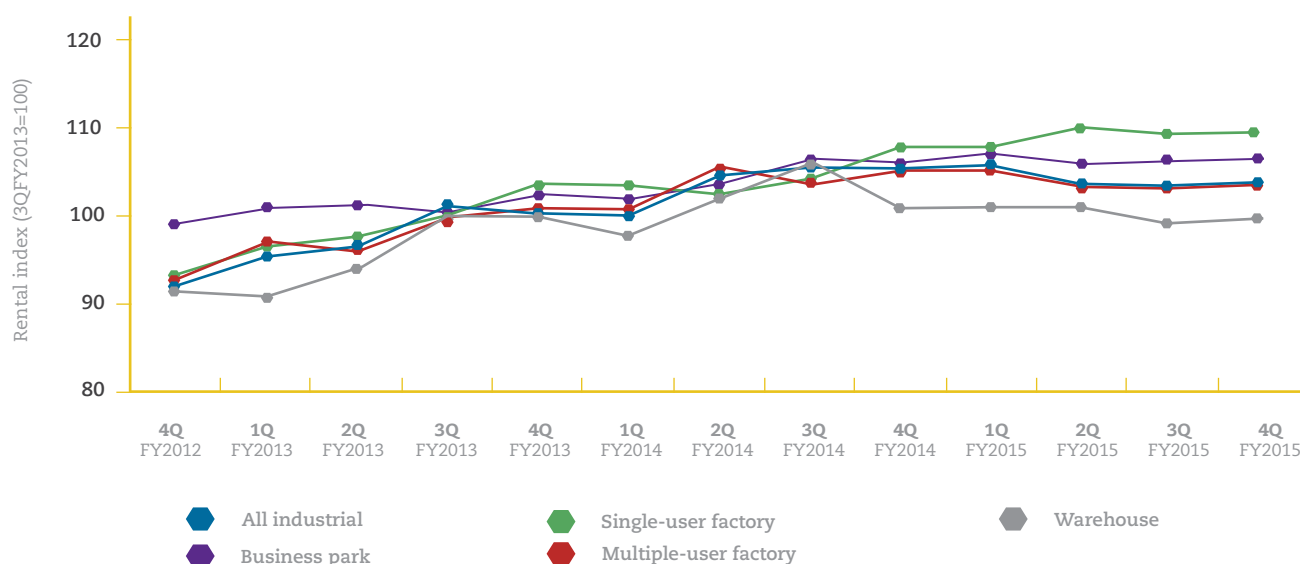
## Overview of the Singapore Economy and Industrial Real Estate Market

### 2.2 All industrial rental index

The JTC all industrial property rental index rebounded by 0.4 per cent quarter-on-quarter (“q-o-q”) in 4Q FY2015, after two consecutive quarters of q-o-q declines. This was led largely by the warehouse and business parks segments with q-o-q increases of 0.6 per cent and 0.4 per cent respectively. However on a y-o-y basis, the rental index continued to experience a decline at 2.0 per cent in 4Q FY2015, representing third consecutive y-o-y decreases in rentals.

Notwithstanding the slight improvement shown from the JTC quarterly rental index of industrial space, activities in the leasing market have been relatively muted since the start of 2015. With the increase in available stock of industrial space by 3.7 million sq ft as at 4Q FY2015, landlords are luring a stagnant pool of tenants.

#### Exhibit 2-2: JTC quarterly rental index of industrial space, 4Q FY2012 – 4Q FY2015



Source: JTC, Knight Frank Research.

**Note from JTC for index information:** Before 4th Quarter 2014 (i.e. 3Q FY2015), the rental index is computed based on transactions of multiple-user factories and multiple-user warehouses in the Central region, with weights updated every quarter using past 12 quarters transaction values. From 4th Quarter 2014 (i.e. 3Q FY2015), the rental index is computed based on island-wide transactions of multiple-user factories, single-user factories, business parks and warehouses. The weights used are fixed using 2012 transaction values. The rental index is also re-scaled to 100 at 4th Quarter 2012 (i.e. 3Q FY2013). Due to rounding, there could be some differences in the quarterly rental change compared to the rental index before re-scaling.

### 2.3 Private single-user and multiple-user warehouse

#### 2.3.1 Existing stock

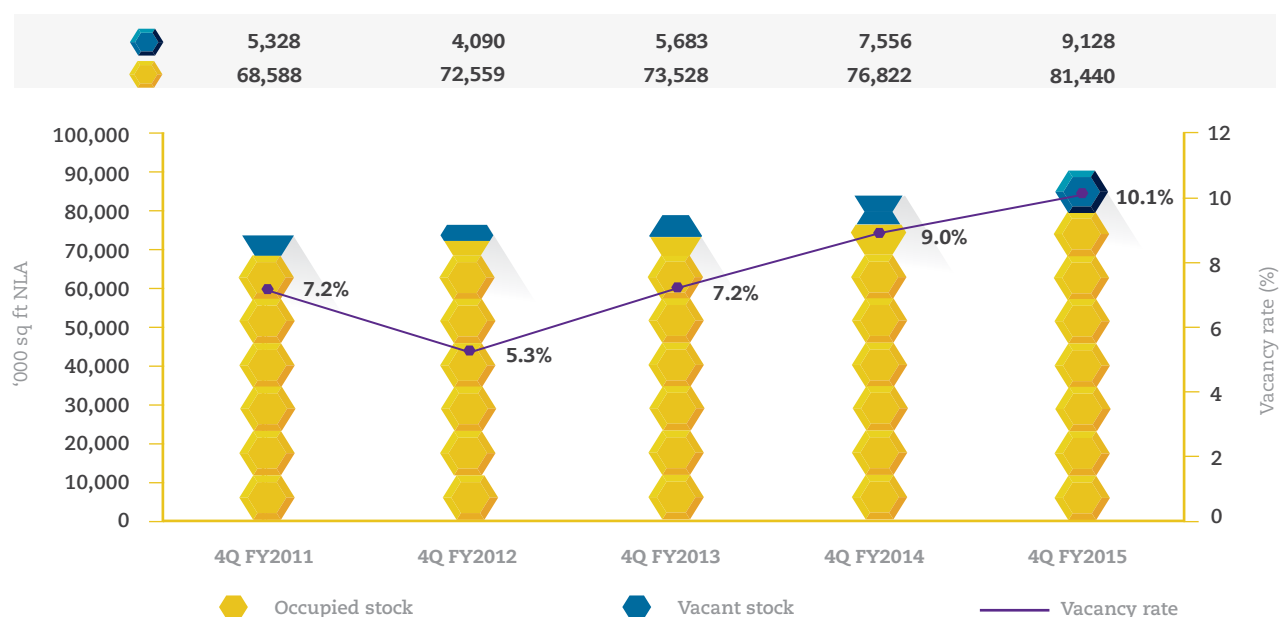
As at 4Q FY2015, the existing stock for private warehouses totalled 90.6 million sq ft (8.4 million sq m) NLA, a 7.3 per cent increase from the previous year. Total occupied stock expanded from 76.8 million sq ft (7.1 million sq m) NLA in FY2014 to 81.4 million sq ft (7.5 million sq m) NLA in FY2015, representing a y-o-y increase of 6.0 per cent. The influx of warehouse space was mainly contributed by the completion of a few sizeable warehouse developments including Big Box at Jurong East Central, Cogent 1 Logistics Hub at Buroh Crescent and CWT Pandan Logistics Centre at Pandan Avenue. Total vacant stock also saw a 20.8 per cent increase from the preceding year to reach 9.1 million sq ft NLA in FY2015 (Exhibit 2-3).



### 2.3.2 Vacancy rate

With the influx of completed sizeable warehouse developments during the FY and despite an increase in occupied stock, vacancy rate rose marginally from 9.0 per cent in 4Q FY2014 to 10.1 per cent in 4Q FY2015. Within the planning regions, the East region has the highest vacancy rate at 11.3 per cent while the lowest vacancy is in the Central region at 6.4 per cent (Exhibit 2-4).

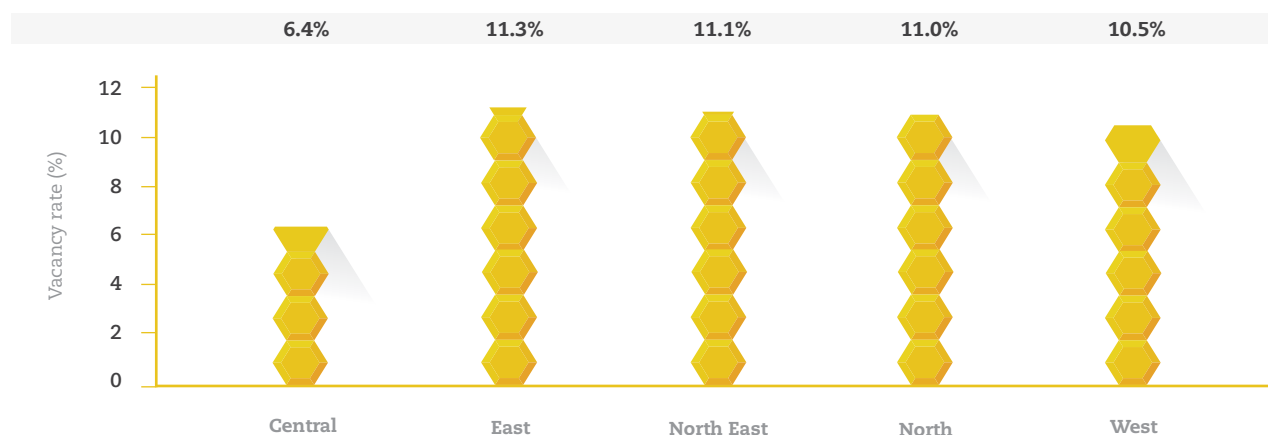
**Exhibit 2-3: Occupied stock, vacant stock and vacancy rate of private single-user and multiple-user warehouses, 4Q FY2011 – 4Q FY2015**



Source: REALIS, Knight Frank Research.

Note: Data analysis is based on AA REIT's Financial Year ("FY"). For example, FY2015 is from 1 April 2014 to 31 March 2015. Information provided above is as at fourth quarter of each FY period, (i.e. from January to March of each calendar year).

**Exhibit 2-4: Vacancy rate of warehouses by planning region as at 4Q FY2015**



Source: REALIS, Knight Frank Research.

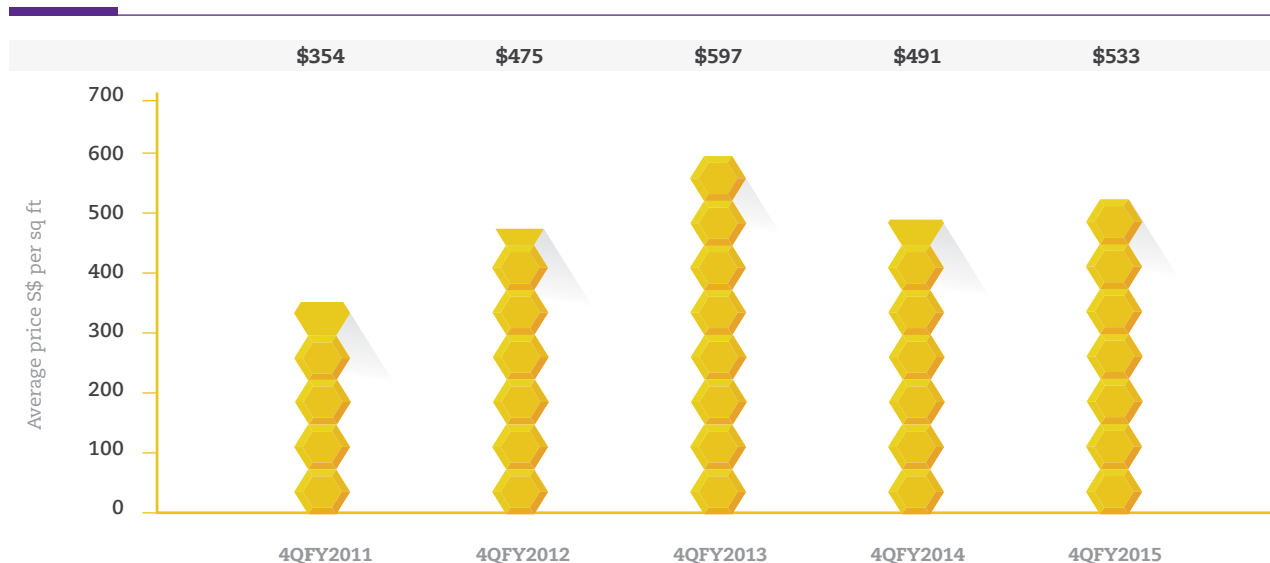
Note: Data analysis is based on AA REIT's Financial Year ("FY"). For example, FY2015 is from 1 April 2014 to 31 March 2015. Information provided above is as at fourth quarter of each FY period, (i.e. from January to March of each calendar year).

## Overview of the Singapore Economy and Industrial Real Estate Market

### 2.3.3 Price of multiple-user warehouse

Island-wide average price for upper-floor strata-titled warehouse units was at S\$533 per sq ft as at 4Q FY2015, representing a 25.5 per cent q-o-q increase. On a y-o-y basis, the average price increased by 8.6 per cent, representing a rebound from a notable 17.7 per cent decline in 4Q FY2014<sup>2</sup> (Exhibit 2-5).

**Exhibit 2-5: Average prices\* of private multiple-user warehouse, 4Q FY2011 – 4Q FY2015**



**Source:** REALIS (as at 10 April 2015), Knight Frank Research.

\*Transactions are based on units on upper floors only.

**Note:** Data analysis is based on AA REIT's Financial Year ("FY"). For example, FY2015 is from 1 April 2014 to 31 March 2015. Information provided above is as at fourth quarter of each FY period, (i.e. from January to March of each calendar year).

## 2.4 Private multiple-user factory

### 2.4.1 Existing stock

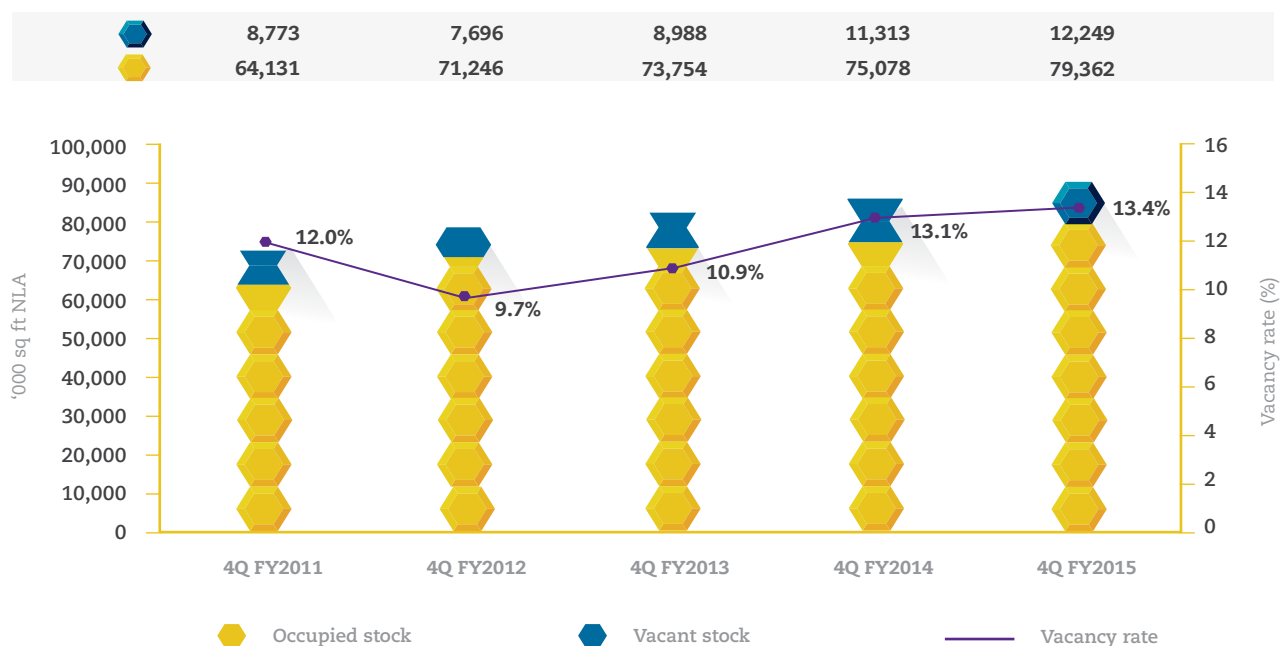
Total existing stock for private multiple-user factory stands at approximately 91.6 million sq ft (8.5 million sq m) NLA as at 4Q FY2015, a 6.0 per cent increase from 86.4 million sq ft (8.0 million sq m) in 4Q FY2014. Occupied stock saw a 5.7 per cent growth from 75.1 million sq ft (7.0 million sq m) in 4Q FY2014 to 79.4 million sq ft (7.4 million sq m) in 4Q FY2015. Total vacant stock rose by 8.3 per cent to reach 12.2 million sq ft (1.1 million sq m) in 4Q FY2015, an improvement from 4Q FY2014 which saw a 25.9 per cent increase in vacant stock (Exhibit 2-6).

### 2.4.2 Vacancy rate

As at 4Q FY2015, the island-wide vacancy rate for private multiple-user factory stood at 13.4 per cent, a slight increase from 13.1 per cent in 4Q FY2014. This was due to the high vacancy rate in the North region which was at 20.2 per cent. The West region had the lowest vacancy rate at 8.9 per cent as at 4Q FY2015 (Exhibit 2-7).

<sup>2</sup> 4Q FY2014 refers to the fourth quarter of Financial Year Period from January 2014 to March 2014.

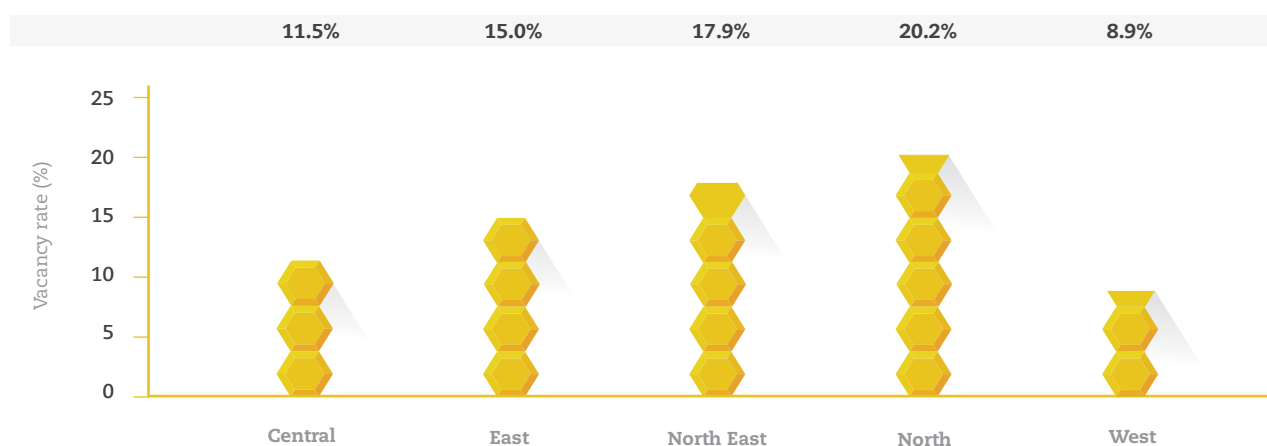
### Exhibit 2-6: Occupied stock, vacant stock and vacancy rate of private multiple-user factory, 4Q FY2011 – 4Q FY2015



Source: REALIS, Knight Frank Research.

Note: Data analysis is based on AA REIT's Financial Year ("FY"). For example, FY2015 is from 1 April 2014 to 31 March 2015. Information provided above is as at fourth quarter of each FY period, (i.e. from January to March of each calendar year).

### Exhibit 2-7: Vacancy rate of multiple-user factory by planning region as at 4Q FY2015



Source: REALIS, Knight Frank Research.

Note: Data analysis is based on AA REIT's Financial Year ("FY"). For example, FY2015 is from 1 April 2014 to 31 March 2015. Information provided above is as at fourth quarter of each FY period, (i.e. from January to March of each calendar year).

## Overview of the Singapore Economy and Industrial Real Estate Market

### 2.4.3 Price of multiple-user factory

Island-wide average price for strata-titled factory spaces located on upper floors was at S\$434 per sq ft in 4Q FY2015, representing a 1.2 per cent y-o-y increase (Exhibit 2-8).

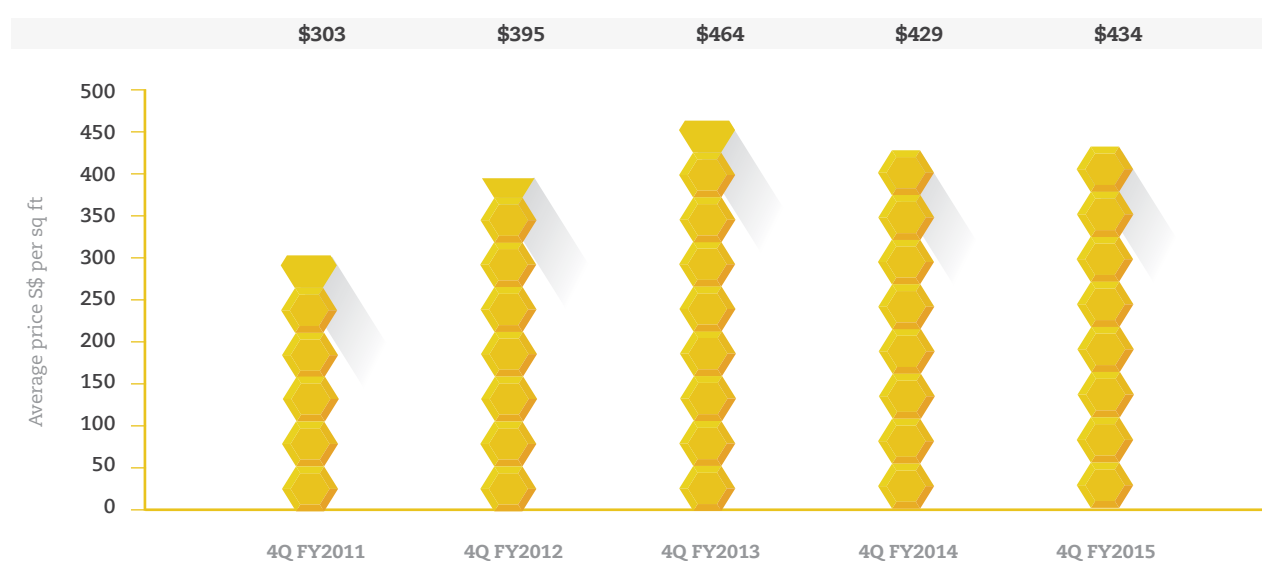
Average price for new sale factory units experienced a marginal q-o-q price improvement of 3.9 per cent to achieve S\$374 per sq ft in 4Q FY2015. This price increase was largely contributed by the only freehold factory unit that was sold at S\$825 per sq ft in the quarter. However, on a y-o-y basis, the average price for new sale units slipped 1.1 per cent in 4Q FY2015.

The resale segment of island-wide strata-titled factory units slipped 4.5 per cent q-o-q to an average price of S\$439 per sq ft in 4Q FY2015, although the average price for freehold resale factory units recovered by 9.7 per cent from the preceding quarter to achieve S\$768 per sq ft. The recovery was largely due to units with individual floor areas of 1,615 sq ft (150 sq m) or less, transacting at a higher average price of S\$939 per sq ft in 4Q FY2015 in comparison to S\$786 per sq ft in 3Q FY2015.

Factory units on 30-year leases suffered a notable 16.7 per cent q-o-q decline from S\$330 per sq ft in 3Q FY2015 to S\$275 per sq ft in 4Q FY2015. This was largely attributed by a few transactions with large floor plates that were transacted during the quarter resulting in a lower average price per sq ft achieved.

All planning regions except the West region saw improvements in average prices for resale factory units in 4Q FY2015. The North region enjoyed the highest margin of growth at 21.7 per cent to S\$335 per sq ft in 4Q FY2015, while the West region experienced a dip of 19.3 per cent from the preceding quarter to S\$328 per sq ft in 4Q FY2015. Notable average price declines for factory units with 30-year and 60-year leases could have led to the muted performance in this region. Factory units with 60-year leases in the West region saw a 25.9 per cent q-o-q decline to S\$316 per sq ft in 4Q FY2015, while the average price for 30-year lease resale factory units in the same region fell by 20.2 per cent to S\$297 per sq ft in the same quarter.

#### Exhibit 2-8: Average prices\* of multiple-user factory, 4Q FY2011 – 4Q FY2015



Source: REALIS (as at 10 April 2015), Knight Frank Research.

\*Price transactions are based on units on upper floors only.

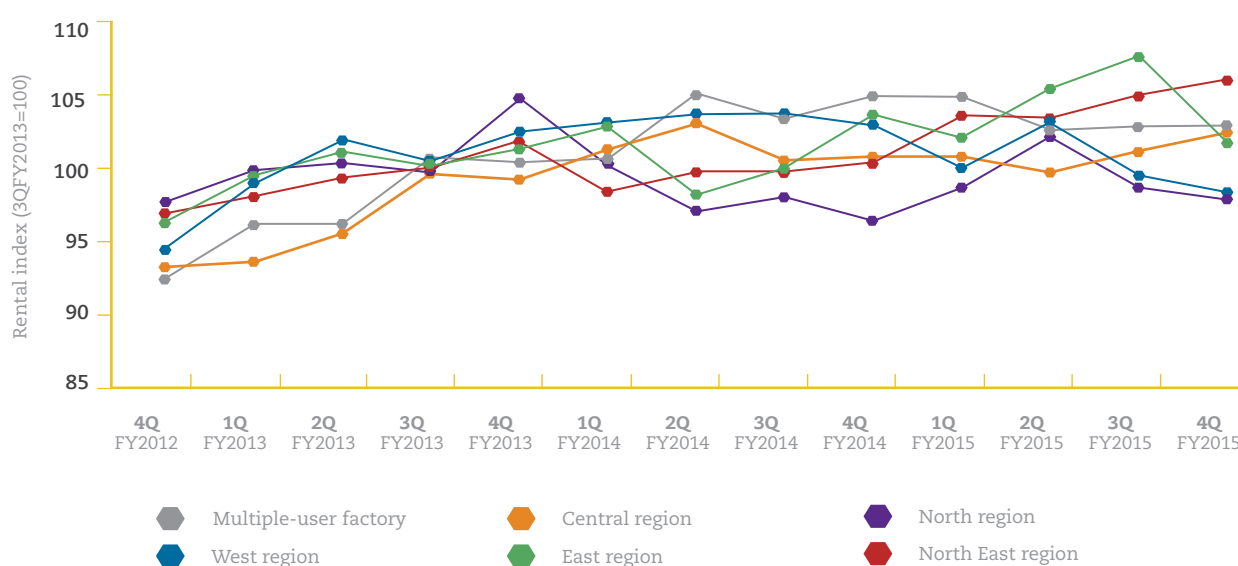
Note: Data analysis is based on AA REIT's Financial Year ("FY"). For example, FY2015 is from 1 April 2014 to 31 March 2015. Information provided above is as at fourth quarter of each FY period, (i.e. from January to March of each calendar year).



## 2.4.4 Rents of multiple-user factory

As at 4Q FY2015, rents of multiple-user factory spaces in Central and North regions experienced marginal increases of 1.6 per cent and 1.7 per cent on y-o-y respectively. North East region saw the highest margin of annual growth at 5.5 per cent. For the same period, rents in the West region saw the largest decline of 4.5 per cent while the East region saw a 1.8 per cent y-o-y dip after experiencing a 5.5 per cent q-o-q decline in 4Q FY2015 (Exhibit 2-9).

### Exhibit 2-9: JTC quarterly rental index of multiple-user factory by planning region, 4Q FY2012 – 4Q FY2015



Source: JTC, Knight Frank Research.

**Note from JTC for index information:** Before 4th Quarter 2014 (i.e. 3Q FY2015), the rental index is computed based on transactions of multiple-user factories and multiple-user warehouses in the Central region, with weights updated every quarter using past 12 quarters transaction values. From 4th Quarter 2014 (i.e. 3Q FY2015), the rental index is computed based on island-wide transactions of multiple-user factories, single-user factories, business parks and warehouses. The weights used are fixed using 2012 transaction values. The rental index is also re-scaled to 100 at 4th Quarter 2012 (i.e. 3Q FY2013). Due to rounding, there could be some differences in the quarterly rental change compared to the rental index before re-scaling.

## 2.5 Private single-user factory

### 2.5.1 Existing stock

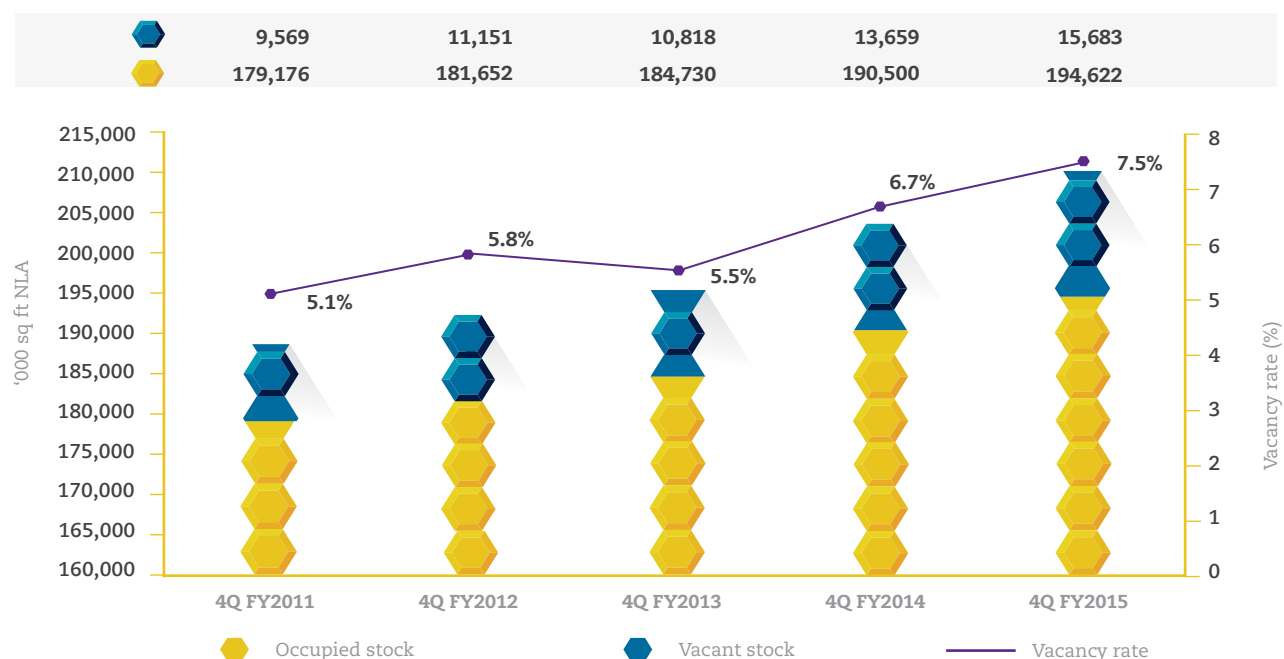
Total existing stock of private single-user factory is approximately 210.3 million sq ft (19.5 million sq m) NLA in 4Q FY2015, representing a marginal increase of three per cent from the preceding year. Occupied stock increased slightly by 2.2 per cent y-o-y from 190.5 million sq ft (17.7 million sq m) NLA in FY2014 to 194.6 million sq ft (18.1 million sq m) NLA in FY2015. However, vacant stock for single-user factory space rose by 14.8 per cent y-o-y in FY2015 to 15.7 million sq ft (1.5 million sq m) NLA (Exhibit 2-10).

### 2.5.2 Vacancy rate

As at 4Q FY2015, the vacancy rate was at 7.5 per cent, an increase from 6.7 per cent in 4Q FY2014. This was due to a higher vacancy rate for the Central region whereby the region's vacancy rate was at 12.0 per cent as at 4Q FY2015, a rise from 9.2 per cent from the preceding year (Exhibit 2-11).

## Overview of the Singapore Economy and Industrial Real Estate Market

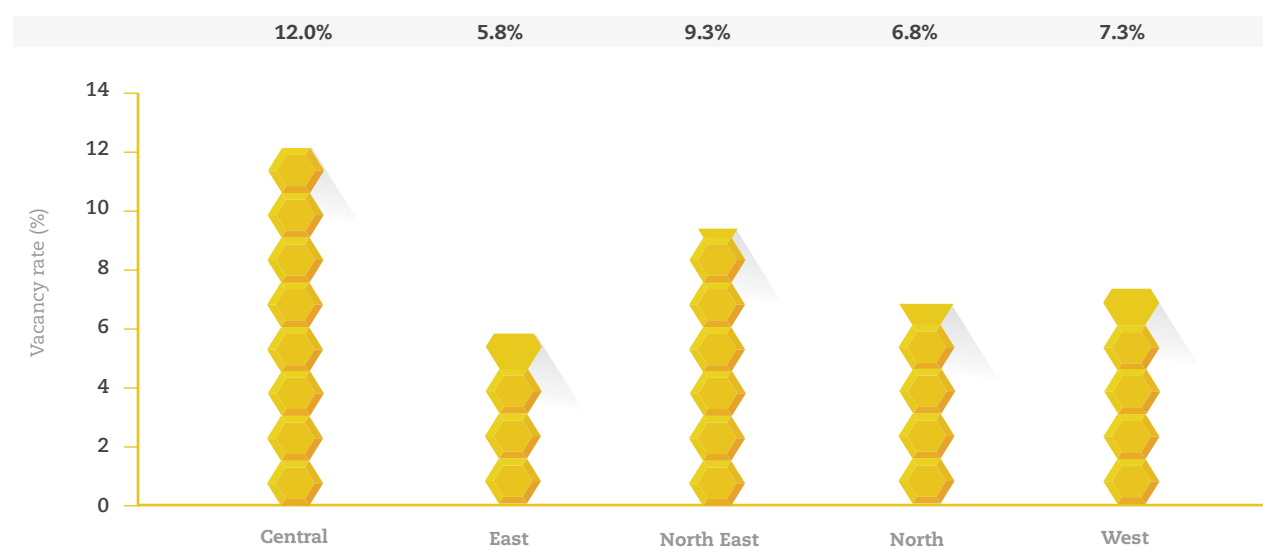
**Exhibit 2-10: Occupied stock, vacant stock and vacancy rate of private single-user factory, 4Q FY2011 – 4Q FY2015**



**Source:** REALIS, Knight Frank Research.

**Note:** Data analysis is based on AA REIT's Financial Year ("FY"). For example, FY2015 is from 1 April 2014 to 31 March 2015. Information provided above is as at fourth quarter of each FY period, (i.e. from January to March of each calendar year).

**Exhibit 2-11: Vacancy rate of single-user factory by planning region as at 4Q FY2015**



**Source:** REALIS, Knight Frank Research.

**Note:** Data analysis is based on AA REIT's Financial Year ("FY"). For example, FY2015 is from 1 April 2014 to 31 March 2015. Information provided above is as at fourth quarter of each FY period, (i.e. from January to March of each calendar year).

## 2.6 Private and public business parks

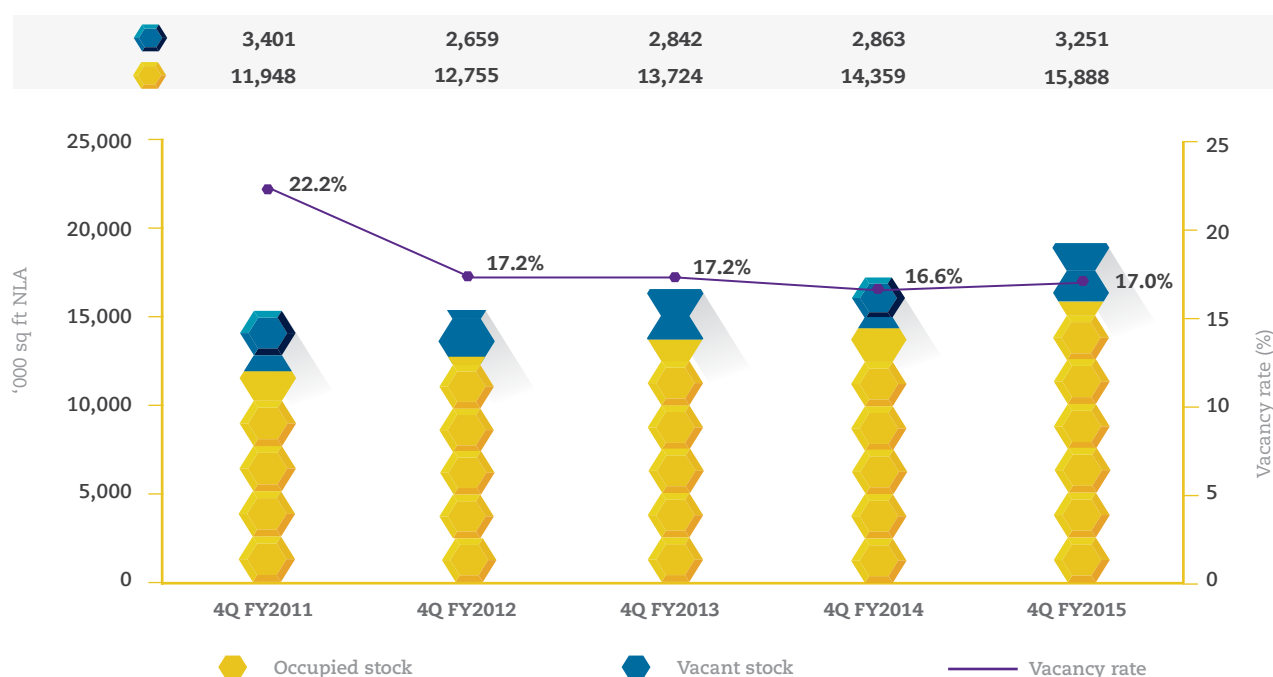
### 2.6.1 Existing stock

As at 4Q FY2015, the island-wide stock of business parks totalled 19.1 million sq ft (1.8 million sq m) NLA, or 11.1 per cent increase from the previous year. Healthy take-up in business park spaces led to the increase of 10.6 per cent in occupied stock to reach 15.9 million sq ft (1.5 million sq m). Vacant stock for business parks also saw an increase of 13.5 per cent in FY2015 due to the completion of a few business park developments during the FY, which included JTC Cleantech Two @ CleanTech Park (22,500 sq m gross floor area ("GFA")), Galaxis (68,500 sq m GFA), Innovis/Synthesis/Kinesis (87,600 sq m GFA) and 26A Ayer Rajah Crescent (35,700 sq m GFA) (Exhibit 2-12).

### 2.6.2 Vacancy rate

Vacancy rate stood at 17.0 per cent in 4Q FY2015, a slight increase from 16.6 per cent in the preceding year.

**Exhibit 2-12: Occupied and vacant stock of business parks, 4Q FY2011 – 4Q FY2015**



Source: REALIS, Knight Frank Research.

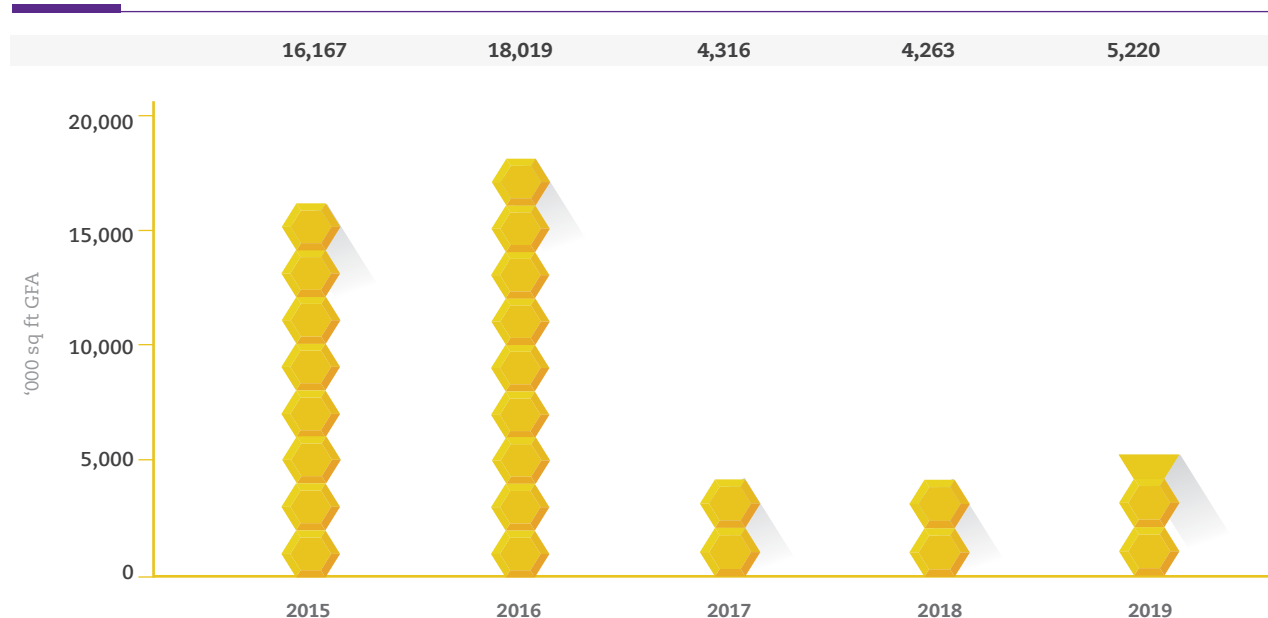
Note: Data analysis is based on AA REIT's Financial Year ("FY"). For example, FY2015 is from 1 April 2014 to 31 March 2015. Information provided above is as at fourth quarter of each FY period, (i.e. from January to March of each calendar year).

## 2.7 Upcoming supply

An aggregate supply of close to 48 million sq ft (4.5 million sq m) GFA of private factory space including multiple-user, single-user factories and business parks, is slated for completion over the next five years. Approximately 71.2 per cent of the upcoming supply will be completed in 2015 and 2016, contributing close to 16.2 million sq ft (1.5 million sq m) and 18.0 million sq ft (1.7 million sq m) of GFA, respectively (Exhibit 2-13).

## Overview of the Singapore Economy and Industrial Real Estate Market

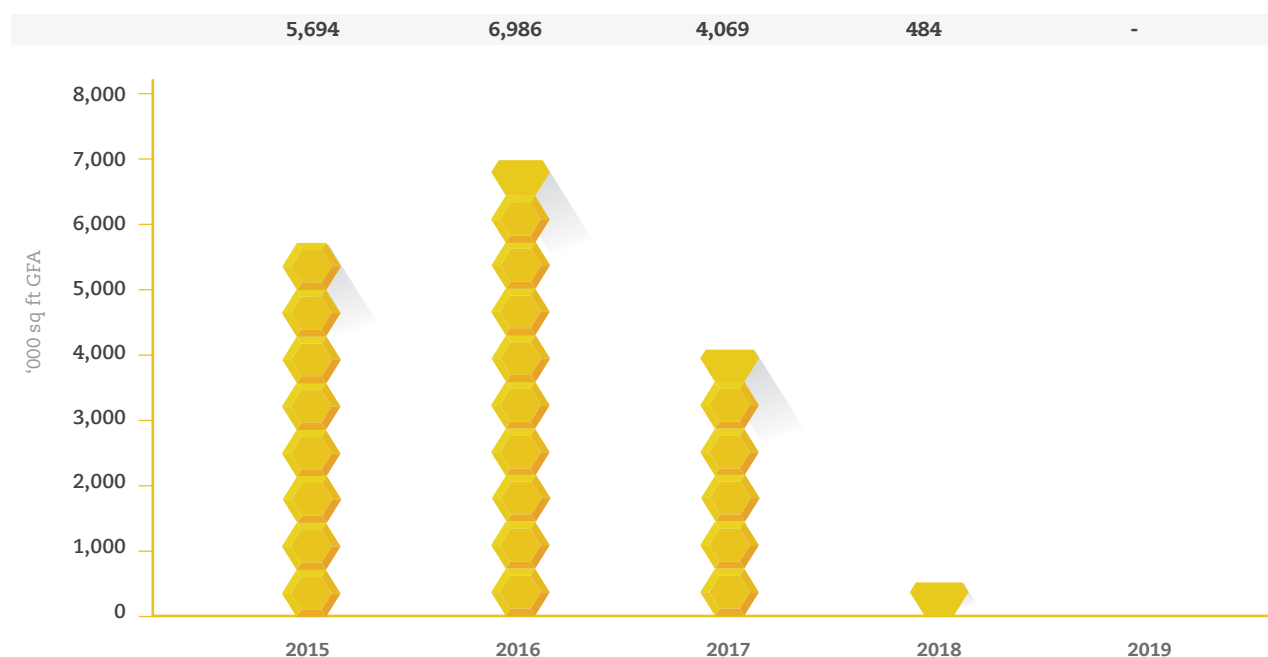
**Exhibit 2-13: Upcoming supply of private factory, by expected year of completion as at 4Q FY2015**



Source: REALIS, Knight Frank Research.

An estimated 17.2 million sq ft (1.6 million sq m) GFA of private and public warehouse space is expected to be ready by 2018. Out of the 17.2 million sq ft of warehouse space to be slated for completion, 73.6 per cent or approximately 12.7 million sq ft (1.2 million sq m) GFA is set to complete by end 2016 (Exhibit 2-14).

**Exhibit 2-14: Upcoming supply of private and public warehouses, by expected year of completion as at 4Q FY2015**



Source: REALIS, Knight Frank Research



## 2.8 Government policies on industrial property market

### Revised subletting rules from Housing Development Board (“HDB”)

From 1 June 2015 onwards, new and existing tenants of HDB industrial properties will not be allowed to sublet their premises to non-related companies. Tenants with approved subletting to non-related companies will be given a grace period till 31 December 2017 to comply with the new requirement. Prior to this policy, tenants were allowed to sublet 50 per cent of their factory floor space and new tenancies obtained through open tenders were allowed for subletting after the first term of tenancy, subject to HDB’s approval.

The existing HDB’s end-user lessees will face the challenge of fully occupying their premises and will be given approximately 2.5 years to explore ways to fully occupy the assigned premises. Alternatively, they may vacate the existing premises and take up spaces in other multiple-user industrial developments on a smaller scale due to its size of operations as well as potentially high operational costs. These industrialists may also look into relocating their operations overseas to cheaper locations such as Johor Bahru due to cost management issues.

Sub-tenants will have to search for alternative premises in the multiple-user factories segment which will in turn increase the leasing demand for such said spaces in the next few years.

### New JTC Corporation (“JTC”) subletting policy

With effect from 1 October 2014, JTC has lowered the maximum allowable sublet quantum of industrial developments occupied by JTC’s end-user lessees, from 50 per cent to 30 per cent of total GFA after five years from obtaining Temporary Occupancy Permit (“TOP”). This sublet quantum cap does not apply to lessees subletting to their wholly-owned subsidiary or a company in which they have a majority shareholding of at least 51 per cent.

JTC end-user lessees (i.e. industrial building owners who have been allocated land for productive use for a pre-determined lease period by JTC) with industrial developments of more than five years after TOP would have to explore ways to directly occupy the additional space of 20 per cent of total GFA in order to meet the subletting policy. The prospect of end-user lessees expanding their industrial space needs could bode well for the overall occupancy level of industrial space. However, end-user lessees who are looking to assign or transfer their lease to another party could be partly constrained by the subletting policy change in the short term.

### Revised usage guidelines from Urban Redevelopment Authority (“URA”)

URA has revised the usage guidelines for E-business and media uses in industrial developments in November 2014 whereby businesses that provide telecommunications, infrastructure and/or develop software, as well as core media activities are allowed in the industrial developments. On the other hand, businesses that were previously classified as Type 2 E-business and non-core media activities will be regarded as commercial use and should be located in commercial properties. Call centres are only allowed in Business park and Business 1 (“B1”) developments.

During the same period, URA has also revised the guidelines for supporting uses in industrial developments. This will provide a more conducive environment for the tenants given the relaxation in guidelines that allows selected commercial uses and childcare centres to be located within the industrial estates.

## 2.9 Industrial property market outlook

### Changes in industrial space demand

Looking into the medium term, demand for industrial space would transform along with changes in manufacturing activities in Singapore. Consequent from the government’s initiatives to grow high value-

## Overview of the Singapore Economy and Industrial Real Estate Market

added industries, heavy industrial and high-tech intensive end-users are looking for space with better building specification features. Industrial spaces with higher flexibility to fit a variety of trades are more sought after by these end-users.

For instance, there is currently an increasing demand for high-specification industrial space in the cold-chain logistics segment, whereby more logistics players are looking into adding or converting conventional warehouse space to cold storage facilities to cater for various goods, such as healthcare, pharmaceutical and perishable goods.

At the other spectrum of industry types, labour-intensive industries with lower value-add products are observed to be considering relocation to alternative locations that offer lower rentals. Some industrial end-users shifted out of the Central region to operate in suburban industrial clusters in Singapore, while some larger-scale end-users relocated to neighbouring countries due to higher rental, operating and labour cost considerations in Singapore.

### Competitive leasing market will lead to compression of rents in 1H 2015

With close to 22.7 million sq ft of industrial space supply coming on stream in the next three quarters of 2015, tenants will be spoilt for choice in deciding on the most suitable premises for their businesses, taking into consideration competitive rents as one of the main deciding factors among other factors such as efficient layouts and excellent accessibility. Amid the competitive leasing market, landlords who are looking to secure tenants may have to review their packages to include perks such as longer rent-free periods, fit-out works or lower rents for the first year of the tenancy period, etc. Hence, rents are likely to be compressed and will trend downwards by at least three per cent for the first half of 2015 after which we will expect rents to hold at that level for the rest of the year.

### Secondary strata-titled industrial market likely to experience more activities

End-users will be combing the secondary market for available units as there will be limited new launches for multiple-user industrial spaces in 2015. Industrial developments with practical designs that are user-friendly such as excellent vehicular access, mechanical ventilation and regular layouts will appeal most to end-users and prices for such properties will continue to hold despite the overall increase of industrial space supply in 2015.

Some investors who own newly completed strata-titled industrial units may face challenges in leasing out their premises at expected returns. These investors may resort to divesting their properties in the secondary market to maximise their recovery of investments. Such properties may also be made available through auctions by lenders as owners may have problems servicing their mortgage loans due to expected hikes in interest rates.

Hence, we envisage an upward trend in transactional activities in the resale market, as end-users are likely to take this opportunity to enter the industrial property market to acquire suitable premises for their operations, which will in turn drive up the average prices in second half of 2015.

### Potential shift of tenants with qualifying trades from traditional office space to industrial space

In light of the uncertain global economic outlook, companies with qualifying trades who do not need a presence in prime office locations or looking to expand their businesses will be reviewing their occupancy costs. These companies could contemplate to move their operations to cheaper locations with similar good accessibility, which business parks and some of the high-specification industrial buildings can offer at competitive rents. Companies such as Shimizu Corporation, Experian and Roche, among many others, have since moved into Aperia, a B1 development located at Kallang Avenue. In addition, Zendesk, since their acquisition of home-grown live chat start-up Zopim last year, has recently set up their Asia Pacific headquarters in Haw Par Technocentre.

## **New usage guidelines from URA impact on rental gaps between high-specification space and business park spaces**

With the revised guidelines from URA, there are more leasing options for industrial space users, especially users from the Information Communication Technology software design and development companies, as they can source for available spaces in B1 developments. They may consider taking up more affordable B1 industrial space at suburban locations to lower their relocation costs. In light of the revised guidelines, we expect rental gaps to narrow between high-specification spaces and business park spaces.

## **Effectiveness of Productivity and Innovative Credit (“PIC”) Scheme**

The PIC Scheme, which was first introduced in Year of Assessment (“YA”) of 2011 to promote productivity amongst Small-Medium Enterprises (“SMEs”), has been extended till YA2018, despite the phasing out of PIC Bonus after YA2015. These schemes have been relatively effective over the years in facilitating the operational improvements for SMEs. The SMEs will continue to benefit from these schemes as they upgrade their operations to remain competitive. Substantial tax savings from the schemes could encourage the growth and business sustainability of SMEs, depending on the size of their operations to source for business spaces in the factory and warehouse developments. This would lead to a potentially higher take-up of available industrial space within the next three years.

### **Limiting conditions of this report**

This Report is subject to the following limiting conditions:

- (a) Knight Frank's responsibility in connection with this Report is limited to AIMS AMP Capital Industrial REIT Management Limited, i.e. the Client to whom the Report is addressed.
- (b) It disclaims all responsibility and will accept no liability to any other party.
- (c) The Report was prepared strictly in accordance with the terms and for the purpose therein and is to be utilised for such purpose only.
- (d) Reproduction of this Report in any manner whatsoever in whole or in part or any reference to it in any published document, circular or statement without Knight Frank's prior written approval of the form and context in which it may appear is prohibited.
- (e) References to any authority requirements and incentive schemes are made according to publicly available sources as at the submission date of this Report. Technical and legal advice ought to be sought to obtain a fuller understanding of the requirements involved.
- (f) Projections or forecasts in the course of the study are made to the best of the Knight Frank judgement. However, Knight Frank's disclaims any liability for these projections or forecasts as they pertain to future market conditions, which may change due to unforeseen circumstances.
- (g) Knight Frank is not obliged to give testimony or to appear in Court with regard to this Report, unless specific arrangement has been made there for.
- (h) The statements, information and opinions expressed or provided are intended only as a guide to some of the important considerations that relate to the property prices. Neither Knight Frank nor any person involved in the preparation of this Report give any warranties as to the contents nor accept any contractual, tortious or other form of liability for any consequences, loss or damage which may arise as a result of any person acting upon or using the statements, information or opinions in the Report.

## Overview of the Australia Economy and Industrial Real Estate Market of Macquarie Park

The following report was prepared by AMP Capital as at 25 May 2015 for the purpose of its inclusion in this Annual Report.

### Australia economic overview

The transition of the economy away from mining for growth continues to underwhelm, with a stubbornly “high” Australian dollar and weak non mining business investment the main culprits (despite historically low interest rates and strong population growth). Australia’s economy grew by a disappointing 0.4 per cent in the December quarter according to the Australian Bureau of Statistics, bringing down the annual growth rate to 2.3 per cent. The unemployment rate has also crept up to 6.3 per cent in trend terms with job creation not keeping pace with higher migration levels.

It is of the view that more stimulus is needed to protect the transition given the stubbornly high Australian dollar and continue to forecast 2.7 per cent GDP growth in 2015. While retail sales and building approvals data remain reasonably solid, Australia faces economic headwinds from weak commodity prices, tight fiscal policy and a still relatively high Australian dollar.

### Review of industrial real estate market of Macquarie Park

Macquarie Park is the second largest office market in New South Wales (“NSW”) and the seventh largest nationally, comprising circa 867,000 sq m of office net lettable area.

Over the six months to 1 January 2015 overall vacancy in Macquarie Park fell by 1.2 per cent to reach ten per cent as a result of positive net absorption of 10,565 sq m<sup>1</sup>. With the improvement in the vacancy rate we anticipate further tightening will be experienced during the year driven by an improvement in tenant confidence levels. New tenants to relocate to Macquarie Park in this period were Ricoh, Abbott Group and Steinhoff. Absorption over the first half of 2015 will be prompted by the completion of 1 Thomas Holt Drive (managed by AMP Capital) which is 75 per cent occupied by Metcash. The NSW Government has also committed to a sublease of 10,000 sq m.

The limited leasing activity has seen face rents remaining stable with A Grade face rents ranging between A\$310 per sq m per annum (“psm pa”) to A\$345 psm pa and net incentive levels ranging between 24 per cent to 28 per cent. In the B Grade market net face rents have also remained stable with face rents ranging between A\$275 psm pa to A\$295 psm pa and incentives ranging between 28 per cent to 32 per cent. These higher incentives are primarily driven by competing owners dealing with a smaller pool of prospective tenants. Once market supply tightens and vacancy rates recede, we anticipate that growth in effective rentals will be experienced.

Whilst a strong development pipeline exists in Macquarie Park (circa 84,000 sq m) we do not anticipate any further office developments to commence without a significant pre-commitment. Furthermore, Macquarie Park is continuing to move towards a mixed use area incorporating office, retail and residential uses tied to the new infrastructure projects led by both the private and public sectors. Macquarie Centre was recently redeveloped and extended and is now considered one of the largest regional shopping centres in NSW. The NSW State Government commenced construction of the North West Rail Link in 2014 which is due for completion in 2019. The new rail line will connect the North Western suburbs of Sydney to Chatswood and the City via Macquarie Park and will provide increased train services to Macquarie Park (from 15 minutes to five minutes during peak periods).

<sup>1</sup> Source: Colliers International



Recent notable sales transactions in the Macquarie Park precinct include:

- 6 & 7 Eden Park Drive, Macquarie Park, was sold by Investa to Altis Property for A\$81.8 million (representing an equated yield of nine per cent). The property was sold with circa 5,000 sq m vacancy.
- 63-71 Waterloo Road, Macquarie Park, was sold by Capital Corp to Ut65 Pty Ltd for A\$21.5 million (representing an initial yield of 8.1 per cent). The property was sold to the sitting tenant.
- 105 Delhi Road, North Ryde, was sold by Goodman Australia Industrial Fund to a local investor for A\$67.4 million (representing an initial yield of 6.3 per cent). The yield was reflective of the long lease tail circa 18 years.
- 66-82 Talavera Road, Macquarie Park was sold by Astra Zeneca to Holdmark Property Group for A\$30.6 million as a sale and partial leaseback. Holdmark will redevelop part of the site to accommodate a new commercial office building for Astra Zeneca.
- 15 Talavera Road, Macquarie Park was sold by AMP Capital Investors Limited to Propertylink for A\$34 million (representing an initial yield of nine per cent).

Yields have started to show signs of tightening with A Grade yields ranging between 7.3 per cent to 7.8 per cent. B Grade yields remain static at between 8.5 per cent to 9.75 per cent. With stock levels in the commercial office market remaining low, we anticipate that further tightening of yields will be experienced.

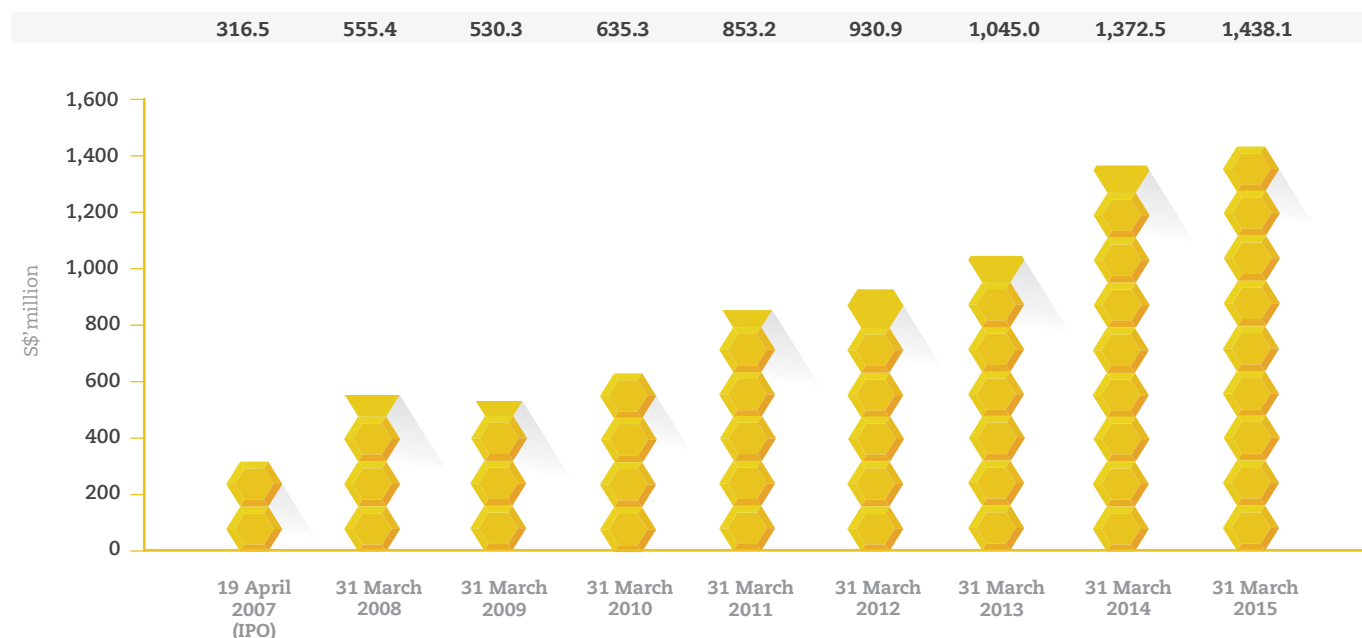
## Manager's Report

(Operations Review)

### AIMS AMP Capital Industrial REIT Property portfolio key statistics

	As at 19 April 2007 (IPO)	As at 31 March 2008	As at 31 March 2009	As at 31 March 2010	As at 31 March 2011	As at 31 March 2012	As at 31 March 2013	As at 31 March 2014	As at 31 March 2015
Number of properties	12	21	21	26	26	26	25	26	26
Portfolio value (S\$'million)	316.5	555.4	530.3	635.3	853.2	930.9	1,045.0	1,372.5	1,438.1 <sup>1,2</sup>
Net lettable area (sq m)	194,980.7	289,022.4	288,969.2	349,987.3	456,615.5	456,607.1	478,986.9	556,607.3	617,837.2 <sup>3</sup>
Number of tenants	12	27	25	49	71	70	141	141	155
Occupancy (%)	100.0	100.0	98.6	96.0	99.0	99.2	96.1	97.0	95.8 <sup>3</sup>
Location of properties	Singapore	Singapore, Japan	Singapore, Japan	Singapore, Japan	Singapore	Singapore	Singapore	Singapore, Australia	Singapore, Australia

### Portfolio value



<sup>1</sup> Based on valuation as at 31 March 2015 appraised by Knight Frank Pte Ltd and Colliers International Consultancy & Valuation (Singapore) Pte Ltd.

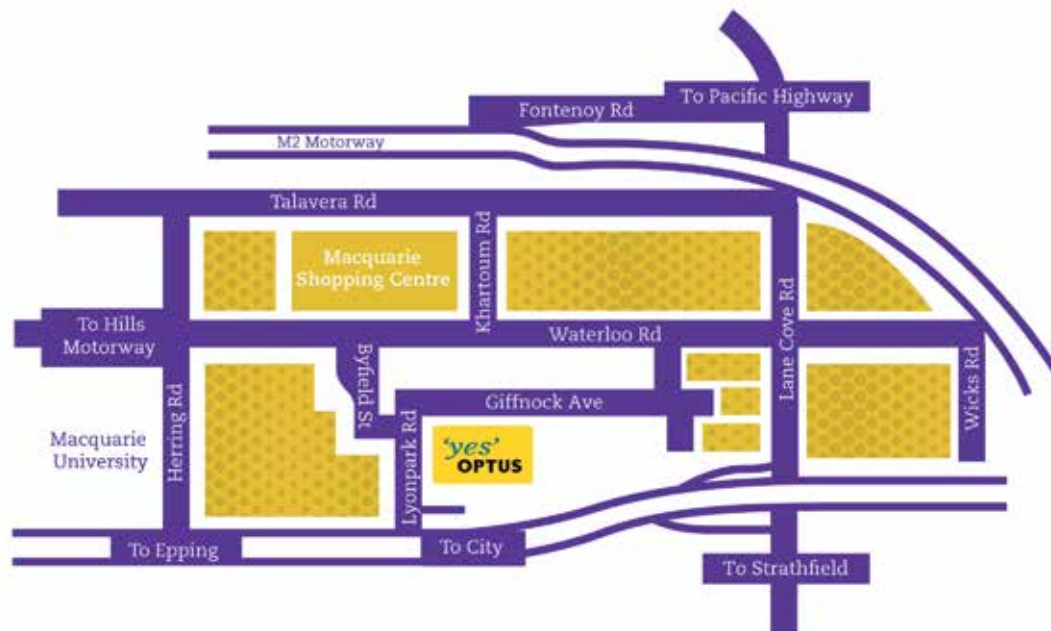
<sup>2</sup> Based on 49.0 per cent interest in the property, Optus Centre, New South Wales, Australia appraised by Savills Valuations Pty Ltd as at 31 December 2014 and adopted by the Directors as at 31 March 2015.

<sup>3</sup> Excludes net lettable area under asset enhancement initiative at 1 Kallang Way 2A.

## 1. Strategically located and diversified portfolio

AA REIT's existing portfolio comprises 26 income-producing and high quality industrial properties diversified across different industrial sub-sectors that support warehousing and logistics, business parks, light industries, high tech and manufacturing activities. 25 properties are strategically located in Singapore's established industrial areas and in service hubs supporting Singapore's port infrastructure. The Singapore properties are easily accessible by major highways and are in close proximity to sea ports, airports, amenities and public transportation. The Trust also holds a 49.0 per cent interest in one premium business park in New South Wales, Australia. The Australian property, Optus Centre, is located in Macquarie Park, New South Wales, one of Australia largest high tech business park office precincts, which boasts excellent connectivity to Sydney central business district, North Sydney and Sydney's international airport.

### Australia property portfolio as at 31 March 2015



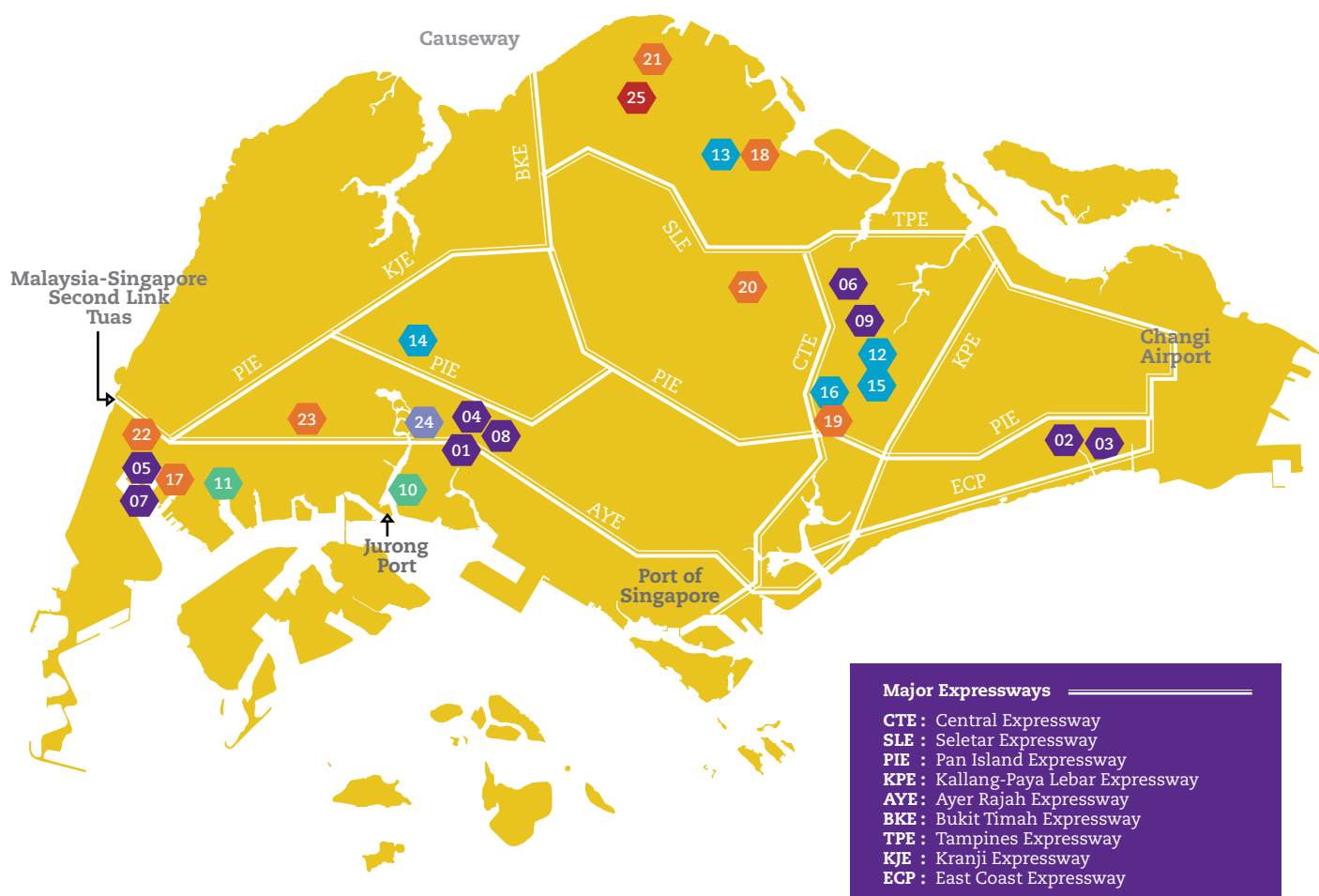
#### Business Park

Optus Centre, 1-5 Lyonpark Road,  
Macquarie Park, New South Wales, Australia

## Manager's Report

(Operations Review)

Singapore property portfolio as at 31 March 2015



### Cargo Lift Warehouse

- 01. 8 & 10 Pandan Crescent
- 02. 10 Changi South Lane
- 03. 11 Changi South Street 3
- 04. 3 Toh Tuck Link
- 05. 30 & 32 Tuas West Road  
(to be redeveloped into  
Ramp-up Warehouse)
- 06. 56 Serangoon North Avenue 4
- 07. 8 & 10 Tuas Avenue 20
- 08. 7 Clementi Loop
- 09. 103 Defu Lane 10

### Ramp-up Warehouse

- 10. 27 Penjuru Lane
- 11. 20 Gul Way

### Light Industrial

- 12. 15 Tai Seng Drive
- 13. 61 Yishun Industrial Park A
- 14. 1 Bukit Batok Street 22
- 15. 23 Tai Seng Drive
- 16. 135 Joo Seng Road

### Manufacturing

- 17. 3 Tuas Avenue 2
- 18. 541 Yishun Industrial Park A
- 19. 1 Kallang Way 2A
- 20. 2 Ang Mo Kio Street 65
- 21. 8 Senoko South Road
- 22. 26 Tuas Avenue 7
- 23. 10 Soon Lee Road

### Business Park

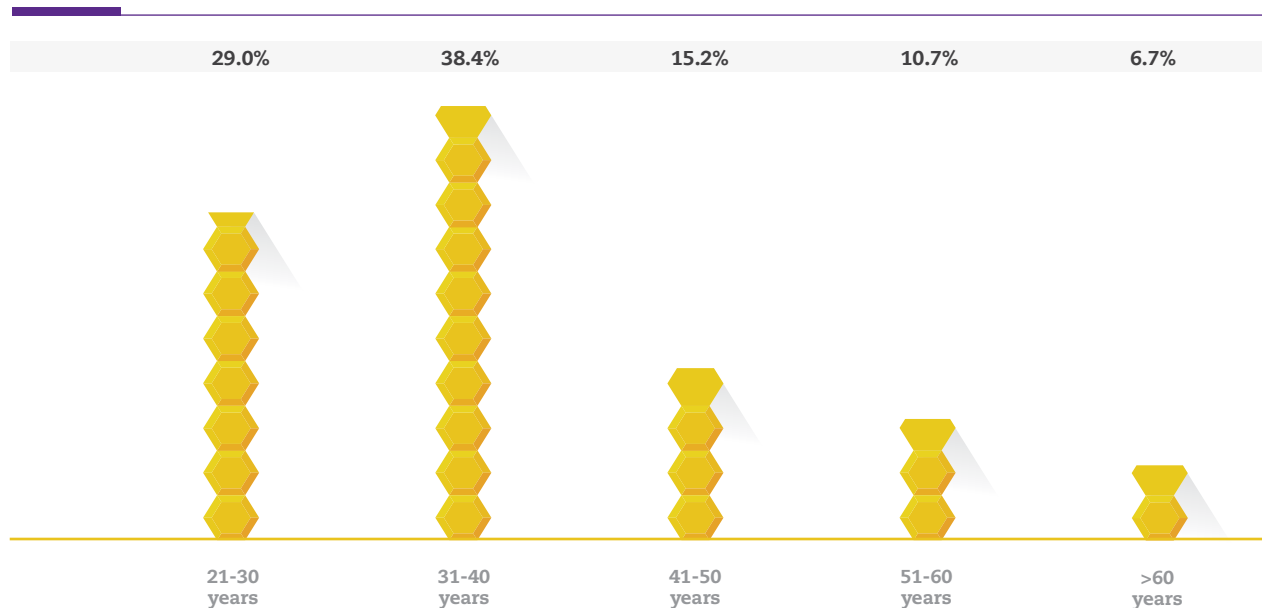
- 24. 1A International Business Park

### Hi-Tech

- 25. 29 Woodlands Industrial Park E1

The portfolio sits on well-distributed long underlying land leases, with an weighted average land lease to expiry for the portfolio of 40.3 years<sup>4</sup>, weighted by net lettable area.

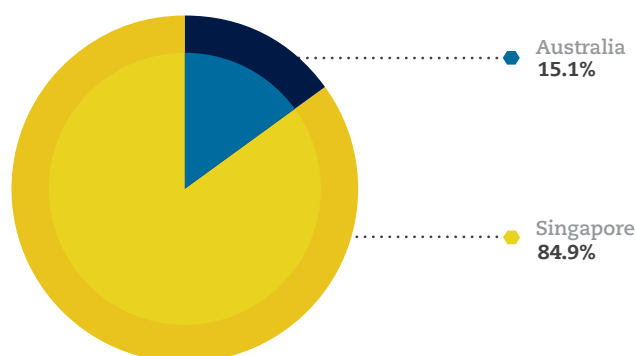
### Land lease expiry profile (by net lettable area)



## 1.1 Geographic diversification

The Trust's portfolio was 100.0 per cent focused in Singapore industrial market since 2011. With the offshore acquisition of 49.0 per cent interest in Optus Centre in New South Wales, Australia in February last year, the Trust now has geographic diversity with 15.1 per cent exposure to Australian market based on rental income as at 31 March 2015.

### Breakdown by geography (by rental income)



## 1.2 Diversified property sector

The Trust's properties are well-diversified across a spread of industrial property sectors. Singapore being one of the world's busiest port, warehouse and logistics sector continued to be the Trust's focus and largest in the portfolio.

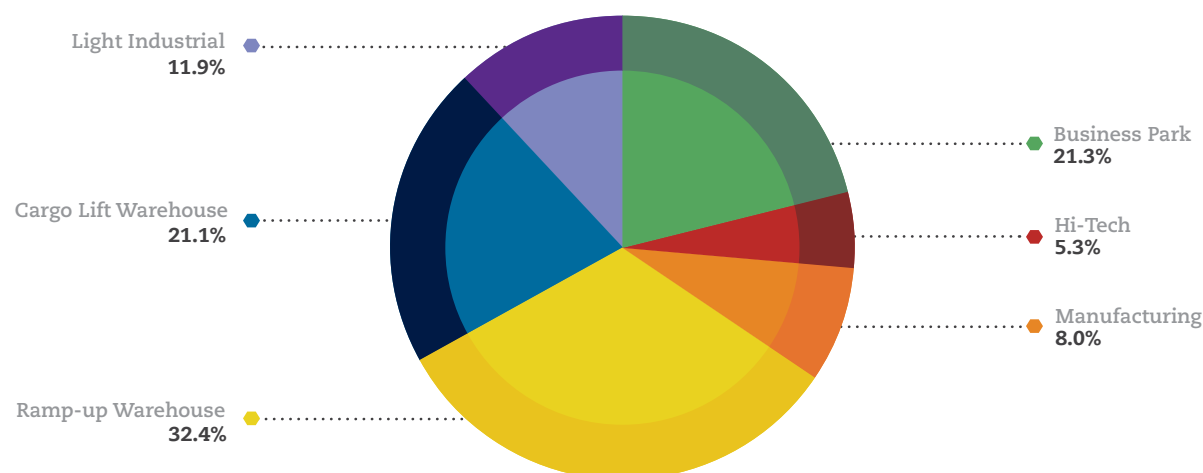
<sup>4</sup> For the calculation of the weighted average land lease of AA REIT, AA REIT's interest in the freehold property, Optus Centre has been assumed as a 99-year leasehold interest.



## Manager's Report

### (Operations Review)

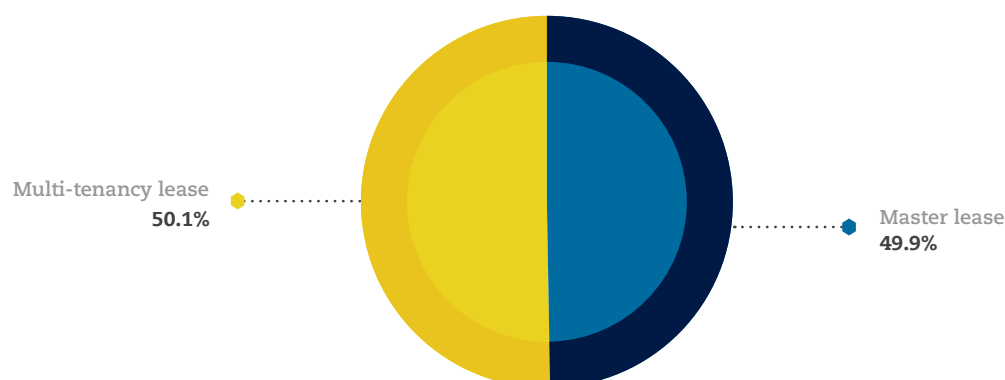
#### Breakdown by property sector (by rental income)



## 2. Proactive lease and asset management

During the financial year, four master leased properties converted to multi-tenancy bringing the total number of master leased properties to nine which contributed to 50.1 per cent of rental income. The remaining 17 multi-tenancy properties, with typically shorter leases of around three years, provided the Trust the opportunity to enjoy potential positive rental reversions, providing potential organic income growth within the portfolio. The Trust now has nine properties under master leases providing stability of income growth due to the longer lease durations with built-in rental escalation ranging from 2.0 per cent to 7.5 per cent.

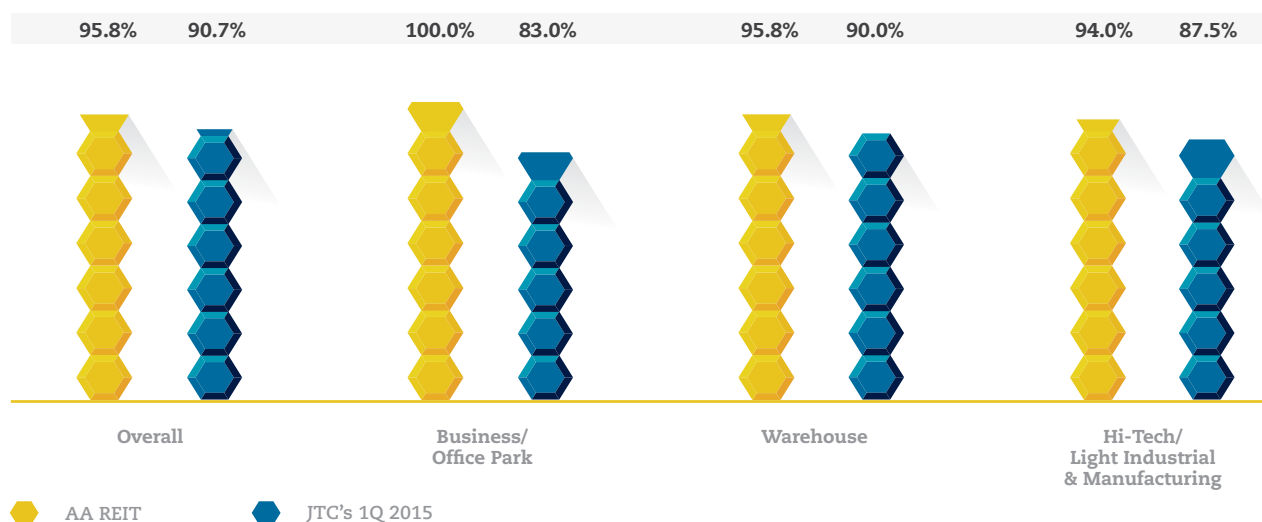
#### Master lease and multi-tenancy lease (by rental income)



Amidst the challenging business operating environment of the Singapore industrial market, the Manager managed to successfully secure 82 new and renewed leases representing about 15.1 per cent of our current portfolio net lettable area and achieved a weighted average rental rate increase of 10.1 per cent. The occupancy remained strong at 95.8 per cent (100.0 per cent for the nine master leased properties and 92.6 per cent for the 17 multi-tenancy properties). This compared favorably with the Singapore industrial average occupancy rate of 90.7 per cent<sup>5</sup>.

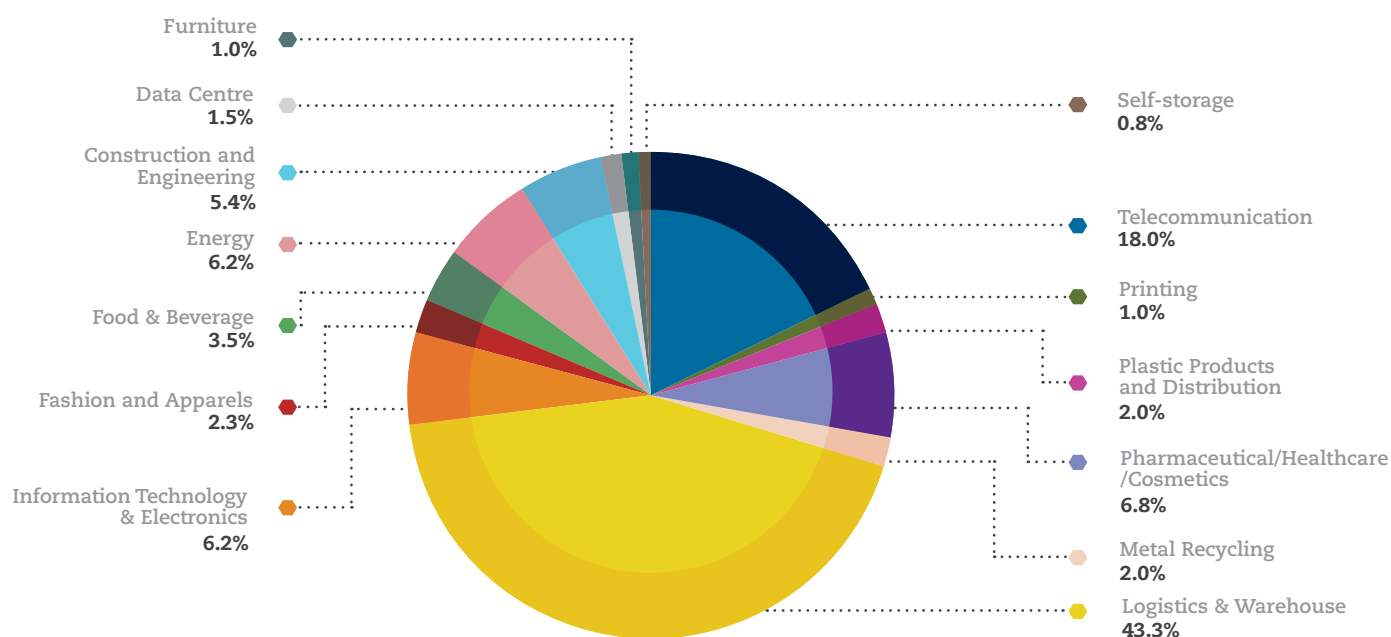
<sup>5</sup> Source: Based on JTC's 1st quarter 2015 statistics.

## High occupancy levels



The Manager continued to proactively manage its lease expiries and improved its tenant mix to ensure greater diversification and resilience to the Trust's portfolio. With a diversified base of 155 tenants, the top ten tenants accounted for approximately 55.6 per cent of rental income for financial year ended 31 March 2015 compared to 94.3 per cent in the initial portfolio at the time of listing. Furthermore, no single tenant now contributes to more than 19.0 per cent of rental income compared to 33.6 per cent at the time of listing in 2007. The Trust's portfolio maintains a high quality tenant base which includes a mixture of large multinational companies, public listed companies and private companies. Nine of the top ten tenants are public listed companies, reflecting the quality of the tenant base.

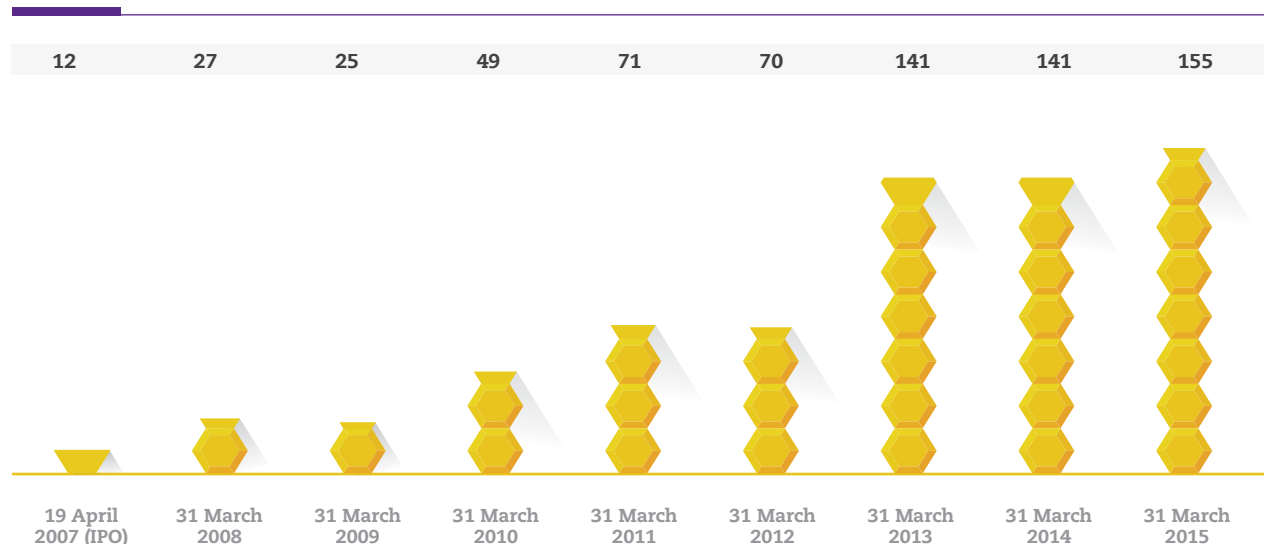
## Tenant base by trade sector (by rental income)



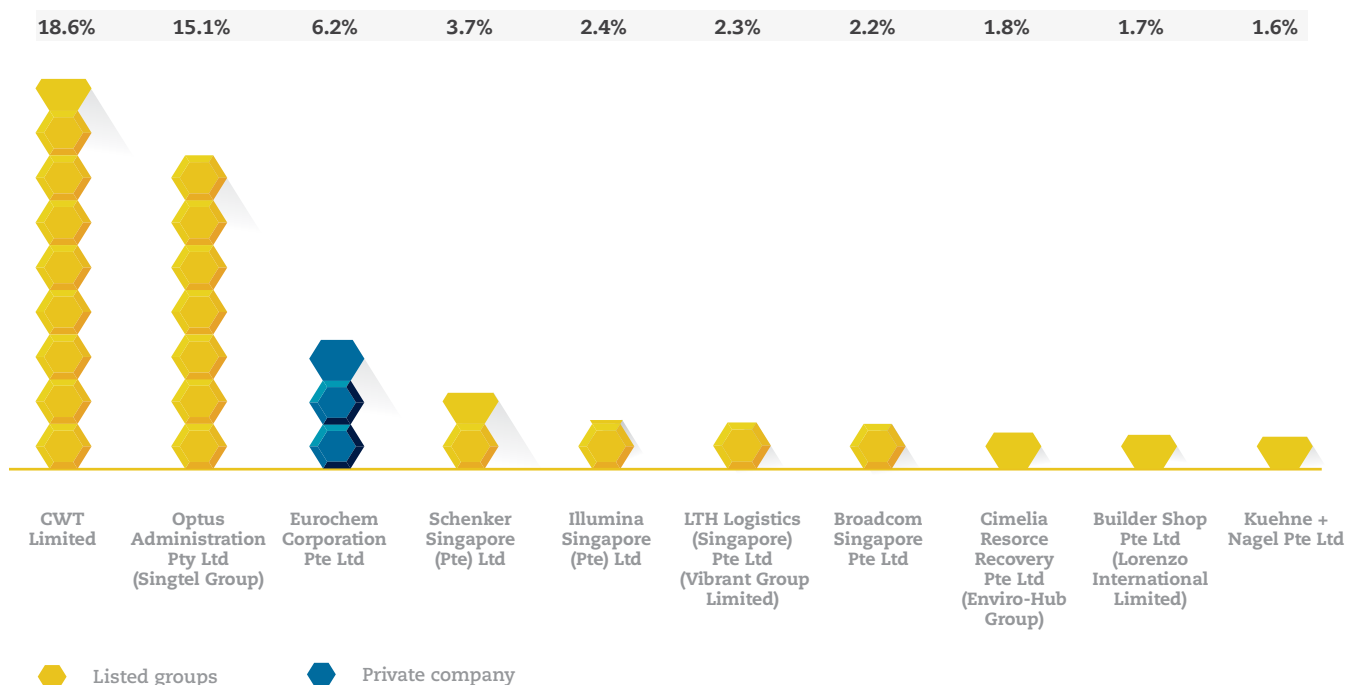
## Manager's Report

### (Operations Review)

#### Number of tenants

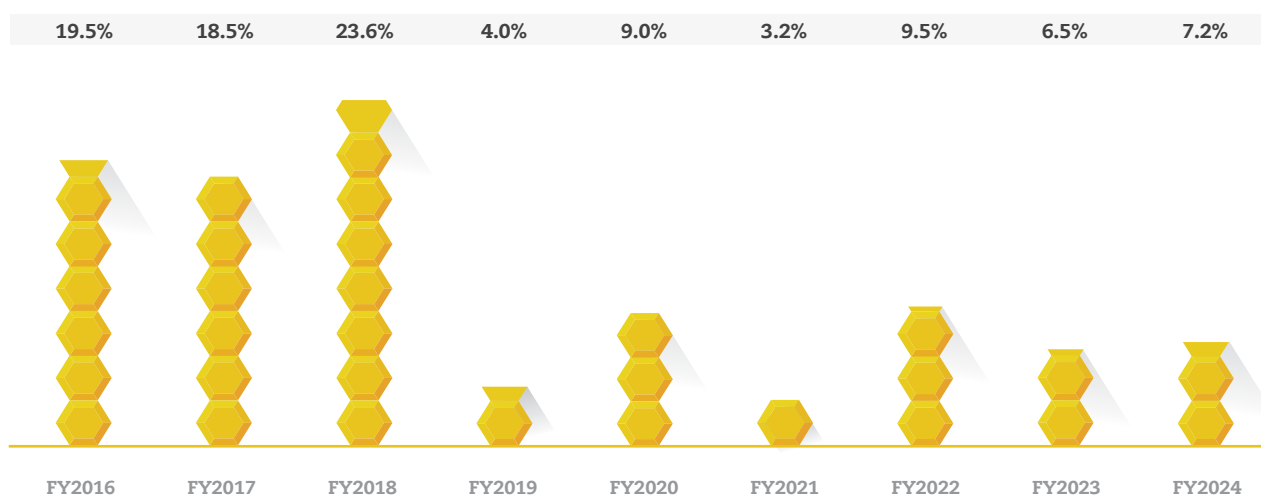


#### Top ten tenants (by rental income)



The Trust benefits from a balanced and diversified weighted average lease expiry profile, which reduces the Trust's exposure to not more than 24.0 per cent in any one year. As at 31 March 2015, the Trust's weighted lease expiry by rental income stood at 3.26 years, having increased from 3.25 years a year ago.

### Lease expiry profile (by rental income)



The rental obligations of the Trust's tenants are supported by security deposits in the form of cash or bank guarantees. As at 31 March 2015, the security deposits underpinning the rental obligations of AA REIT's properties averaged approximately 4.7 months. This provides a security buffer and additional confidence in the cash flow.

The Trust continued its focus in FY2015 on further unlocking the significant inherent value in our portfolio through redevelopments and asset enhancement initiatives ("AEIs"). In FY2015 the redevelopments of 20 Gul Way Phases Two extension and Three and 103 Defu Lane 10 were completed ahead of schedule and within budget, with both properties being fully leased.

The customised tenant solution AEI at 26 Tuas Avenue 7 will be completed in 2Q FY2016, achieving a return on investment of ten per cent and the Trust secured an extension of the master lease for a further five year term to 2022. Another AEI at 1 Kallang Way 2A increased the property's lettable area by 13.0 per cent, improving efficiency from 76.0 to 83.1 per cent.

In May 2015, the Trust announced a S\$41.7 million investment to redevelop its asset at 30 & 32 Tuas West Road, which will increase the asset's value by four times. The redevelopment will transform the existing two three-storey detached industrial buildings into a five-storey ramp-up warehouse facility, and nearly double the gross floor area ("GFA").

AEIs / Developments	Additional GFA (sq ft)	Completion	Cost (S\$'million)
103 Defu Lane 10	105,534	28 May 2014	21.7
20 Gul Way Phase Two extension	496,949	14 June 2014	73.0
20 Gul Way Phase Three		9 September 2014	
26 Tuas Avenue 7	2,054	Target 2Q FY2016	1.2
1 Kallang Way 2A	982	19 May 2015	2.2
30 & 32 Tuas West Road	128,149	Target 1Q FY2018	41.7

Going forward, the Trust will remain focused on strengthening its portfolio through asset redevelopments and enhancements to unlock value capitalising on the approximately 800,000 sq ft of under-utilised GFA that resides within the current portfolio.

## Manager's Report

### (Financial Review)

	FY2015 S\$'000	FY2014 S\$'000	+/(-) %
Gross revenue	115,432	108,240	6.6
Property operating expenses	(35,419)	(36,345)	(2.5)
<b>Net property income</b>	<b>80,013</b>	<b>71,895</b>	<b>11.3</b>
Foreign exchange (loss)/gain	(59)	2	>(100.0)
Interest income	71	81	(12.3)
Borrowing costs	(22,761)	(13,810)	64.8
Manager's management fees			
- Base fees	(7,228)	(5,803)	24.6
- Performance fees	(2,917)	-	NM
Other trust expenses	(2,072)	(1,941)	6.7
Non-property expenses	(34,978)	(21,554)	62.3
<b>Net income before joint venture's results</b>	<b>45,047</b>	<b>50,424</b>	<b>(10.7)</b>
Share of results of joint venture (net of tax)	26,213	(476)	>(100.0)
<b>Net income</b>	<b>71,260</b>	<b>49,948</b>	<b>42.7</b>
<b>Distribution to Unitholders</b>	<b>69,198</b>	<b>57,203</b>	<b>21.0</b>
<b>Distribution per Unit ("DPU")</b>	<b>11.07</b>	<b>10.53</b>	<b>5.1</b>

NM: not meaningful

## Financial performance

### Revenue

Gross revenue achieved for FY2015 was S\$115.4 million, an increase of 6.6 per cent or S\$9.0 million higher than gross revenue for FY2014 of S\$106.4 million<sup>1</sup> mainly due to contribution from the newly completed properties at 20 Gul Way and 103 Defu Lane 10:

- (a) the increase in rental contribution from 20 Gul Way as Phase Two, Phase 2E and Phase Three of the development became income-producing from 7 July 2013, 14 August 2014 and 9 November 2014 respectively; and
- (b) rental contribution from 103 Defu Lane 10 as the development became income-producing from 1 August 2014.

This was partly offset by lower contribution due to low occupancy rate for the property at 30 & 32 Tuas West Road.

### Net property income

Property operating expenses for FY2015 of S\$35.4 million was S\$0.9 million higher than property operating expenses for FY2014 of S\$34.5 million<sup>1</sup> which was consistent with the increase in gross revenue.

Net property income grew by 11.3 per cent or S\$8.1 million to S\$80.0 million for FY2015 on the back of improved gross revenue but marginally offset by higher property operating expenses.

<sup>1</sup> For FY2014, the gross revenue of S\$108.2 million included an additional property tax of S\$1.8 million at 20 Gul Way for the period from 29 October 2012 to 31 December 2013. The additional property tax was due to the change in annual value of property assessed by Inland Revenue Authority of Singapore ("IRAS") which was fully recovered from the master tenant, CWT Limited. Excluding this additional recovery, gross revenue and property operating expenses for FY2014 would have been S\$106.4 million and S\$34.5 million respectively.



## Net income

Borrowing costs of S\$22.8 million were S\$9.0 million higher than FY2014 largely due to the additional interest expense of S\$8.1 million incurred on the Australian dollar denominated borrowings to fund the Group's 49.0 per cent interest in Optus Centre, New South Wales ("NSW"), Australia and the accelerated recognition of unamortised loan transaction costs of S\$1.2 million in the current year as a result of the early refinancing of the secured loan facilities of the Trust. The increase was partly offset by interest cost savings from lower interest rates secured for the refinancing of the loans and the repayment of S\$76.0 million development loan on 20 March 2014 using the proceeds from the rights issue, pending the deployment of such funds for their intended use.

Manager's management fees were higher in FY2015 vis-à-vis FY2014 as a result of the net increase in value of the Group's property portfolio as well as performance component of the management fee for the period from 1 April 2014 to 31 March 2015. The Manager is entitled to a performance fee of 0.2 per cent per annum of the value of the Deposited Property where the growth in DPU exceeds 5.0 per cent relative to the previous year. DPU for FY2015 was 11.07 cents, representing a 5.1 per cent increase compared to DPU in FY2014.

Other trust expenses in FY2015 were S\$0.1 million higher than FY2014 largely due to increase in operating costs in line with the increase in the Group's size. For FY2014, other trust expenses included a one-off legal and professional fee in relation to the renewal of property management agreement for a ten-year term.

The share of results of joint venture (net of tax) for FY2015 comprised the full year contribution from the Group's 49.0 per cent interest in Optus Centre, NSW, Australia. It also included the share of revaluation surplus recognised on the valuation of the underlying property. The independent valuation of the property was carried out by Savills Valuation Pty Ltd as at 31 December 2014 and adopted by the Directors as at 31 March 2015. For FY2014, the share of results of joint venture (net of tax) comprised the contribution from the Group's interest in Optus Centre for the period from 7 February 2014 (date of completion of acquisition) to 31 March 2014. This was offset by the impairment arising from the write-off of acquisition costs incurred in relation to the acquisition of the joint venture.

## Distribution

AA REIT achieved Unitholders' distribution of S\$69.2 million for FY2015 which was S\$12.0 million or 21.0 per cent higher as compared to FY2014. DPU for FY2015 was 11.07 cents, representing a 5.1 per cent increase compared to FY2014. The increase was mainly due to positive net contributions referred to above, as well as distributions remitted from the Group's interest in Optus Centre, NSW, Australia. AA REIT continued to pay out 100.0 per cent of the Singapore taxable income available for distribution, demonstrating a firm commitment to deliver stable distributions to Unitholders.

## Total assets

As at 31 March 2015, total assets of the Group increased by S\$53.1 million or 3.8 per cent to S\$1,458.3 million compared to S\$1,405.2 million as at 31 March 2014 mainly due to:

- (a) capitalisation of development cost of S\$35.6 million for the redevelopment of 103 Defu Lane 10 and the further development of 20 Gul Way;
- (b) revaluation surplus of S\$37.7 million recognised during FY2015 for the valuation of the investment properties in Singapore; and
- (c) share of revaluation surplus of joint venture of S\$10.4 million recognised during FY2015 for the net change in fair value of the investment property in Australia.

## Manager's Report

### (Financial Review)

The increase was partly offset by a decrease in interest in joint venture of S\$21.7 million in connection with the strengthening of the Singapore dollar against the Australian dollar. As the Australian investment is substantially hedged through the use of Australian dollar denominated borrowings, there was a corresponding reduction in interest-bearing borrowings of S\$20.1 million.

As a result, Net Asset Value ("NAV") per Unit increased to S\$1.525 from S\$1.468 a year ago.

### Funding and borrowings

#### Borrowings

Total borrowings as at 31 March 2015 of S\$457.2 million was S\$11.5 million higher than the total borrowings as at 31 March 2014. This was mainly due to the drawdown of S\$31.6 million to fund the redevelopment costs incurred on the Trust's redevelopment of 20 Gul Way and 103 Defu Lane 10. This was partially offset by the decrease in the Australian dollar denominated borrowings of S\$20.1 million due to the strengthening of the Singapore dollar against the Australian dollar.

Corporate liquidity and capital resources (in S\$'000 unless otherwise indicated)	FY2015	FY2014
<b>Banking facilities and available funds</b>		
Outstanding interest-bearing borrowings <sup>1</sup>	457,234	445,732
Available undrawn bank facilities	153,168	106,991
Cash and cash equivalents	10,111	21,809
Total available undrawn facilities and bank balances	163,279	128,800
Weighted average term to maturity (years)	3.2	3.1
Fixed rate borrowings as a percentage of total borrowings (%)	86.2	72.1
Total borrowings	457,234	445,732
Total assets	1,458,335	1,405,241
Aggregate leverage (%)	31.4	31.7
<b>Interest cover ratio</b>		
EBITDA	88,915	66,003
Interest expenses	20,258	12,816
Interest cover (times)	4.4	5.2
<b>Derivative financial instruments</b>		
Net negative fair value of derivative financial instruments	4,101	1,149
Total assets	1,458,335	1,405,241
Percentage of fair value of derivative financial instruments to total assets (%)	0.3	0.1

<sup>1</sup> Outstanding interest-bearing borrowings excluding unamortised loan transaction costs.

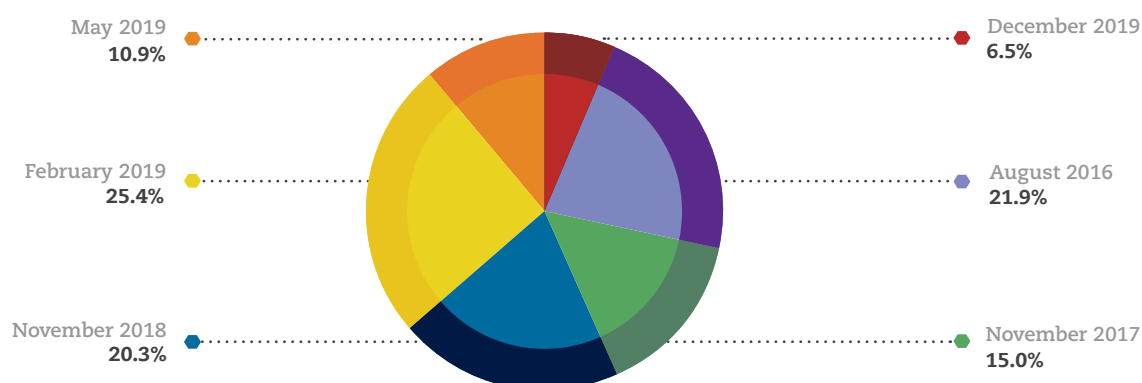
#### Proactive refinancing of debt ahead of maturity

On 21 May 2014, the Trust, through its wholly-owned subsidiary AACI REIT MTN Pte Ltd successfully issued a third series of unsecured fixed rate notes under its S\$500.0 million Medium Term Note Programme ("MTN Programme"). The S\$50.0 million five year fixed rate notes will mature on 21 May 2019 and bear interest at a fixed rate of 3.80 per cent per annum payable semi-annually in arrears. The proceeds from the notes were deployed to repay a term loan of S\$50.0 million which was due to expire in October 2015.

With possible interest rate hikes in the near term, the Manager proactively refinanced its existing secured loan facilities in Singapore with a syndicate of six financial institutions. The new facility extended the loan maturity of the facilities to November 2017 and November 2018. Following the refinancing, the proportion of unencumbered properties increased to 13 properties with total value at S\$529.1 million. As a result, there is no debt due for refinancing in the next financial year.

### Prudent capital management

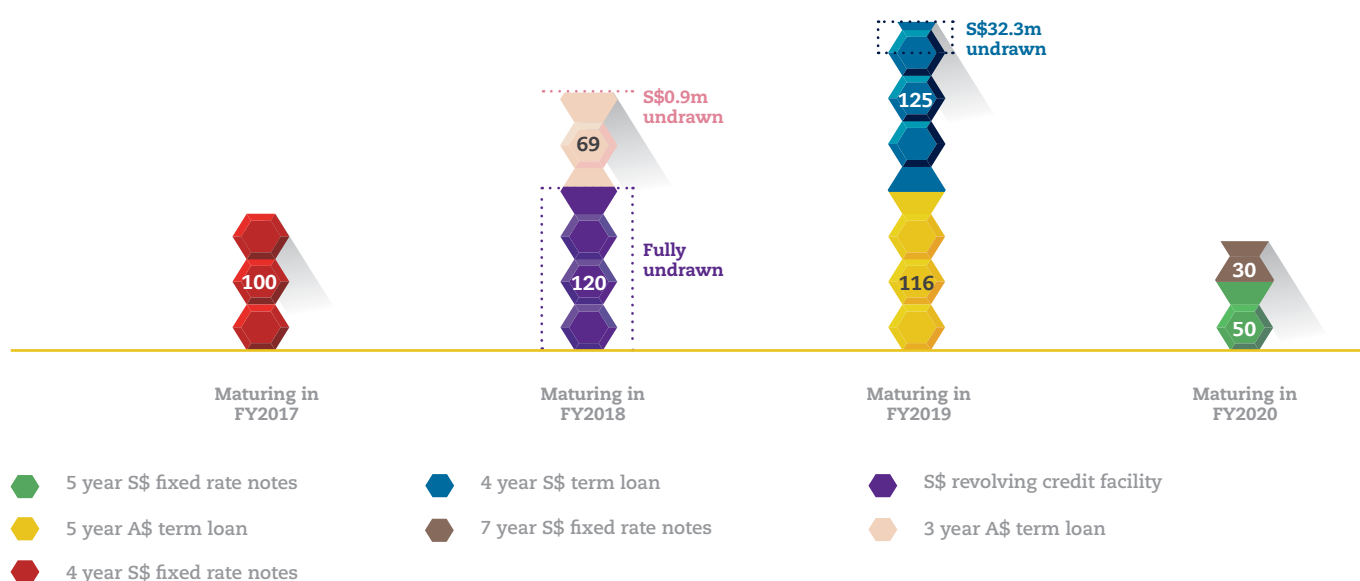
The Manager intends to keep its well-spread debt maturity profile to minimise any refinancing risk in any one year.



Out of the total borrowings as of 31 March 2015, 21.9 per cent falls due in August 2016, 15.0 per cent falls due in November 2017, 20.3 per cent falls due in November 2018, 25.4 per cent falls due in February 2019, 10.9 per cent falls due in May 2019 and the remaining balance falls due in December 2019.

The debt maturity profile of AA REIT as at 31 March 2015 is set out below:

### Debt maturity profile as at 31 March 2015 (in S\$'million)



## Manager's Report

### (Financial Review)

During the year, AA REIT continued to maintain appropriate hedging to mitigate interest rate volatility. As at 31 March 2015, 86.2 per cent of AA REIT's borrowings are on fixed interest rates with a combination of the interest rate swaps entered into by AA REIT to hedge its exposure from floating rate borrowings and the fixed rate notes issued under the MTN Programme.

#### *Strong financial flexibility*

During the year, the proportion of unencumbered properties increased from eight to 13 properties with total value at S\$529.1 million or 42.9 per cent of the Singapore portfolio of S\$1.23 billion as at 31 March 2015. This further enhanced the Trust's financial flexibility.

AA REIT has approximately S\$153.2 million of undrawn debt facilities including revolving credit facility and untapped balance of S\$320.0 million from the MTN Programme as at 31 March 2015. These provide AA REIT with the financial ability to complete the redevelopment of the property at 30 & 32 Tuas West Road and flexibility to fund future redevelopments, asset enhancement initiatives or acquisition opportunities.

#### *Prudent capital structure*

Aggregate leverage remains healthy at 31.4 per cent as at 31 March 2015, well within the 60.0 per cent gearing limit allowed by the Monetary Authority of Singapore for property trusts in Singapore with a credit rating. AA REIT has an investment grade credit rating of BBB- assigned by Standard & Poor's Ratings Services.

## Funding

#### *Distribution Reinvestment Plan*

Since the implementation of distribution reinvestment plan ("DRP") in 2012, the Trust has experienced encouraging take-up rates. DRP provides Unitholders with an option to receive distributions, either in the form of Units or cash or a combination of both. It also allows Unitholders to acquire additional Units without having to incur transaction or other related costs.

The Manager completed three quarters of DRP exercises and raised S\$8.5 million during the year. The retention of cash and the issue of Units in lieu of cash under the DRP enlarged the Trust's capital base, strengthened its working capital reserves and improved the liquidity of Units.

#### *Equity raising*

On 2 May 2013, AA REIT issued 68,750,000 Units at an issue price of S\$1.60 per Unit by way of private placement, raising gross proceeds of S\$110.0 million ("2013 Placement"). On 20 March 2014, AA REIT issued 92,512,712 Units at an issue price of S\$1.08 per Unit in an underwritten and renounceable rights issue on the basis of seven rights Units for every 40 existing Units, raising gross proceeds of S\$99.9 million ("2014 Rights Issue").

Status report on the specific use of proceeds is as follows:

	2013 Placement S\$'million	2014 Rights Issue S\$'million
<b>Gross proceeds</b>	110.0	99.9
<b>Use of proceeds</b>		
Development costs at 103 Defu Lane 10 and 20 Gul Way	92.6	-
Repay outstanding borrowings	0.3	17.2
Issue expenses in relation to the 2013 Placement and 2014 Rights Issue	2.7	2.5
Asset enhancement initiatives	6.8	0.7
	<u>102.4</u>	<u>20.4</u>

As at 31 March 2015, the balance proceeds of the 2013 Placement was approximately S\$7.6 million, of which S\$7.4 million had been used to repay outstanding borrowings pending the deployment of such funds for their intended use.

As at 31 March 2015, the balance proceeds of the 2014 Rights Issue was approximately S\$79.5 million, of which S\$59.4 million of the proceeds from the 2014 Rights Issue had been used to repay outstanding borrowings pending the deployment of such funds for their intended use. The Manager intends to set aside approximately S\$41.7 million from the existing loan facility to fully fund the proposed redevelopment of 30 & 32 Tuas West Road progressively over the course of the next 18 to 24 months.

The use of proceeds from the 2013 Placement and 2014 Rights Issue was in accordance with the stated use of proceeds and there is no material deviation from the percentage allocated as previously disclosed.

### Cash flows

The Group's cash balance decreased by S\$11.7 million from S\$21.8 million as at 31 March 2014 to S\$10.1 million as at 31 March 2015. The decrease was mainly due to net cash used in investing activities and financing activities of S\$35.8 million and S\$51.3 million respectively, offset by net cash generated from operating activities of S\$75.5 million. The net cash flows from operating activities for FY2015 were mainly in line with the net property income achieved for the year.

The net cash outflows used in investing activities of S\$35.8 million was mainly attributable to the funding of development costs of the properties at 20 Gul Way and 103 Defu Lane 10, partially offset by distributions received from the Group's 49.0 per cent interest in Optus Centre, New South Wales, Australia. The net cash outflows from financing activities were mainly due to the drawdowns to fund redevelopment and the effect of early refinancing of borrowings as well as distributions to Unitholders and borrowing costs paid to lenders.



## Corporate Governance Statement

### Role of the Manager

AIMS AMP Capital Industrial REIT (“AA REIT” or “Trust”) is a real estate investment trust listed on the Mainboard of the Singapore Exchange Securities Trading Limited (“SGX-ST”). AA REIT is externally managed by AIMS AMP Capital Industrial REIT Management Limited (“Manager”).

The primary role of the Manager is to set the strategic direction in AA REIT and carry on and conduct the business of AA REIT in a proper and efficient manner on behalf of HSBC Institutional Trust Services (Singapore) Limited in its capacity as trustee of AA REIT (“Trustee”), particularly in relation to the acquisition, divestment and enhancement of the assets of AA REIT in accordance with its stated investment strategy.

The Manager has general powers of management over the assets of AA REIT and its main responsibility is to manage the assets and liabilities of AA REIT in the best interests of the holders of units in the Trust (“Unitholders”). This is achieved via a focus on generating rental income and, where appropriate, increasing the value of AA REIT’s assets over time so as to enhance the returns from the investments and ultimately distributions and the total returns to the Unitholders.

The Manager has covenanted in the trust deed establishing the Trust dated 5 December 2006, subsequently amended by the amending and restating deed dated 8 March 2007 and first supplemental deed dated 31 May 2010 (“Trust Deed”), and entered into between the Trustee and the Manager, to use its best endeavours to ensure that the business of AA REIT is carried out and conducted in a proper and efficient manner and to conduct all transactions with or for AA REIT at arm’s length and on normal commercial terms.

Other main functions and responsibilities of the Manager include:

- (a) ensuring compliance with relevant laws and regulations, including the applicable provisions of the Securities and Futures Act (Chapter 289 of Singapore) (“SFA”), the Listing Manual of the SGX-ST (“Listing Manual”), the Code on Collective Investment Schemes (including Appendix 6 on property funds thereto (“Property Funds Appendix”)) issued by the Monetary Authority of Singapore (“MAS”), the Trust Deed and the tax rulings issued by Inland Revenue Authority of Singapore (“IRAS”) on the taxation of AA REIT and its Unitholders;
- (b) preparing property plans on an annual basis, for review by the board of directors of the Manager (“Board”), including proposals and forecasts on net property income, capital expenditure, sales and valuations, explanation of major variances to previous plans, commentary on key issues and relevant assumptions. These plans explain the performance of AA REIT’s assets;
- (c) managing the finances of AA REIT, including accounts preparation, capital management, coordination of the budget process, forecast modeling and corporate treasury functions;
- (d) attending to all regular communications with the Unitholders; and
- (e) supervising the property manager, AIMS AMP Capital Property Management Pte Ltd (“Property Manager”), which performs the day-to-day property management functions (including lease management, property management, maintenance and administration) pursuant to the terms of a property management agreement.

The Manager appoints experienced and qualified personnel to run its day-to-day operations. The Manager holds a capital markets services licence issued by MAS to conduct real estate investment management activities. All directors of the Manager (“Directors”) and employees of the Manager are remunerated by the Manager and not by AA REIT.

The Trust Deed outlines certain circumstances under which the Manager can be removed by notice in writing given by the Trustee, in favour of a corporation appointed by the Trustee upon the occurrence of certain events, including by a resolution passed by a simple majority of the Unitholders present and voting at a meeting of the Unitholders duly convened and held in accordance with the provisions of the Trust Deed.

## Corporate governance culture

The Manager is committed to maintaining high standards of corporate governance in its management of AA REIT and operates in keeping with the spirit of the Code of Corporate Governance when discharging its responsibilities as the Manager in its dealings with Unitholders and other stakeholders. The Manager believes that strong and effective corporate governance is imperative for the long-term success of AA REIT.

This report describes the corporate governance practices and structures that were in place during the financial year ended 31 March 2015 ("FY2015") with specific reference to the principles and guidelines of the Code of Corporate Governance issued by MAS on 2 May 2012 ("2012 Code"), and where applicable, the Listing Manual and the Companies Act (Chapter 50 of Singapore) ("Companies Act").

The following paragraphs describe the corporate governance policies and practices of the Manager in FY2015 with specific references to the 2012 Code to the extent it is relevant and applicable to real estate investment trusts. Any deviations from the 2012 Code are also explained.

## Board matters

### *The Board's conduct of affairs*

**Principle 1:** Every company should be headed by an effective board to lead and control the company. The board is collectively responsible for the long-term success of the company. The board works with management to achieve this objective and management remains accountable to the board.

The Board is responsible for the overall management and corporate governance of the Manager and AA REIT. It provides entrepreneurial leadership to the Manager, sets strategic directions and ensures that the necessary financial and human resources are in place for AA REIT to meet its objectives. The Board oversees the competent management of AA REIT by setting standards and goals for the management team of the Manager ("Management"), monitors the achievement of the targets set and Management's performance. It has also established a framework of prudent and effective controls which enable risks to be assessed and managed, including safeguarding of Unitholders' interests and the assets of AA REIT.

The Board is also responsible for identifying key stakeholder groups and recognises that their perceptions affect AA REIT's reputation.

The Board comprises members with a breadth of expertise in real estate, accounting and/or finance, legal, business and management. The Board members are:

Mr George Wang	Chairman, Non-Executive	Non-Independent
Mr Tan Kai Seng	Non-Executive	Lead Independent
Mr Norman Ip Ka Cheung	Non-Executive	Independent
Mr Eugene Paul Lai Chin Look	Non-Executive	Independent
Mr Simon Laurence Vinson	Non-Executive	Non-Independent
Mr Nicholas Paul McGrath	Non-Executive	Non-Independent
Ms Moni XinYe An	Non-Executive	Non-Independent
Mr Koh Wee Lih	Executive Director and Chief Executive Officer	Non-Independent

The profiles of the Directors and other relevant information are set out on pages 22 to 25 of this Annual Report.

## Corporate Governance Statement

Each Director must act honestly, with due care and diligence and in the best interests of AA REIT. This obligation ties in with the Manager's prime responsibility in managing the assets and liabilities of AA REIT for the benefit of the Unitholders. Decisions are taken objectively by the Board in the best interests of AA REIT. The Manager has also adopted guidelines for dealings with conflict of interests and interested party transactions, details of which are set out on pages 88 to 89 of this Annual Report.

The Board meets regularly, at least once every quarter and as warranted by particular circumstances, to discuss and review the strategies and policies of AA REIT, including any significant acquisitions and disposals, the annual budget, the financial performance of AA REIT against a previously approved budget and to approve the release of the quarter and full year results. The Board also reviews the risks to the assets of AA REIT and acts upon recommendations from both the internal and external auditors of AA REIT.

In the discharge of its functions, the Board is supported by special Board committees ("Board Committees") which also serve to ensure that there are appropriate checks and balances. These Board Committees are the Audit, Risk and Compliance Committee ("ARCC") and the Property Investment Committee ("PIC").

Each of these Board Committees operates under delegated authority from the Board. However, the Board retains overall responsibility for any decisions made by the Board Committees. Other Board Committees may be formed as dictated by business imperatives and/or to promote operational efficiency.

Information on the ARCC can be found in the section "Audit, Risk and Compliance Committee" on pages 85 to 87 of this Annual Report.

The PIC has adopted terms of reference to define its scope of authority and responsibilities in relation to AA REIT, which include:

- considering the appropriateness of the potential purchase and sale of:
  - direct property assets; and
  - other Permissible Investments (as defined in the Property Funds Appendix)and recommending the same to the Board for approval;
- considering the appropriateness of potential asset enhancement and/or development projects to be undertaken by AA REIT;
- overseeing the asset management strategy of the investment property portfolio of AA REIT; and
- overseeing the valuation process of the assets within AA REIT.

Decisions taken and minutes of meetings of the PIC are circulated to the Board for information so that Directors are aware of and kept updated as to the proceedings and matters discussed during such meetings.

The Manager has adopted a set of internal guidelines which set out the financial authority limits for acquisition and/or divestment of investment properties, operating/capital expenditure, leasing, disposal and write-off of assets, bank borrowings as well as arrangements in relation to cheque signatories that require the approval of the Board. Appropriate delegation of authority and approval sub-limits are also provided at Management level to facilitate operational efficiency.

The number of Board and ARCC meetings held during the financial year, as well as the attendance of each Board member at these meetings are set out in the table below:

	Board meetings	ARCC meetings
<b>Number of meetings held in FY2015</b>	4	4
<b>Board members</b>		
Mr George Wang	3	n/a <sup>1</sup>
Mr Tan Kai Seng	4	4
Mr Norman Ip Ka Cheung	4	4
Mr Eugene Paul Lai Chin Look	3	n/a <sup>1</sup>
Mr Simon Laurence Vinson	4	4
Mr Nicholas Paul McGrath	3	n/a <sup>1</sup>
Ms Moni XinYe An	3	n/a <sup>1</sup>
Mr Koh Wee Lih <sup>2</sup>	4	4

<sup>1</sup> n/a means not applicable as Director is not a member of the ARCC.

<sup>2</sup> Mr Koh Wee Lih, being the Chief Executive Officer, attends all ARCC meetings although he is not a member of the ARCC.

The Manager's Articles of Association permit Board meetings to be held by way of telephone conference or any other electronic means of communication by which all persons participating in the meeting are able contemporaneously to hear and be heard by all other participants. If a Director is unable to attend a Board meeting or Board Committee meeting, he or she will still receive all the Board papers for discussion at that meeting. The Director will review the Board papers and will advise the Chairman or Board Committee if he or she has any views and comments on the matters to be discussed so that they can be conveyed and tabled at the meeting for discussion.

The Manager issues formal letters to new Directors upon appointment. Newly appointed directors are briefed on their roles and responsibilities as directors of the Manager, the business activities of AA REIT and its strategic directions and the contribution they would be expected to make, including the time commitment and any participation in Board Committees. For a Director who has no prior experience as a director of a listed company, he or she will be encouraged to also attend the Listed Company Director Programme ("LCD Programme") conducted by the Singapore Institute of Directors in order to acquire relevant knowledge of what is expected of a listed company director. The LCD Programme focuses on comprehensive training of directors on compliance, regulatory and corporate governance matters which should allow first time directors to have a broad understanding of the roles and responsibilities of a director of a listed company under the requirements of the Companies Act, the Listing Manual and the 2012 Code.

The Board is regularly updated either during Board Meetings or at specially convened meetings, involving the relevant professional advisors, auditors and Management, in areas that may affect AA REIT's business such as relevant legislation and regulations, corporate governance practices, changes in risk management, financial reporting standards and other industry-related matters. Management also provides the Board with information in a timely manner through regular updates on financial results, market trends and business developments. Directors are also encouraged to participate in industry conferences, seminars and training programmes in connection with their duties.

### Board composition and guidance

**Principle 2:** There should be a strong and independent element on the board, which is able to exercise objective judgement on corporate affairs independently, in particular, from management and ten per cent shareholders. No individual or small group of individuals should be allowed to dominate the board's decision making.

## Corporate Governance Statement

Currently, the Board consists of eight members, of whom three are Non-Executive Independent Directors. The majority of the Board members are Non-Executive with more than one-third of the Board being independent. The Chief Executive Officer is the only Executive Director.

Non-Executive Directors actively participate in setting and developing strategies and goals for Management as well as reviewing and assessing Management's performance. This enables Management to benefit from the external, diverse and objective perspectives of Non-Executive and Independent Directors on issues that are brought before the Board. It also enables the Board to interact and work with Management through a robust exchange of ideas and views to help shape the strategic process.

A Director is considered independent if he has no relationship with the Manager, its related companies, its ten per cent shareholders and the ten per cent Unitholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement with a view to the best interests of AA REIT.

The Board is of the view that its Independent Directors are independent in character and judgement and there are no relationships or circumstances which are likely to affect or could appear to affect the Directors' independent business judgement.

Guideline 2.2 of the 2012 Code recommends that independent directors make up at least half of the Board in certain specified circumstances, including where the Chairman is not an independent director. Mr George Wang, Chairman of the Board, is the founder and Chief Executive Officer of AIMS Financial Group and is not an Independent Director. Guideline 2.2 of the 2012 Code takes effect following the end of the financial year commencing on or after 1 May 2016. The Board will review the composition of its members during this transitional period in view of Guideline 2.2 of the 2012 Code.

The size and composition of the Board is reviewed regularly to ensure the Board is of an appropriate size and comprises persons who as a group provide the necessary core competencies, balance and diversity of skills, experience, gender and knowledge of AA REIT, taking into consideration the nature and scope of AA REIT's operations.

### *Chairman and Chief Executive Officer*

**Principle 3:** There should be a clear division of responsibilities between the leadership of the board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

The roles of Chairman and Chief Executive Officer are separate and the positions are held by two separate persons, in order to maintain an effective segregation of duties, appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making.

The Chairman is responsible for the overall leadership and management of the Board to ensure its effectiveness on all aspects of its role. The Chairman leads the Board meetings to ensure that adequate time is available for open discussion and robust debate of all agenda items, in particular strategic issues. The Chairman also ensures that the Directors receive complete, adequate, clear and timely information. In particular, the Chairman facilitates the contribution of Non-Executive Directors, encourages constructive relations between Executive Directors, Non-Executive Directors and Management, ensures effective communication with Unitholders and promotes a high standard of corporate governance. The Chairman also ensures that the Board works together with integrity and competency and that the Board engages Management in constructive debate on strategy, business operations, enterprise risk and other plans.

The Chief Executive Officer has full executive responsibilities over the business directions and operational decisions in the day-to-day management of the Manager and AA REIT.

The division of responsibilities between the Chairman and the Chief Executive Officer facilitates effective oversight and a clear segregation of duties. The Chairman and the Chief Executive Officer are not related to each other.



Guideline 3.3 of the 2012 Code recommends that every company appoints an independent director to be the lead independent director in certain specified circumstances, including where the Chairman is not an independent director. Mr Tan Kai Seng is the Lead Independent Director in accordance with Guideline 3.3 of the 2012 Code. He is also the Chairman of the ARCC.

### *Board membership*

**Principle 4:** There should be a formal and transparent process for the appointment and re-appointment of directors to the board.

As the Manager is not itself a listed entity, the Manager does not consider it necessary for the Board to establish a nominating committee. It believes that the performance of the Manager, and hence its Board, is reflected in the long-term success of AA REIT. Thus, the Board performs the functions that may have been delegated to such a committee, namely, administering nominations to the Board, reviewing the structure, size and composition of the Board and reviewing the independence of the Directors.

In addition, as part of regulatory requirements, MAS also provides prior approval for any change of the Chief Executive Officer or of any appointment of Director. Directors of the Manager are not subject to periodic retirement by rotation.

The composition of the Board, including the selection of candidates for new appointments to the Board as part of the Board's renewal process, is determined using the following principles:

- (a) the Board should comprise directors with a broad range of commercial experience, including expertise in funds management, the property industry, and legal and financial management; and
- (b) at least one-third of the Board should comprise Independent Directors.

The selection of candidates is evaluated after taking into account various factors including the current and mid-term needs and goals of AA REIT and hence, the Manager, as well as the relevant expertise of the candidates and their potential contributions. Candidates may be put forward or sought through contacts and recommendations.

The 2012 Code recommends that the Board considers providing guidance on the maximum number of listed company representations which each director of the company may hold in order to address competing time commitments faced by directors serving on multiple boards. Although some of the Directors have other listed company board representations and commitments, the Board has determined through informal assessment of the Board's performance that the individual Directors have devoted sufficient time and attention to his/her role as a Director and to the affairs of the Manager. The Board is of the view that such appointments do not hinder the Directors from carrying out their duties as Directors of the Manager and therefore believes that it would not be necessary to prescribe a maximum number of listed company board representations a Director may hold. The Board does not wish to exclude from consideration suitable individuals who, despite the demands on their time, have the capacity to participate and contribute as members of the Board.

### *Board performance*

**Principle 5:** There should be a formal assessment of the effectiveness of the board as a whole and its board committees and the contribution by each director to the effectiveness of the board.

The Directors have assessed the performance of the Board as a whole, the Board Committees and the contribution of the Chairman and of each individual Director to the effectiveness of the Board taking into consideration factors such as Directors' attendance, commitments and contributions during Board meetings.

Contributions by an individual Director may also take other forms, including providing objective perspectives on issues, facilitating business opportunities and strategic relationships with external parties and being accessible to Management outside of formal Board and/or Board Committee meetings.

## Corporate Governance Statement

The Manager believes that the Board's performance and that of each individual Director is reflected in and evidenced by its or his/her proper guidance, diligent oversight and able leadership and the level of support it or he/she has provided to Management in steering AA REIT in the appropriate direction as well as the long-term performance of AA REIT through both favourable and challenging market conditions.

Review of Board members' performance is currently on an informal basis, where renewal or replacement of a member does not necessarily reflect his/her contributions to-date but may be driven by the need to position and shape the Board in line with the needs of AA REIT and its business going forward. As at 31 March 2015, the Board is of the view that the contributions made by each Director and performance of the Board as a whole was satisfactory. The Board does not see a need to have separate evaluation of its Board Committees in FY2015.

### *Access to information*

**Principle 6:** In order to fulfil their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

Management provides the Board with complete, timely and adequate information on Board matters and issues requiring the Board's deliberation. All Directors are also provided with ongoing reports relating to the operational and financial performance of the Trust to enable them to exercise effective oversight over AA REIT. Directors are briefed by the Management during Board meetings, at specially convened sessions or via circulation of Board papers. Information provided to the Board includes an explanatory background relating to the matters to be brought before the Board. Additionally, reports by independent external analysts on AA REIT are forwarded to the Board from time to time to keep Directors apprised of analysts' views on AA REIT's performance.

Proposals to the Board and/or Board Committees for decision or mandate sought by Management are in the form of Board papers and/or Board Committee papers that provide facts, analysis, resource needed, conclusions and recommendations.

The Company Secretary of the Manager ("Secretary") works with the Chairman and the Chief Executive Officer to ensure that Board papers and the agenda are provided to each Director in advance of the Board meetings so that they can familiarise themselves with the matters prior to the Board meetings. Senior executives who can provide additional insights into matters to be discussed are requested to also attend the Board meetings so as to be at hand to answer questions. AA REIT's auditors who can provide additional insight into the matters for discussion are also invited to attend such meetings from time to time.

The Board has separate and independent access to Management and the Secretary as well as to all statutory records of the Manager. The Secretary or its designated representative attends all Board meetings and Board Committee meetings to record the minutes of the meeting. The Secretary renders assistance to the Board as may be necessary and helps to ensure that applicable rules and regulations are complied with. The appointment and removal of the Secretary is a Board reserved matter.

The Directors, either as a group or individually, may at the Manager's expense seek independent professional advice where necessary to discharge his/her or their duties effectively.

### *Remuneration matters*

**Principle 7:** There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

**Principle 8:** The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

**Principle 9:** Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel and performance.

AA REIT, constituted as a trust, is externally managed by the Manager and accordingly, has no personnel of its own. The Manager appoints experienced and qualified personnel to manage the day-to-day operations of the Manager and AA REIT. The employees of the Manager, including the Chief Executive Officer and key management personnel are remunerated by the Manager and not by AA REIT. The remuneration policy adopted by the Manager enables the Manager to attract, motivate, reward and retain quality employees. Employee remuneration comprises a fixed component in the form of basic salary and a variable component in the form of short-term and long-term bonuses. The variable component is linked to the performance of the individual and the Manager, which in turn is linked to the performance of AA REIT in the context of the industry and the economy. This will allow alignment of employees' interests with those of AA REIT's Unitholders. Employee remuneration is reviewed annually to align the compensation of employees with market rates.

#### *Policy in respect of Directors' Remuneration*

The Chief Executive Officer and Non-Executive Non-Independent Directors are not paid directors' fees by the Manager. Independent Directors are paid basic fees for their Board and Board Committee memberships by the Manager. In determining the quantum of the fees, factors such as time spent and responsibilities of the Directors are taken into account. Directors' fees are reviewed periodically to benchmark such fees against the amounts paid by other listed real estate investment trusts. No Director decides on his own fees.

Directors' fees	FY2015	FY2014
<b>Board members</b>		
Mr George Wang	-	-
Mr Tan Kai Seng	S\$63,525	S\$60,500
Mr Norman Ip Ka Cheung	S\$57,750	S\$55,000
Mr Eugene Paul Lai Chin Look	S\$60,250	S\$55,000
Mr Simon Laurence Vinson	-	-
Mr Nicholas Paul McGrath	-	-
Ms Moni XinYe An	-	-
Mr Koh Wee Lih	-	-

Directors' fees are paid by the Manager. As at 31 March 2015, there are no unit-based incentives or awards in place to reward employees as part of their remuneration package.

#### **Accountability and audit**

##### *Accountability*

**Principle 10:** The board should present a balanced and understandable assessment of the company's performance, position and prospects.

Management provides the Board with periodic financial reports and such explanation and information as the Board may require in order to make a balanced and informed assessment of AA REIT's performance, position and prospects.

The Board strives to present a balanced and understandable assessment of AA REIT's performance, position and prospects through quarterly and annual financial reports as well as timely announcements through announcements and media releases.

## Corporate Governance Statement

### *Risk management, internal controls and audit*

**Principle 11:** The board is responsible for the governance of risk. The board should ensure that management maintains a sound system of risk management and internal controls to safeguard the shareholders' interests and the company's assets and should determine the nature and extent of the significant risks which the board is willing to take in achieving its strategic objectives.

**Principle 13:** The company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

The Board recognises the importance of sound internal controls and effective risk management practices to good corporate governance. As such, the Manager has put in place a system of internal controls comprising procedures and processes to safeguard AA REIT's assets, Unitholders' interests and to manage risks.

BDO LLP ("BDO") has been re-appointed by the ARCC to provide internal audit services to review and assess the adequacy of AA REIT's internal control systems, including financial, operational, compliance and information technology controls over a three-year internal audit plan period. The internal auditor is independent of Management and reports directly to the ARCC on audit matters and to the Board on administrative matters. BDO has unrestricted access to the ARCC. The internal auditor's activities are guided by the International Standards for Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

BDO also provided enterprise risk management ("ERM") implementation services to AA REIT.

BDO's role as the internal auditor is to assist the ARCC to ensure that Management maintains a sound system of internal controls by regular monitoring of key controls and procedures and ensuring their effectiveness. BDO's scope of work includes risk assessments and compliance audits in order to ensure internal controls are aligned to business objectives and in place to address related risks.

In FY2015, BDO adopted a risk-based auditing approach covering financial, operational, compliance and information technology controls, and conducted audit reviews on the internal audit plan approved by the ARCC. Upon completion of each audit assignment, BDO reported their audit findings and recommendations to Management who responded on the actions to be taken. BDO also submitted internal audit reports, at least twice yearly, to the ARCC on the audit findings and follow-up actions taken by Management based on the recommendations.

In addition, Management has also established a risk identification and management framework development with BDO's assistance and has implemented new risk management policies and processes to ensure that AA REIT maintains a sound system of risk management and internal controls to safeguard Unitholders' interests and AA REIT's assets. The framework strengthens AA REIT's capability to recognise and capitalise on new challenges and opportunities so as to value-add to Management's decision-making, business planning and operational management and as a protection for investors.

A Chief Risk Officer ("CRO") has been appointed to provide oversight and co-ordination of risk management to the Manager and AA REIT.

Information on risk management can be found in the section "Risk management report" on pages 90 to 91 of this Annual Report.

The Board has received assurance from the Chief Executive Officer and Head of Finance of the Manager that (a) the financial statements comprising the statements of financial position, statements of total return, distribution statements, statements of movements in Unitholders' funds and portfolio statements of AA REIT and its wholly-owned subsidiaries ("Group") and of the Trust, the consolidated statements of cash flows of the Group and notes to the financial statements are drawn up so as to present fairly in all material respects, the financial position of the Group and of the Trust as at 31 March 2015, and the total returns, distributable income and movements in Unitholders' funds of the Group and of the Trust and cash flows of the Group for the year then ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts"

issued by the Institute of Singapore Chartered Accountants and the provisions of the Trust Deed; and (b) based on management oversight and applicable reports submitted by independent auditors (for financial and non-financial reviews), the risk management and internal control systems to the extent they address the financial, operational, compliance and information technology risks faced by the Group in its current business environment have been effectively designed, are operating effectively in all material aspects and were adequate as at 31 March 2015.

Based on the ERM framework established, work performed by the internal and external auditors, and reviews conducted by Management and various Board Committees, the Board, with the concurrence of the ARCC, is of the opinion that the system of risk management and internal controls were adequate to address material financial, operational and compliance risks which the Board considers relevant and material to its current business environment as at 31 March 2015.

The Board notes that the system of risk management and internal controls established provides reasonable but not absolute assurance that AA REIT will not be adversely affected by any event that could be reasonably foreseen as it strives to achieve its business objectives. In this regard, the Board also notes that no system can provide absolute assurance against the occurrence of material errors, poor judgement in decision making, human error, fraud or other irregularities.

#### *Audit, Risk and Compliance Committee*

**Principle 12:** The board should establish an audit committee with written terms of reference which clearly set out its authority and duties.

The ARCC is appointed by the Board. The ARCC comprises Non-Executive Directors, the majority of whom, including the ARCC Chairman are independent. The members are:

Mr Tan Kai Seng	ARCC Chairman
Mr Norman Ip Ka Cheung	ARCC Member
Mr Simon Laurence Vinson	ARCC Member

Members of the ARCC are appropriately qualified to discharge their responsibilities as they possess the requisite relevant accounting or related financial management expertise and experience.

The ARCC is governed by written terms of reference with explicit authority to investigate any matter within its terms of reference has full access to and cooperation by Management and the CRO, has full discretion to invite any Director or senior executive to attend its meetings and reasonable resources to enable it to discharge its functions properly.

The roles of the ARCC include:

- reviewing significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of AA REIT and any announcements relating to its financial performance;
- reviewing and reporting to the Board at least annually the adequacy and effectiveness of the Manager's internal controls, including financial, operational, compliance and information technology controls as well as risk management processes;
- reviewing the effectiveness of the Manager's internal audit function;
- reviewing the scope and results of the internal and external audit work performed and assessing the independence and objectivity of the internal and external auditors;
- making recommendations to the Board on the proposals to the Unitholders on the appointment, re-appointment and removal of the external auditors and approving the remuneration and terms of engagement of the external auditors; and



## Corporate Governance Statement

- meeting with the internal and external auditors without the presence of Management, at least once a year.

During FY2015, the ARCC's activities included the following:

- Performed independent reviews of AA REIT's quarterly and full year financial results before submission to the Board. In conducting its review of the audited financial statements of AA REIT for FY2015, the ARCC had discussed with Management and the external auditors the accounting principles that were applied. Based on the review and discussions with Management and the external auditors, the ARCC is of the view that the financial statements are fairly presented and conform to generally accepted accounting principles in all material aspects.

In performing its duties, the ARCC met the external auditors without the presence of Management once during the year and confirmed that they had full access to and received full co-operation and support from Management.

- The ARCC reviewed and approved the audit plan and scope of the external auditors on the audit of the full year financial statements.
- The ARCC also reviewed the nature and extent of the non-audit services provided to AA REIT by the external auditors for the financial year and was satisfied that the nature and extent of such services would not prejudice the independence and objectivity of the external auditors.

The aggregate amount of audit fees paid and payable by the Group to the external auditors for FY2015 was approximately S\$311,000, of which audit fees amounted to approximately S\$204,000 and non-audit fees amounted to approximately S\$107,000.

The non-audit fees paid/payable to the external auditors related to general tax compliance and property tax advisory services.

The ARCC is satisfied with the independence and objectivity of the external auditors and has recommended to the Board the re-appointment of KPMG LLP as the external auditors of AA REIT at the forthcoming annual general meeting.

The Board, on behalf of AA REIT, has complied with the requirements of Rules 712 and 715 of the Listing Manual in respect of the suitability of the auditing firm for AA REIT.

- The ARCC reviewed and approved the internal audit plan and scope of the internal auditors' work and the audit programme. It reviewed the findings during the year and Management's responses thereto and it satisfied itself as to the adequacy of the internal audit function. The ARCC also met the internal auditors without the presence of Management once during the year and confirmed that they had full access to and received full co-operation and support from Management.
- The ARCC reviewed the ERM framework established by BDO and the policies and procedures put in place by Management to ensure that AA REIT's risk management and internal control systems are adequate and effective.
- The ARCC reviewed interested person transactions to ensure compliance with the Listing Manual and the Property Funds Appendix.

A Whistle Blowing Policy has been put in place to provide a channel through which employees may report in good faith and in confidence any concerns in financial and other matters, and arrangements are in place for independent investigation with appropriate follow-up action. Under the Whistle Blowing Policy, all employees can notify the Whistleblower Protection Officer or the Chairman of the ARCC in writing of any reportable conduct. The email address of the Whistleblower Protection Officer is [compliance@aimsampcapital.com](mailto:compliance@aimsampcapital.com).

The ARCC ensures that independent investigations and any appropriate follow-up actions are carried out.

The number of ARCC meetings held and corresponding attendance for the financial year are set out on page 79 of this Annual Report.

## Unitholders' rights and responsibilities

### *Communication with Unitholders*

**Principle 15:** Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

The Listing Manual requires a listed entity to disclose to the market matters that could or might reasonably be expected to have a material effect on the price of the entity's securities. The Manager upholds a strong culture of continuous disclosure and transparent communication with Unitholders and the investing community. The Manager's disclosure policy requires timely and full disclosure of all material information relating to AA REIT by way of public releases or announcements through the SGX-ST via SGXNET.

In order to provide regular updates to Unitholders, the Manager also conducts regular briefings and conference calls for analysts and media representatives which generally coincide with the release of AA REIT's results. During these briefings, the Manager reviews AA REIT's most recent performance, discusses the business outlook and solicits to understand views of Unitholders and address Unitholders' concerns. In line with the Manager's objective of transparent communication, briefing materials are released to the SGX-ST via SGXNET and published on AA REIT's website at [www.aimsampcapital.com](http://www.aimsampcapital.com). Further details of AA REIT's investor engagement efforts are set out on page 92 of this Annual Report.

Guideline 15.5 of the 2012 Code encourages companies to have a policy on payment of dividends. The Manager's policy is to distribute at least 90.0 per cent of AA REIT's taxable income other than gains from sale of real estate that are determined by IRAS to be trading gains and net overseas income. Taxable income comprised substantially the Trust's income from the letting of its properties, after deduction of allowable expenses. The actual level of distribution will be determined at the Manager's discretion taking into account the needs of the Trust for capital expenditure, working capital requirement and the liquidity position of AA REIT. Since AA REIT's listing in 2007, the Trust has distributed 100.0 per cent of its taxable income to Unitholders.

### *Unitholders' rights and conduct of Unitholders' meetings*

**Principle 14:** Companies should treat all shareholders fairly and equitably and should recognise, protect and facilitate the exercise of shareholders' rights and continually review and update such governance arrangements.

**Principle 16:** Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

An Annual General Meeting of Unitholders ("AGM") is held after the close of each financial year. The Notice of AGM setting out all items of business to be transacted at the AGM is published on SGXNET and AA REIT's website. A copy of AA REIT's Annual Report is sent to all Unitholders. As and when an extraordinary general meeting is to be held, Unitholders will receive a copy of the circular, containing details of the matters to be proposed, for Unitholders' consideration and approval. Notices of all general meetings are issued via SGXNET.

Board members, senior management of the Manager and the external auditors of AA REIT are in attendance at general meetings and Unitholders are given the opportunity to raise questions and clarify any issues they may have relating to the resolutions to be passed. Any Unitholder who is unable to attend a general meeting is allowed to appoint up to two proxies to attend and vote on the Unitholder's behalf.

## Corporate Governance Statement

A separate resolution is proposed for each substantially separate issue at general meetings, to safeguard Unitholders' interests and rights. The Manager conducts poll voting for the Unitholders and/or proxies present at the general meeting for the resolutions proposed at the general meeting, to ensure transparency in the voting process and to better reflect the interests of Unitholders. The total number of votes for or against such resolutions and the respective percentages are announced following the general meetings via SGXNET. Minutes of the general meeting are taken and are available to Unitholders for inspection upon request.

### Additional information

#### *Dealings in AA REIT Units*

In line with Rule 1207(19) of the Listing Manual on Dealings in Securities, a quarterly memorandum is issued to the Directors, officers and employees of the Manager on restrictions on dealings in the Units in AA REIT:

- (a) during the period one month before the public announcement of the Group's annual results and two weeks before the public announcement of the Group's quarterly results, and ending on the date of announcement of the relevant results; and
- (b) at any time while in possession of unpublished material or price sensitive information.

The Directors and employees of the Manager are also advised not to deal in the Units on short-term considerations.

Each Director is required to give notice to the Manager of his/her acquisition of Units or changes in the number of Units which he/she holds or in which he/she has an interest within two business days after such acquisition or the occurrence of the event giving rise to changes in the number of Units which he/she holds or in which he/she has an interest.

In addition, the Manager is required to announce to the SGX-ST the particulars of its holdings in the Units and any changes thereto within one business day after the date on which it acquires or disposes of any Units, as the case may be. The Manager has also undertaken that it will not deal in the Units one month before the public announcement of the Group's annual results and two weeks before the public announcement of the Group's quarterly results and ending on the date of announcement of the relevant results.

#### *Dealings with conflict of interests*

The following main procedures have been established to address potential conflict of interests which may arise in managing AA REIT:

- (a) the Manager is dedicated to managing AA REIT and will not directly or indirectly manage other real estate investment trusts;
- (b) all executive officers of the Manager are employed by the Manager;
- (c) all resolutions in writing of the Directors of the Manager in relation to matters concerning AA REIT must be approved by at least a majority of the Directors;
- (d) Independent Directors constitute at least one third of the Board. The ARCC comprises Non-Executive Directors, the majority of whom, including the ARCC Chairman, are independent;
- (e) in respect of matters in which the sponsors and/or their subsidiaries have an interest, direct or indirect, any Directors appointed by the sponsors and representing their interests shall abstain from voting on such matters. In such matters, the quorum must comprise a majority of the Independent Directors of the Manager and shall exclude such Directors appointed by the sponsors and/or their subsidiaries; and
- (f) in respect of matters in which a Director or his/her associate has interest, direct or indirect, such interested

Director is required to disclose his/her interest in any proposed transaction with AA REIT and is required to abstain from voting on resolutions approving the transaction.

### *Interested Party Transactions*

The Manager has established an internal control system to ensure that all transactions with Interested Parties (as defined in the Property Funds Appendix) ("Interested Party Transactions") are undertaken on an arm's length basis and on normal commercial terms and will not be prejudicial to the interests of AA REIT and the Unitholders. As a general rule, the Manager must demonstrate to the ARCC that such transactions satisfy the foregoing criteria, which may include obtaining (where practicable) quotations from parties unrelated to the Manager, or obtaining one or more valuations from independent professional valuers (in accordance with the Property Funds Appendix).

The Manager maintains a register to record all Interested Party Transactions which are entered into by AA REIT and the bases, including any quotations from unrelated parties and independent valuations obtained to support such bases, on which they are entered into. Further, the following procedures will be adhered to:

- (a) transactions (either individually or as part of a series or if aggregated with other transactions involving the same interested party during the same financial year) equal to or exceeding S\$100,000 in value but below three per cent of the Group's net tangible assets will be subject to review by the ARCC at regular intervals;
- (b) transactions (either individually or as part of a series or if aggregated with other transactions involving the same interested party during the same financial year) equal to or exceeding three per cent but below five per cent of the Group's net tangible assets will be subject to the review and prior approval of the ARCC;
- (c) transactions (either individually or as part of a series or if aggregated with other transactions involving the same interested party during the same financial year) equal to or exceeding five per cent of the Group's net tangible assets will be reviewed and approved prior to such transactions being entered into, on the basis described in the preceding paragraph by the ARCC which may, as it deems fit, request advice on the transaction from independent sources or advisors, including the obtaining of valuations from independent professional valuers. Furthermore, under the Listing Manual and the Property Funds Appendix, such transactions would have to be approved by the Unitholders at a meeting of Unitholders; and
- (d) ARCC's approval shall only be given if the transactions are at arm's length and on normal commercial terms and consistent with similar types of transactions with third parties which are not Interested Parties.

Where matters concerning AA REIT relate to transactions entered into or to be entered into by the Trustee for and on behalf of AA REIT with an Interested Party (which would include relevant associates thereof), the Trustee is required to ensure that such transactions are conducted on normal commercial terms, are not prejudicial to the interests of AA REIT and the Unitholders and are in accordance with all applicable requirements of the Property Funds Appendix and/or the Listing Manual relating to the transaction in question. Furthermore, the Trustee has the ultimate discretion under the Trust Deed to decide whether or not to enter into a transaction involving an Interested Party. If the Trustee is to sign any contract with an Interested Party, the Trustee will review the contract to ensure that it complies with the requirements relating to Interested Party Transactions in the Property Funds Appendix (as may be amended from time to time) and the provisions of the Listing Manual relating to interested person transactions (as may be amended from time to time) as well as other guidelines as may from time to time be prescribed by the MAS and the SGX-ST to apply to real estate investment trusts.

AA REIT will, in compliance with Rule 905 of the Listing Manual, announce any interested person transactions if such transaction, by itself or when aggregated with other interested person transactions entered into with the same interested person during the same financial year, is three per cent or more of the Group's latest audited net tangible assets.

Details of all Interested Party Transactions (equal to or exceeding S\$100,000 each in value) entered into by AA REIT during the financial year are disclosed on page 157 of this Annual Report.

## Corporate Governance Statement

### Risk management report

#### *Enterprise Risk Management framework*

Risk management is a fundamental part of AA REIT's business strategy to ensure Unitholders' interests are protected.

The Board of Directors is responsible for the governance of risk. It is assisted by the ARCC to provide an overview of risk management at the Board level. The ARCC meets on a quarterly basis or more frequently, if required and these meetings are attended by the Chief Executive Officer as well as other key management staff. The ARCC is assisted by the CRO and a team of risk leaders on risk management issues. In addition, BDO was commissioned by the ARCC to provide ERM implementation services to AA REIT.

The Management has adopted the ERM framework to create a robust and rigorous corporate governance structure. This approach systematically identifies major risks that confront AA REIT, estimates the significance of those risks in business processes and addresses the risks in a consistent and structured manner. Key risks, mitigating measures and management actions are continually identified, reviewed and monitored by Management as part of the ERM framework.

A robust internal control system and an effective independent audit review process make up the ERM framework, which addresses financial, operational, compliance and information technology risks to safeguard Unitholders' interests and the AA REIT's assets and manage risks. The Manager is responsible for the design and implementation of effective internal controls. The internal auditor carries out independent reviews to test the design and implementation to provide reasonable assurance to the ARCC on the adequacy and effectiveness of the internal control system.

#### Key risks in FY2015

AA REIT reviews and updates risk management systems and methodology yearly so as to manage risks in accordance with its current business conditions, preserve capital and enhance Unitholders' value. The key risks that were identified in FY2015 include the following but are not limited to:

##### *Project management risk*

The construction and redevelopment of industrial properties usually takes two to three years to complete, depending on the project size and complexity of the development. There is potential risk that such redevelopment and construction projects may not be completed within the anticipated time frame and budget. A Project Control Group at project level, and a Development Control Group at AA REIT/sponsor level, respectively is formed for each construction or redevelopment project. These groups meet regularly to monitor and ensure that the project is progressing within the timeline and budget.

##### *Operational risk*

All operations are aligned to AA REIT's focus on generating rental income to deliver secure and stable distributions and provide long-term capital growth to Unitholders. Measures include prompt lease renewals to reduce vacancies, prudent control of property expenses and an annual maintenance programme to maintain and enhance AA REIT's properties. The Manager has also established operating and reporting policies and procedures to manage day-to-day operational activities, which are reviewed and updated periodically to ensure relevance and effectiveness as well as compliance with latest legislation and regulations.

##### *Credit risk*

Tenant credit evaluations are performed by the Manager at the investment stage prior to the acquisition of an asset. For new leases, credit risk assessments are performed by the Property Manager prior to signing lease agreements. The Finance and Asset Management teams monitor the amounts owed by tenants on an ongoing basis. Credit risk is further mitigated by security deposits either in the form of cash or bankers' guarantees issued by financial institutions with sound credit rating.



Cash and fixed deposits are placed with regulated financial institutions. Transactions involving derivative financial instruments are allowed only with counterparties who have sound credit ratings.

#### *Liquidity risk*

The Manager maintains an efficient use of cash and debt facilities in order to balance the cost of borrowings and ensuring sufficient availability of credit facilities to meet its financial obligations, working capital and committed capital expenditure requirements. In addition, the Manager also monitors AA REIT's cash flow position and requirements to meet any operational needs and short-term financing obligation as well as compliance with the Property Funds Appendix in relation to limits on total borrowings. AA REIT's ability to raise funds from both banks and capital markets has enabled the Trust to diversify its sources of funding to avoid over-reliance on any single source of funding.

#### *Interest rate risk*

The Manager adopts a proactive interest rate management to manage the risk associated with adverse movement in interest rates on interest-bearing borrowings which carry floating interest rates. The Manager also monitors regularly interest rate risk to limit AA REIT's net interest exposure to adverse movements in interest rate. As part of risk management, the Manager enters into hedging transactions to partially mitigate the risk of such interest rate fluctuations through the use of interest rate swaps and/or fixed rate borrowings. As at 31 March 2015, 86.2 per cent of AA REIT's total debt was on fixed rates taking into account interest rate swaps entered into and fixed rates medium term notes issued.

#### *Foreign exchange risks*

The Manager proactively manages the foreign exchange risk associated with adverse fluctuations of the Australian dollar against the Singapore dollar, the former of which is the currency in which overseas distributions are made. The strategy is to achieve a natural hedge through the use of Australian dollar denominated borrowings to match the Group's interest in the joint venture, thereby mitigating the foreign exchange risk. As at 31 March 2015, the Group's investment in its Australian joint venture was substantially hedged as approximately 90 per cent of the Group's interest in joint venture was funded with Australian dollar denominated borrowings. The level of Australian dollar denominated borrowings also effectively hedges approximately 60 per cent of Australian dollar income.

#### *Investment risks*

All investment proposals (such as redevelopment or asset enhancement initiatives of existing properties or acquisitions of new properties/investments) are subject to rigorous and disciplined assessment by Management. In addition, the investment proposals are further robustly reviewed and discussed in the PIC which will then consider the appropriateness of the potential transaction and make recommendations to the Board for approval. The role of the PIC is set out on page 78 of this Annual Report. Risk assessment is an important aspect of the evaluation process. Each investment proposal submitted to the Board for approval is accompanied by an assessment of risk factors and risk mitigation strategies.

#### *Compliance risks*

The Manager, being a capital markets services licence holder, complies with the applicable laws and regulations governing the Trust and the Manager, including the SFA, Listing Manual, Property Funds Appendix, Trust Deed, conditions of the capital markets services licence for real estate investment trust management issued by MAS as well as tax rulings issued by IRAS.

The employees of the Manager undergo regular training and updates to keep abreast of changes in legislations and regulations as well as new developments in its operating environment. Various internal policies and procedures have been put in place in line to facilitate staff awareness and ensure compliance to the applicable laws and regulations.

## Investor Engagement

### Our commitment

The Manager believes in fostering effective and robust investor and media relations by facilitating timely, accurate, open and transparent communications with our investors, analysts, media and the general investment community.

### Open and transparent communications

The Manager's disclosure policy requires accurate and timely disclosure of all material information relating to AA REIT by way of public releases or announcements through the SGX-ST via SGXNET. We hold analyst briefings during our quarterly and full year financial results, where the Manager reviews AA REIT's financial performance, discusses business outlook and shares our strategy. As part of our open communications policy, the investor relations team is easily accessible via phone and email ([investorrelations@aimsampcapital.com](mailto:investorrelations@aimsampcapital.com)) to respond to queries and concerns.

To ensure investors are regularly updated outside key briefing opportunities, AA REIT maintains a website and offers daily e-mail alerts for investors which include information on AA REIT's stock price and SGX announcements. In May 2015, the Trust launched a new corporate website that is more user-friendly ([www.aimsampcapital.com](http://www.aimsampcapital.com)) so as to promote better communications with the different stakeholders.

### Coverage by equity research houses

There are currently three research houses/investment banks which issue research on the Trust for the benefit of Unitholders.

Research house / investment bank	Analyst
Macquarie Capital Securities (Singapore) Pte. Limited	Sam Chan / Tuck Yin Soong
Religare Capital Markets Limited	George Koh
RHB Research Institute Singapore	Ong Kian Lin

### Active engagement

AA REIT's 5th Annual General Meeting ("AGM") and Extraordinary General Meeting ("EGM") were held on 30 July 2014, which were well attended by over 130 Unitholders and proxies. The Trust has adopted electronic polling for all resolutions tabled at our AGM and EGM where results were transparent and timely.

For the financial year ended 31 March 2015, the Manager actively engages in non-deal road shows, investor conferences, seminars and other industry related events in Singapore and Asia. The Manager also organised one-on-one meetings with current and potential institutional investors to introduce or update them on AA-REIT. The Chief Executive Officer and Assistant Fund Manager were present at these meetings to interact with investors and address their queries. In addition, the Manager also facilitated property tours for media, analysts and investors to provide greater insights into AA REIT's quality portfolio and operations.

### Investor and media relations calendar

8-10 April 2014	Asia Pacific Property Corporate Day and APREA Property Conference
7 May 2014	FY2014 Results announcement and analyst briefing
24 June 2014	RHB ASEAN Corporate Day
28 June 2014	SIAS Corporate Seminar
30 July 2014	1Q FY2015 Results announcement and analyst briefing
30 July 2014	5th AGM and EGM
26 August 2014	Macquarie ASEAN Conference
1 October 2014	Alliance-DBS Vickers Conference
30 October 2014	2Q FY2015 Results announcement and analyst briefing
29 November 2014	SIAS Corporate Profile and Investment Seminar
14 January 2015	RHB ASEAN and Hong Kong Corporate Day
29 January 2015	3Q FY2015 Results announcement and analyst briefing
29 April 2015	FY2015 Results announcement and analyst briefing

# Financial Statements

**94.**

Report of the Trustee

**95.**

Statement by the Manager

**96.**

Independent Auditors' Report

**97.**

Statements of Financial Position

**98.**

Statements of Total Return

**99.**

Distribution Statements

**101.**

Statements of Movements in Unitholders' Funds

**102.**

Portfolio Statements

**105.**

Consolidated Statements of Cash Flows

**107.**

Notes to the Financial Statements

## Report of the Trustee

HSBC Institutional Trust Services (Singapore) Limited (the “Trustee”) is under a duty to take into custody and hold the assets of AIMS AMP Capital Industrial REIT (the “Trust”) and its subsidiaries (the “Group”) in trust for the holders (“Unitholders”) of units in the Trust (the “Units”). In accordance with the Securities and Futures Act, Chapter 289 of Singapore, its subsidiary legislation and the Code on Collective Investment Schemes, the Trustee shall monitor the activities of AIMS AMP Capital Industrial REIT Management Limited (the “Manager”) for compliance with the limitations imposed on the investment and borrowing powers as set out in the provisions of the trust deed establishing the Trust dated 5 December 2006, subsequently amended by the amending and restating trust deed dated 8 March 2007 and first supplemental deed dated 31 May 2010 between the Trustee and the Manager (the “Trust Deed”) in each annual accounting period and report thereon to Unitholders in an annual report.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed the Group during the year covered by these financial statements, set out on pages 97 to 154, in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

For and on behalf of the Trustee

**HSBC Institutional Trust Services (Singapore) Limited**

**Esther Fong**

**Senior Vice President, Trustee Services**

**Singapore**

25 May 2015

## Statement by the Manager

In the opinion of the Directors of AIMS AMP Capital Industrial REIT Management Limited, the accompanying financial statements set out on pages 97 to 154, comprising the statements of financial position, statements of total return, distribution statements, statements of movements in Unitholders' funds and portfolio statements of the Group and the Trust, the consolidated statements of cash flows of the Group and notes to the financial statements are drawn up so as to present fairly, in all material respects, the financial position of the Group and of the Trust as at 31 March 2015, and the total return, distributable income and movements in Unitholders' funds of the Group and of the Trust and cash flows of the Group for the year then ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "*Reporting Framework for Unit Trusts*" issued by the Institute of Singapore Chartered Accountants and the provisions of the Trust Deed. At the date of this statement, there are reasonable grounds to believe that the Group and the Trust will be able to meet their financial obligations as and when they materialise.

For and on behalf of the Manager

**AIMS AMP Capital Industrial REIT Management Limited**

**Koh Wee Lih**  
**Director**

**Singapore**  
25 May 2015



## Independent Auditors' Report

### Unitholders of AIMS AMP Capital Industrial REIT

(Constituted in the Republic of Singapore pursuant to a Trust Deed)

#### Report on the financial statements

We have audited the accompanying financial statements of AIMS AMP Capital Industrial REIT (the "Trust") and its subsidiaries (the "Group"), which comprise the statements of financial position and portfolio statements of the Group and the Trust as at 31 March 2015, the statements of total return, distribution statements and statements of movements in Unitholders' funds of the Group and the Trust and the consolidated statements of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 97 to 154.

#### *Manager's responsibility for the financial statements*

The Manager of the Trust is responsible for the preparation and fair presentation of these financial statements in accordance with the recommendations of Statement of Recommended Accounting Practice ("RAP") 7 "*Reporting Framework for Unit Trusts*" issued by the Institute of Singapore Chartered Accountants, and for such internal control as the Manager of the Trust determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

#### *Auditors' responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Trust's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Manager of the Trust, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Opinion*

In our opinion, the consolidated financial statements of the Group and the statement of financial position, portfolio statement, statement of total return, distribution statement and statement of movements in Unitholders' funds of the Trust present fairly, in all material respects, the financial position of the Group and the Trust as at 31 March 2015, and the total return, distributable income and movements in Unitholders' funds of the Group and of the Trust and cash flows of the Group for the year then ended, in accordance with recommendations of RAP 7 "*Reporting Framework for Unit Trusts*" issued by the Institute of Singapore Chartered Accountants.

**KPMG LLP**

*Public Accountants and Chartered Accountants*

**Singapore**

25 May 2015

## Statements of Financial Position

As at 31 March 2015

		Group		Trust	
	Note	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<b>Non-current assets</b>					
Investment properties	4	1,233,470	1,085,500	1,233,470	1,085,500
Investment properties under development	5	–	72,000	–	72,000
Subsidiaries	6	–	–	85,051	87,185
Joint venture	7	204,894	215,186	–	–
Trade and other receivables	8	3,464	3,365	3,464	3,365
Derivative financial instruments	9	213	177	213	177
Plant and equipment	10	–	26	–	26
		1,442,041	1,376,254	1,322,198	1,248,253
<b>Current assets</b>					
Trade and other receivables	8	6,183	7,178	5,775	6,585
Cash and cash equivalents	11	10,111	21,809	9,216	21,414
		16,294	28,987	14,991	27,999
<b>Total assets</b>		<b>1,458,335</b>	<b>1,405,241</b>	<b>1,337,189</b>	<b>1,276,252</b>
<b>Non-current liabilities</b>					
Trade and other payables	12	6,276	10,808	6,276	10,808
Interest-bearing borrowings	13	454,237	442,120	338,793	314,336
Derivative financial instruments	9	4,314	1,277	48	737
Deferred tax liabilities	14	1,134	–	–	–
		465,961	454,205	345,117	325,881
<b>Current liabilities</b>					
Trade and other payables	12	30,279	39,099	28,999	37,579
Derivative financial instruments	9	–*	49	–*	49
		30,279	39,148	28,999	37,628
<b>Total liabilities</b>		<b>496,240</b>	<b>493,353</b>	<b>374,116</b>	<b>363,509</b>
<b>Net assets</b>		<b>962,095</b>	<b>911,888</b>	<b>963,073</b>	<b>912,743</b>
Represented by:					
Unitholders' funds	15	962,095	911,888	963,073	912,743
Units in issue and to be issued ('000)	16	630,927	621,156	630,927	621,156
Net asset value per Unit attributable to Unitholders (\$)		1.5249	1.4680	1.5264	1.4694

\* less than \$1,000.

The accompanying notes form an integral part of these financial statements.

# Statements of Total Return

Year ended 31 March 2015

	Note	Group		Trust	
		2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Gross revenue	17	115,432	108,240	115,432	108,240
Property operating expenses	18	(35,419)	(36,345)	(35,419)	(36,345)
<b>Net property income</b>		80,013	71,895	80,013	71,895
Foreign exchange (loss)/gain		(59)	2	4,229	(2,513)
Interest income		71	81	2,520	578
Distribution income from a subsidiary		–	–	5,984	746
Borrowing costs	19	(22,761)	(13,810)	(16,334)	(12,850)
Manager's management fees					
- Base fees	20	(7,228)	(5,803)	(7,228)	(5,803)
- Performance fees	20	(2,917)	–	(2,917)	–
Other trust expenses	21	(2,072)	(1,941)	(1,561)	(1,858)
Non-property expenses		(34,978)	(21,554)	(28,040)	(20,511)
<b>Net income before joint venture's results</b>		45,047	50,424	64,706	50,195
Share of results of joint venture (net of tax)	7	26,213	(476)	–	–
<b>Net income</b>		71,260	49,948	64,706	50,195
Net change in fair value of investment properties and investment properties under development		37,721	31,401	37,721	31,401
Net change in fair value of derivative financial instruments		774	2,686	774	2,686
<b>Total return before income tax</b>		109,755	84,035	103,201	84,282
Income tax expense	22	(1,693)	(88)	(559)	(88)
<b>Total return after income tax</b>		108,062	83,947	102,642	84,194
<b>Earnings per Unit (cents)</b>					
Basic and diluted	23	17.35	15.60		

The accompanying notes form an integral part of these financial statements.

## Distribution Statements

Year ended 31 March 2015

	Note	Group		Trust	
		2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<b>Amount available for distribution to Unitholders at beginning of the year</b>		15,599	14,114	15,599	14,114
Total return before income tax		109,755	84,035	103,201	84,282
Net effect of tax adjustments	A	(25,565)	(28,423)	(38,327)	(27,222)
Other adjustments	B	(19,316)	1,448	–	–
		64,874	57,060	64,874	57,060
<b>Amount available for distribution to Unitholders from taxable income</b>		80,473	71,174	80,473	71,174
Distribution from tax-exempt income		751	148	751	148
Capital distribution		3,565	–	3,565	–
<b>Amount available for distribution to Unitholders</b>		84,789	71,322	84,789	71,322
<b>Distributions to Unitholders during the year:</b>					
3.14 cents per Unit for the period from 1 January 2013 – 31 March 2013		–	(14,111)	–	(14,111)
0.85 cents per Unit for the period from 1 April 2013 – 1 May 2013		–	(3,820)	–	(3,820)
1.65 cents per Unit for the period from 2 May 2013 – 30 June 2013		–	(8,668)	–	(8,668)
2.75 cents per Unit for the period from 1 July 2013 – 30 September 2013		–	(14,481)	–	(14,481)
2.77 cents per Unit for the period from 1 October 2013 – 31 December 2013		–	(14,643)	–	(14,643)
2.51 cents per Unit for the period from 1 January 2014 – 31 March 2014		(15,591)	–	(15,591)	–
2.55 cents per Unit for the period from 1 April 2014 – 30 June 2014		(15,849)	–	(15,849)	–
2.77 cents per Unit for the period from 1 July 2014 – 30 September 2014		(17,259)	–	(17,259)	–
2.83 cents per Unit for the period from 1 October 2014 – 31 December 2014		(17,725)	–	(17,725)	–
		(66,424)	(55,723)	(66,424)	(55,723)
<b>Amount available for distribution to Unitholders at end of the year</b>		<b>18,365</b>	<b>15,599</b>	<b>18,365</b>	<b>15,599</b>
<b>Number of Units entitled to distributions at end of the year ('000)</b>		628,935	621,156	628,935	621,156
<b>Distribution per Unit (cents)</b>		11.07	10.53	11.07	10.53

Please refer to note 3.12 for the Trust's distribution policy.

*The accompanying notes form an integral part of these financial statements.*

## Distribution Statements

Year ended 31 March 2015

### Note A - Net effect of tax adjustments

	Group		Trust	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Amortisation and write-off of borrowing transaction costs	2,367	1,090	2,367	1,090
Foreign exchange loss/(gain)	51	–	(4,237)	2,515
Manager's management fees in Units				
- Base fees	2,717	2,188	2,717	2,188
- Performance fees	2,917	–	2,917	–
Net change in fair value of investment properties and investment properties under development	(37,721)	(31,401)	(37,721)	(31,401)
Net change in fair value of derivative financial instruments	(774)	(2,686)	(774)	(2,686)
Prepayment fee on borrowings	66	–	66	–
Net tax adjustment on foreign sourced income	3,171	530	(5,289)	(783)
Temporary differences and other tax adjustments	1,641	1,856	1,627	1,855
Net effect of tax adjustments	(25,565)	(28,423)	(38,327)	(27,222)

### Note B – Other adjustments

Other adjustments for the Group comprised primarily the accounting results of the Trust's subsidiaries.



## Statements of Movements in Unitholders' Funds

Year ended 31 March 2015

		Group		Trust	
	Note	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<b>Balance at beginning of the year</b>		911,888	665,336	912,743	665,335
<b>Operations</b>					
Total return after income tax		108,062	83,947	102,642	84,194
<b>Foreign currency translation reserve</b>					
Translation differences relating to financial statements of foreign subsidiaries and net investment in foreign operations	15	(1,543)	(69)	–	–
<b>Hedging reserve</b>					
Effective portion of changes in fair value of cash flow hedges	15	(4,000)	(540)	–	–
<b>Unitholders' transactions</b>					
Issuance of Units (including Units to be issued):					
- Manager's base fees in Units		2,717	2,188	2,717	2,188
- Manager's performance fees in Units		2,917	–	2,917	–
- Placement		–	110,000	–	110,000
- Rights issue		–	99,914	–	99,914
- Distribution Reinvestment Plan		8,514	7,075	8,514	7,075
- Property Manager's fees in Units		–	5,035	–	5,035
Distributions to Unitholders		(66,424)	(55,723)	(66,424)	(55,723)
Issue expenses	15	(36)	(5,275)	(36)	(5,275)
Change in Unitholders' funds resulting from Unitholders' transactions		(52,312)	163,214	(52,312)	163,214
Total increase in Unitholders' funds		50,207	246,552	50,330	247,408
<b>Balance at end of the year</b>		962,095	911,888	963,073	912,743

The accompanying notes form an integral part of these financial statements.

## Portfolio Statements

As at 31 March 2015

	Description of property	Location	Term of land lease <sup>1</sup>	Remaining term of land lease (years)
<b>Group and the Trust</b>				
<b>Investment properties in Singapore</b>				
1	20 Gul Way <sup>3</sup>	20 Gul Way	35 years	25.8
2	27 Penjuru Lane	27 Penjuru Lane	45 years	34.5
3	8 & 10 Pandan Crescent	8 & 10 Pandan Crescent	92 years and 8 months	53.2
4	NorthTech	29 Woodlands Industrial Park E1	60 years	39.8
5	1A International Business Park	1A International Business Park	52 years	44.2
6	103 Defu Lane 10 <sup>4</sup>	103 Defu Lane 10	60 years	28.2
7	Element 14	15 Tai Seng Drive	60 years	36.0
8	10 Changi South Lane	10 Changi South Lane	60 years	41.2
9	1 Bukit Batok Street 22	1 Bukit Batok Street 22	60 years	40.2
10	61 Yishun Industrial Park A	61 Yishun Industrial Park A	60 years	37.4
11	3 Tuas Avenue 2	3 Tuas Avenue 2	73 years	40.0
12	135 Joo Seng Road	135 Joo Seng Road	60 years	39.2
13	3 Toh Tuck Link	3 Toh Tuck Link	60 years	41.6
14	23 Tai Seng Drive	23 Tai Seng Drive	60 years	35.3
15	11 Changi South Street 3	11 Changi South Street 3	60 years	40.0
16	56 Serangoon North Avenue 4	56 Serangoon North Avenue 4	60 years	40.1
17	8 & 10 Tuas Avenue 20	8 Tuas Avenue 20	57 years and 2 months	35.8
		10 Tuas Avenue 20	60 years	37.5
18	King Plastic	541 Yishun Industrial Park A	60 years	39.2
19	30 & 32 Tuas West Road	30 & 32 Tuas West Road	60 years	40.8
20	2 Ang Mo Kio Street 65	2 Ang Mo Kio Street 65	60 years	32.0
21	7 Clementi Loop	7 Clementi Loop	60 years	38.2
22	1 Kallang Way 2A <sup>5</sup>	1 Kallang Way 2A	60 years	40.2
23	8 Senoko South Road	8 Senoko South Road	60 years	39.6
24	Aalst Chocolate Building	26 Tuas Avenue 7	60 years	38.8
25	10 Soon Lee Road	10 Soon Lee Road	60 years	25.9
<b>Investment properties, at valuation</b>				
<b>Investment properties under development in Singapore</b>				
1	20 Gul Way – Phase 2E and Phase Three <sup>3</sup>	20 Gul Way	35 years	25.8
6	103 Defu Lane 10 <sup>4</sup>	103 Defu Lane 10	60 years	28.2
<b>Investment properties under development, at valuation</b>				
<b>Investment property in Australia held through a joint venture (note 7)</b>				
26	Optus Centre <sup>6</sup>	1-5 Lyonpark Road, Macquarie Park, New South Wales	Freehold	N.A.
<b>Portfolio in investment properties and investment properties under development</b>				
<b>Other assets and liabilities (net)</b>				
<b>Total Unitholders' funds</b>				

<sup>1</sup> Includes the period covered by the relevant options to renew.

<sup>2</sup> The occupancy rates shown are on committed basis.

<sup>3</sup> On 22 August 2011, the Group started the redevelopment of 20 Gul Way. Phase One and Phase Two of 20 Gul Way achieved Temporary Occupation Permit ("TOP") on 29 October 2012 and 7 May 2013 respectively and were transferred from "Investment properties under development" to "Investment properties" during the year ended 31 March 2013 and 31 March 2014 respectively. On 4 September 2013, the Group started the further development of Phase Two Extension ("2E") and Phase Three of 20 Gul Way and the costs incurred (including net change in fair value of the development) were classified as "Investment properties under development" as at 31 March 2014. Phase 2E and Phase Three of 20 Gul Way were transferred to "Investment properties" during the year ended 31 March 2015 upon achieving their TOPs on 14 June 2014 and 9 September 2014 respectively.

*The accompanying notes form an integral part of these financial statements.*

Existing use	Occupancy rate <sup>2</sup>		At valuation		Group percentage of total Unitholders' funds		Trust percentage of total Unitholders' funds	
	2015	2014	2015	2014	2015	2014	2015	2014
	%	%	\$'000	\$'000	%	%	%	%
Ramp-up Warehouse	100	100	303,600	217,000	31.5	23.8	31.5	23.8
Ramp-up Warehouse	100	100	182,000	182,600	18.9	20.0	18.9	20.0
Cargo Lift Warehouse	98	100	156,100	148,500	16.2	16.3	16.2	16.3
Hi-Tech	96	97	89,000	86,500	9.3	9.5	9.2	9.5
Business Park	100	100	86,700	86,600	9.0	9.5	9.0	9.5
Cargo Lift Warehouse	100	N.A.	41,000	–	4.3	–	4.3	–
Light Industrial	100	100	36,600	31,400	3.8	3.5	3.8	3.5
Cargo Lift Warehouse	84	100	31,200	30,600	3.2	3.4	3.2	3.4
Light Industrial	95	95	26,300	24,900	2.7	2.7	2.7	2.7
Light Industrial	88	71	25,100	24,630	2.6	2.7	2.6	2.7
Manufacturing	100	100	24,800	24,020	2.6	2.6	2.6	2.6
Light Industrial	93	92	23,300	23,900	2.4	2.6	2.4	2.6
Cargo Lift Warehouse	100	100	22,850	22,400	2.4	2.5	2.4	2.5
Light Industrial	95	95	22,700	20,500	2.4	2.2	2.4	2.2
Cargo Lift Warehouse	75	100	22,000	23,100	2.3	2.5	2.3	2.5
Cargo Lift Warehouse	90	89	19,600	19,300	2.0	2.1	2.0	2.1
Cargo Lift Warehouse	100	100	16,700	16,190	1.7	1.8	1.7	1.8
Manufacturing	100	100	15,900	15,800	1.7	1.7	1.7	1.7
Cargo Lift Warehouse	33	42	14,100	15,000	1.5	1.7	1.5	1.6
Manufacturing	100	100	13,600	13,610	1.4	1.5	1.4	1.5
Cargo Lift Warehouse	81	81	13,600	13,050	1.4	1.4	1.4	1.4
Manufacturing	14	100	13,500	12,800	1.4	1.4	1.4	1.4
Manufacturing	100	100	13,400	13,300	1.4	1.5	1.4	1.5
Manufacturing	100	100	11,420	10,300	1.2	1.1	1.2	1.1
Manufacturing	91	100	8,400	9,500	0.9	1.0	0.9	1.0
			1,233,470	1,085,500	128.2	119.0	128.1	118.9
–	N.A.	N.A.	–	44,500	–	4.9	–	4.9
–	N.A.	N.A.	–	27,500	–	3.0	–	3.0
			–	72,000	–	7.9	–	7.9
Business Park	100	100	204,677	214,974	21.3	23.6		
			1,438,147	1,372,474	149.5	150.5		
			(476,052)	(460,586)	(49.5)	(50.5)		
			962,095	911,888	100.0	100.0		

<sup>4</sup> On 21 January 2013, the Group started the redevelopment of 103 Defu Lane 10 and transferred it to "Investment properties under development". 103 Defu Lane 10 was classified as "Investment properties under development" as at 31 March 2014. It was transferred to "Investment properties" during the year ended 31 March 2015 upon achieving its TOP on 28 May 2014.

<sup>5</sup> The occupancy rate excludes the net lettable areas which are undergoing asset enhancement works.

<sup>6</sup> Relates to a 49.0% (2014: 49.0%) interest in Optus Centre, Macquarie Park, New South Wales, Australia. The independent valuation of the property was carried out by Savills Valuations Pty Ltd as at 31 December 2014 and the valuation was adopted by the Directors as at 31 March 2015. As at 31 March 2015, the property was valued at AUD398.0 million (equivalent to approximately \$417.7 million) (31 March 2014: AUD377.0 million (equivalent to approximately \$438.7 million)).

## Portfolio Statements

As at 31 March 2015

Description of property	At valuation		Trust percentage of total Unitholders' funds	
	2015 \$'000	2014 \$'000	2015 %	2014 %
<b>Trust</b>				
1-25 Investment properties, at valuation (pages 102 – 103)	1,233,470	1,085,500	128.1	118.9
<b>Investment properties under development, at valuation (pages 102 – 103)</b>	–	72,000	–	7.9
	1,233,470	1,157,500	128.1	126.8
Other assets and liabilities (net)	(270,397)	(244,757)	(28.1)	(26.8)
Total Unitholders' funds	963,073	912,743	100.0	100.0

Portfolio statement by industry segment is not presented as the Group's and the Trust's activities for the years ended 31 March 2015 and 31 March 2014 related wholly to investing in real estate in the industrial sector.

As at 31 March 2015, the investment properties were valued by Colliers International Consultancy & Valuation (Singapore) Pte Ltd or Knight Frank Pte Ltd (2014: Colliers International Consultancy & Valuation (Singapore) Pte Ltd or Knight Frank Pte Ltd). The independent valuation of the investment property held through a joint venture was carried out by Savills Valuations Pty Ltd as at 31 December 2014 and the valuation was adopted by the Directors as at 31 March 2015 (2014: Savills Valuations Pty Ltd as at 31 March 2014).

The Manager believes that the independent valuers have appropriate professional qualifications and recent experience in the location and category of the properties being valued. The valuations of the investment properties were based on capitalisation method, discounted cash flow analysis and direct comparison methods. As at 31 March 2014, the investment properties under development were valued based on the residual land method. Refer to note 4 and 5 of the financial statements for details of the valuation techniques.

# Consolidated Statements of Cash Flows

Year ended 31 March 2015

	Note	Group 2015 \$'000	2014 \$'000
<b>Cash flows from operating activities</b>			
Total return after income tax		108,062	83,947
<b>Adjustments for:</b>			
Share of results of joint venture (net of tax)		(26,213)	476
Borrowing costs		22,761	13,810
Depreciation		26	45
Foreign exchange loss/(gain)		59	(2)
Manager's base fees in Units		2,717	2,188
Manager's performance fees in Units		2,917	–
Net change in fair value of derivative financial instruments		(774)	(2,686)
Net change in fair value of investment properties and investment properties under development		(37,721)	(31,401)
Income tax expense		1,693	88
<b>Operating income before working capital changes</b>		<b>73,527</b>	<b>66,465</b>
<b>Changes in working capital</b>			
Rental and security deposits		771	2,105
Trade and other receivables		2,150	818
Trade and other payables		(376)	2,908
Income tax paid		(559)	(88)
<b>Net cash from operating activities</b>		<b>75,513</b>	<b>72,208</b>
<b>Cash flows from investing activities</b>			
Capital expenditure on investment properties and investment properties under development		(49,214)	(66,706)
Proceeds from divestment of investment property <sup>1</sup>		98	–
Investment in a joint venture		(909)	(208,387)
Distributions from a joint venture		14,211	995
<b>Net cash used in investing activities</b>		<b>(35,814)</b>	<b>(274,098)</b>
<b>Cash flows from financing activities</b>			
Borrowing costs paid		(22,687)	(15,040)
Distributions to Unitholders		(57,875)	(48,329)
Proceeds from interest-bearing borrowings		247,467	260,181
Repayment of interest-bearing borrowings		(215,889)	(183,049)
Proceeds from placement		–	110,000
Proceeds from rights issue		–	99,914
Issue expenses paid		(2,334)	(2,977)
<b>Net cash (used in)/from financing activities</b>		<b>(51,318)</b>	<b>220,700</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(11,619)</b>	<b>18,810</b>
<b>Cash and cash equivalents at beginning of the year</b>		<b>21,809</b>	<b>2,975</b>
Effect of exchange rate fluctuations on cash held		(79)	24
<b>Cash and cash equivalents at end of the year</b>		<b>10,111</b>	<b>21,809</b>

<sup>1</sup> The proceeds pertain to the compulsory acquisition by Singapore Land Authority of a strip of land with an area of 410.4 sq m at 29 Woodlands Industrial Park E1 for the purpose of constructing a dual 3-lane expressway.



## Consolidated Statements of Cash Flows

Year ended 31 March 2015

### Note:

#### A Significant non-cash transactions

There were the following significant non-cash transactions:

- (i) During the financial year, the Trust issued an aggregate of 1,873,632 (2014: 2,203,440) new Units amounting to \$2.7 million (2014: \$3.5 million) as partial payment for the base fee element of the Manager's management fees incurred.
- (ii) During the financial year, the Trust issued an aggregate of 5,904,699 (2014: 4,360,350) new Units amounting to \$8.5 million (2014: \$7.1 million) as part payment of the distributions, pursuant to the Trust's Distribution Reinvestment Plan.
- (iii) In 2014, the Trust issued an aggregate of 671,102 new Units amounting to \$1.1 million as payment for the performance component of the Manager's management fees.
- (iv) In 2014, the Trust issued an aggregate of 3,259,877 new Units amounting to \$5.0 million to AIMS AMP Capital Property Management Pte. Ltd. ("Property Manager") as payment for marketing services provided by the Property Manager in respect of securing tenants at three industrial properties, namely Phase One and Phase Two of 20 Gul Way, 27 Penjuru Lane and 103 Defu Lane 10.

Refer to note 16 of the financial statements.

# Notes to the Financial Statements

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Manager and the Trustee on 25 May 2015.

## 1. GENERAL

AIMS AMP Capital Industrial REIT (the "Trust") is a Singapore-domiciled real estate unit trust constituted pursuant to the trust deed dated 5 December 2006, subsequently amended by the amending and restating deed dated 8 March 2007 and first supplemental deed dated 31 May 2010 ("Trust Deed"), entered into between AIMS AMP Capital Industrial REIT Management Limited (the "Manager") and HSBC Institutional Trust Services (Singapore) Limited (the "Trustee"). The Trust Deed is governed by the laws of the Republic of Singapore. The Trustee is under a duty to take into custody and hold the assets of the Trust held by it or through its subsidiaries in trust for the holders ("Unitholders") of units in the Trust (the "Units").

The Trust was formally admitted to the Official List of the Singapore Exchange Securities Trading Limited ("SGX-ST") on 19 April 2007 (the "Listing Date") and was included under the Central Provident Fund ("CPF") Investment Scheme on 21 February 2007. On 21 March 2007, the Trust was declared as an authorised unit trust scheme under the Trustees Act, Chapter 337.

The principal activity of the Trust is to invest in a diversified portfolio of income-producing real estate located throughout the Asia-Pacific region that is used for industrial purposes, including, but not limited to, warehousing and distribution activities, business park activities and manufacturing activities. The principal activities of the subsidiaries are set out in note 6.

The consolidated financial statements relate to the Trust and its subsidiaries (the "Group") and the Group's interest in its joint venture.

The Trust has entered into several service agreements in relation to the management of the Trust and its property operations. The fee structures of these services are summarised below.

### 1.1 Trustee's fees

Under the Trust Deed, the Trustee's fees shall not exceed 0.1% per annum of the value of the Deposited Property (as defined in the Trust Deed) or such higher percentage as may be fixed by an extraordinary resolution at a meeting of Unitholders.

The Trustee's fee is accrued daily and is payable out of the value of the Deposited Property on a monthly basis, in arrears. The Trustee is also entitled to reimbursement of expenses incurred in the performance of its duties under the Trust Deed.

### 1.2 Manager's fees

Under the Trust Deed, the Manager is entitled to receive the base fee and performance fee as follows:

#### *Base fee*

The Manager is entitled to a base fee of 0.5% per annum of the value of the Deposited Property or such higher percentage as may be fixed by an extraordinary resolution of a meeting of Unitholders.

The base fees are payable in the form of cash and/or Units as the Manager may elect. Where the base fee (or any part or component thereof) is payable in the form of cash, such payment shall be made out of the Deposited Property within 30 days of the last day of each calendar month in arrears. Where the base fee (or any part or component thereof) is payable in the form of Units, such payment shall be made within 30 days of the last day of each calendar half-year in arrears.

#### *Performance fee*

The Manager is also entitled to a performance fee of 0.1% per annum of the value of the Deposited Property, provided that growth in distribution per Unit ("DPU") in a given financial year (calculated before accounting for the performance fee in that financial year)

## Notes to the Financial Statements

### 1. GENERAL (continued)

#### 1.2 Manager's fees (continued)

##### *Performance fee (continued)*

relative to the DPU in the previous financial year exceeds 2.5%. The performance fee is 0.2% per annum if the growth in DPU in a given financial year relative to the DPU in the previous financial year exceeds 5.0%.

For a period of 60 months from the Listing Date (save for the period from Listing Date to 31 March 2008 whereby no performance fee is payable), 100% of the performance fee shall be paid to the Manager in Units and thereafter, at the Manager's discretion.

##### *Acquisition and divestment fee*

The Manager is entitled to receive the following fees:

- (a) An acquisition fee of 1.0% of the acquisition price of any Authorised Investment (as defined in the Trust Deed), acquired directly or indirectly by the Trust or such higher percentage as may be fixed by an extraordinary resolution at a meeting of Unitholders; and
- (b) A divestment fee of 0.5% of the sale price of any Authorised Investment sold or divested by the Trustee or such higher percentage as may be fixed by an extraordinary resolution at a meeting of Unitholders.

The acquisition and divestment fee will be paid in the form of cash and/or Units and is payable as soon as practicable after completion of the acquisition or disposal.

#### 1.3 Property Manager's fees

The Manager and the Trustee have appointed AIMS AMP Capital Property Management Pte Ltd, a company related to the Manager, as the property manager (the "Property Manager") to operate, maintain and market all of the properties of the Group. The following fees are payable to the Property Manager in respect of all of the investment properties in Singapore:

- (i) A property management fee of 2.0% per annum of the rental income of each of the relevant properties.
- (ii) A lease management fee of 1.0% per annum of the rental income of each of the relevant properties.
- (iii) A marketing services commission equivalent to:
  - (a) one month's gross rent for securing a tenancy of three years or less;
  - (b) two months' gross rent for securing a tenancy of more than three years;
  - (c) half of one month's gross rent for securing a renewal of tenancy of three years or less;
  - (d) one month's gross rent for securing a renewal of tenancy of more than three years.

If a third party agent secures a tenancy, the Property Manager will be responsible for all marketing services commissions payable to such third party agent, and the Property Manager shall be entitled to a marketing services commission equivalent to:

- (a) 1.2 months' gross rent for securing a tenancy of three years or less; or
- (b) 2.4 months' gross rent for securing a tenancy of more than three years.

The gross rental, where applicable, includes service charge, reimbursements, which are the contributions paid by tenants towards covering the operating maintenance expenses of the property, and licence fees.

- (iv) A project management fee in relation to development or redevelopment, the refurbishment, retrofitting and renovation works on a property.

# Notes to the Financial Statements

## 1. GENERAL (continued)

### 1.3 Property Manager's fees (continued)

- (v) A property tax services fee in respect of property tax objections submitted to the tax authority on any proposed annual value of a property if, as a result of such objections, the proposed annual value is reduced resulting in property tax savings for the relevant property.

The Property Manager's fees are payable monthly, in arrears.

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

The financial statements have been prepared in accordance with the Statement of Recommended Accounting Practice ("RAP") 7 "*Reporting Framework for Unit Trusts*" issued by the Institute of Singapore Chartered Accountants ("ISCA"), the applicable requirements of the Code on Collective Investment Schemes ("CIS Code") issued by the Monetary Authority of Singapore ("MAS") and the provisions of the Trust Deed. RAP 7 requires that accounting policies adopted should generally comply with the principles relating to recognition and measurement of the Singapore Financial Reporting Standards ("FRS").

### 2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis, except for investment properties, investment properties under development, derivative financial instruments and certain financial assets and liabilities, which are stated at fair value.

### 2.3 Functional and presentation currency

The financial statements are presented in Singapore dollars, which is the functional currency of the Trust. All financial information presented in Singapore dollars has been rounded to the nearest thousand, unless otherwise stated.

### 2.4 Use of estimates and judgements

The preparation of financial statements in conformity with RAP 7 requires the Manager to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Notes 4 and 5 : Valuation of investment properties and investment properties under development
- Note 8 : Valuation of trade and other receivables
- Note 26 : Valuation of financial instruments

#### *Measurement of fair values*

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

## Notes to the Financial Statements

### 2. BASIS OF PREPARATION (continued)

#### 2.4 Use of estimates and judgements (continued)

##### *Measurement of fair values* (continued)

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable data).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Notes 4 and 5 : Valuation of investment properties and investment properties under development
- Note 26 : Valuation of financial instruments

#### 2.5 Changes in accounting policies

##### *Joint arrangements*

From 1 April 2014, as a result of the adoption of FRS 111 *Joint Arrangements*, the Group has changed its accounting policy for its interests in joint arrangements. Under FRS 111, the Group has classified its interests in joint arrangements as either joint operations (if the Group has rights to the assets, and obligations for the liabilities, relating to an arrangement) or joint ventures (if the Group has rights only to the net assets of an arrangement). When making this assessment, the Group considered the structure of the arrangements, the legal form of any separate vehicles, the contractual terms of the arrangements and other facts and circumstances. Previously, the structure of the arrangement was the sole focus of classification.

The Group has re-evaluated its involvement in its only joint arrangement and the investment would continue to be recognised by applying the equity method and there has been no impact on the recognised assets, liabilities and comprehensive income of the Group.

##### *Disclosure of interests in other entities*

From 1 April 2014, as a result of the adoption of FRS 112 *Disclosures of Interests in Other Entities*, the Group has expanded its disclosures on its interest in joint venture (see note 7).

##### *Offsetting of financial assets and financial liabilities*

Under the amendments to FRS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*, to qualify for offsetting, the right to set off a financial asset and a financial liability must not be contingent on a future event and must be enforceable both in the normal course of business and in the event of a default, insolvency or bankruptcy of the entities and all counter parties. There is no financial impact to the Group's statement of financial position arising from the adoption of amendments to FRS 32.

## Notes to the Financial Statements

### 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all years presented in these financial statements, except as explained in note 2.5, which addresses the changes in accounting policies.

#### 3.1 Basis of consolidation

##### *Subsidiaries*

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have deficit balance.

##### *Investments in joint ventures (equity-accounted investees)*

A joint venture is an entity over which the Group has joint control established by contractual arrangement, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Investment in a joint venture is accounted for under the equity method and is recognised initially at cost. The cost of the investment includes transaction costs.

Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that joint control commences until the date that joint control ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, together with any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation to fund the investee's operations or has made payments on behalf of the investee.

##### *Transactions eliminated on consolidation*

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with the equity-accounted investee are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

##### *Accounting for subsidiaries by the Trust*

Investments in subsidiaries are stated in the Trust's balance sheet at cost less accumulated impairment losses.

#### 3.2 Foreign currencies

##### *Foreign currency transactions*

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the reporting date.



## Notes to the Financial Statements

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3.2 Foreign currencies (continued)

##### *Foreign currency transactions (continued)*

Foreign currency differences arising on retranslation are recognised in statement of total return, except for the foreign currency differences which are recognised in Unitholders' funds arising on the retranslation of monetary items that in substance form part of the Group's net investment in a foreign operation and a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective.

##### *Foreign operations*

The assets and liabilities of foreign operations are translated to Singapore dollars at exchange rates at the end of the reporting period. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates at the dates of the transactions. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the exchange rate at the reporting date.

Foreign currency differences are recognised within Unitholders' funds, and are presented in the foreign currency translation reserve. However, if the foreign operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the foreign currency translation reserve related to that foreign operation is reclassified to the statement of total return as part of the gain or loss on disposal. When the Group disposes of only part of its investment in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in a joint venture which includes a foreign operation while retaining significant influence or joint control; the relevant proportion of the cumulative amount is reclassified to the statement of total return.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item that are considered to form part of a net investment in a foreign operation are recognised in the Unitholders' funds, and are presented in the foreign currency translation reserve.

##### *Hedge of a net investment in foreign operation*

The Group applies hedge accounting to foreign currency differences arising between the functional currency of the foreign operation and the Trust's functional currency (Singapore dollars), regardless of whether the net investment is held directly or through an intermediate parent.

Foreign currency differences arising on the retranslation of a financial liability designated as a hedge of a net investment in a foreign operation are recognised in Unitholders' funds to the extent that the hedge is effective, and are presented in the foreign currency translation reserve. To the extent that the hedge is ineffective, such differences are recognised in the statement of total return. When the hedged net investment is disposed of, the relevant amount in the foreign currency translation reserve is transferred to the statement of total return as part of the gain or loss on disposal.

#### 3.3 Investment properties

##### *Investment properties and investment properties under development*

Investment properties are properties held either to earn rental income or capital appreciation or both. Investment properties under development are properties being constructed or developed for future use as investment properties. Investment properties and investment properties under development are accounted for as non-current assets and are stated at initial cost on acquisition and at fair value thereafter.

## Notes to the Financial Statements

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3.3 Investment properties (continued)

##### *Investment properties and investment properties under development (continued)*

Cost includes expenditure that is directly attributable to the investment property or investment property under development. Transaction costs shall be included in the initial measurement. The cost of self-constructed investment property includes the cost of materials and direct labour, any other cost directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

Fair value is determined in accordance with the Trust Deed, which requires the investment properties and investment properties under development to be valued by independent registered valuers in the following events:

- (i) in such manner and frequency as required under the CIS code issued by MAS; and
- (ii) at least once in each period of 12 months following the acquisition of each parcel of real estate property.

Any increase or decrease on revaluation is credited or charged directly to the statement of total return as a net change in fair value of investment properties and investment properties under development.

Subsequent expenditure relating to investment properties or that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of originally assessed standard of performance of the existing asset, will flow to the Group. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

When an investment property or investment property under development is disposed of, the resulting gain or loss recognised in the statement of total return is the difference between net disposal proceeds and the carrying amount of the property.

Investment properties are not depreciated. The properties are subject to continued maintenance and regularly revalued on the basis set out above.

#### 3.4 Plant and equipment

##### *Recognition and measurement*

Plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

When parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.

Gains and losses on disposal of an item of plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of plant and equipment, and are recognised in the statement of total return.

##### *Subsequent costs*

The cost of replacing a component of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of plant and equipment are recognised in the statement of total return as incurred.

##### *Depreciation*

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

## Notes to the Financial Statements

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3.4 Plant and equipment (continued)

##### *Depreciation (continued)*

Depreciation is recognised in the statement of total return on a straight-line basis over the estimated useful lives of each part of an item of plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives for the current period are as follows:

Plant and machinery :            3 years

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted, if appropriate.

#### 3.5 Financial instruments

##### *Non-derivative financial assets*

The Group recognises loans and receivables on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has the following non-derivative financial assets: loans and receivables.

##### *Loans and receivables*

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, and trade and other receivables excluding prepayment.

##### *Non-derivative financial liabilities*

The Group initially recognises financial liabilities on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

## Notes to the Financial Statements

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3.5 Financial instruments (continued)

##### *Non-derivative financial liabilities (continued)*

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise interest-bearing borrowings, rental deposits and trade and other payables.

##### *Derivative financial instruments, including hedge accounting*

The Group holds derivative financial instruments to manage its interest rate risk exposure.

On initial designation of the derivative as the hedging instrument, the Group formally documents the relationship between the hedging instrument and the hedged item, including the risk management objectives and strategy in undertaking the hedge transaction and the hedged risk, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, of whether the hedging instruments are expected to be “highly effective” in offsetting the changes in the fair value or cash flows of the respective hedged items attributable to the hedged risk, and whether the actual results of each hedge are within a range of 80%-125%. For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that could ultimately affect the reported statement of total return.

Derivatives are recognised initially at fair value; any attributable transaction costs are recognised in the statement of total return as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

##### *Cash flow hedges*

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in Unitholders' funds and presented in the hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in the statement of total return. When the hedged item is a non-financial asset, the amount accumulated in the hedging reserve is reclassified to the statement of total return in the same period or periods during which the non-financial item affects the statement of total return. In other cases as well, the amount accumulated in hedging reserve is reclassified to the statement of total return in the same period that the hedged item affects the statement of total return. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the balance in hedging reserve is reclassified to the statement of total return.

##### *Other non-trading derivatives*

When a derivative financial instrument is not designated in a hedge relationship that qualifies for hedge accounting, all changes in its fair value are recognised immediately in the statement of total return.

#### 3.6 Impairment

##### *(i) Non-derivative financial assets*

A financial asset not carried at fair value through the statement of total return is assessed at the end of each reporting year to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event has a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

## Notes to the Financial Statements

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3.6 Impairment (continued)

##### (i) *Non-derivative financial assets* (continued)

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Group, economic conditions that correlate with defaults or the disappearance of an active market for a security.

##### *Loans and receivables*

The Group considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant loans and receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for the Manager's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses are recognised in the statement of total return and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amount are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through the statement of total return.

##### *Joint venture*

An impairment loss in respect of a joint venture is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with note 3.6(ii). An impairment is recognised in profit or loss. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

##### (ii) *Non-financial assets*

The carrying amounts of the Group's non-financial assets, other than investment properties and investment properties under development, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit ("CGU") exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU's.

Impairment losses are recognised in the statement of total return. Impairment losses recognised in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

## Notes to the Financial Statements

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3.7 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

#### 3.8 Unitholders' funds

Unitholders' funds represent the Unitholders' residual interest in the Group's net assets upon termination and is classified as equity. Incremental cost, directly attributable to the issuance, offering and placement of Units in the Trust are deducted directly against Unitholders' funds.

#### 3.9 Revenue recognition

(i) *Rental income and service charge from operating leases*

Rental income and service charges receivable under operating leases are recognised in the statement of total return on a straight-line basis over the term of the lease except where an alternative basis is more representative of the pattern of benefits to be derived from the leased assets. Lease incentives granted are recognised as an integral part of the total rental to be received.

(ii) *Interest income*

Interest income is recognised on an accrual basis using the effective interest method.

(iii) *Distribution income*

Distribution income is recognised in the statement of total return on the date that the Group's or the Trust's right to receive payment is established.

#### 3.10 Expenses

(i) *Manager's fees*

Manager's fees are recognised on an accrual basis based on the applicable formula stipulated in note 1.2.

(ii) *Property expenses*

Property expenses are recognised on an accrual basis. Included in property expenses is the Property Manager's fee which is based on the applicable formula stipulated in note 1.3.

(iii) *Other trust expenses*

Other trust expenses are recognised on an accrual basis.

(iv) *Borrowing costs*

Borrowing costs comprise interest expenses on borrowings and amortisation of borrowing related transaction costs which are recognised in the statement of total return using the effective interest rate method over the period for which the borrowings are granted.



## Notes to the Financial Statements

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3.11 Income tax expense

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in the statements of total return except to the extent that it relates to items recognised directly in Unitholders' funds.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit;
- differences related to investments in subsidiaries and joint ventures to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. For investment property that is measured at fair value, the presumption that the carrying amount of the investment property will be recovered through sale has not been rebutted. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse and based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience with tax authorities. The assessment of these factors relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

The Inland Revenue Authority of Singapore ("IRAS") has issued a tax ruling on the taxation of the Trust and its Unitholders. Subject to meeting the terms and conditions of the tax ruling issued by IRAS, which includes a distribution of at least 90.0% of the taxable income of the Trust, the Trustee will not be assessed to tax on the taxable income of the Trust that is distributed to the Unitholders. In the event that there are subsequent adjustments to the taxable income when the actual taxable income of the Trust is finally agreed with IRAS, such adjustments are taken up as an adjustment to the taxable income for the next distribution following the agreement with IRAS.

Distributions made by the Trust out of such taxable income to Individuals and Qualifying Unitholders (as defined below) are distributed without deducting any income tax. This treatment is known as the "tax transparency" treatment.

## Notes to the Financial Statements

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3.11 Income tax expense (continued)

For distributions made to foreign non-individual Unitholders (as defined below) during the period from 18 February 2010 to 31 March 2020, the Trustee is required to withhold tax at the reduced rate of 10.0% on distributions made out of the Trust's taxable income (that is not taxed at the Trust level).

For other types of Unitholders, the Trustee is required to withhold tax at the prevailing corporate tax rate on the distributions made by the Trust. Such Unitholders are subject to tax on the regressed amounts of the distributions received but may claim a credit for the tax deducted at source by the Trustee.

Any portion of the taxable income that is not distributed, known as retained taxable income, tax will be assessed on the Trustee in accordance with section 10(1)(a) of the Income Tax Act, Chapter 134. Where such retained taxable income is subsequently distributed, the Trustee need not deduct tax at source.

A "Qualifying Unitholder" is a Unitholder who is:

- A Singapore-incorporated company which is a tax resident in Singapore;
- A body of persons other than a company or a partnership, registered or constituted in Singapore (e.g. a town council, a statutory board, a registered charity, a registered cooperative society, a registered trade union, a management corporation, a club and a trade industry association); or
- A Singapore branch of a foreign company which has been presented a letter of approval from IRAS granting waiver from tax deducted at source in respect of distributions from the Trust. A Singapore branch of a foreign company does not have to separately obtain approval from IRAS for the waiver from tax deducted at source in respect of distribution from the Trust made on or after 1 January 2015.

A "foreign non-individual Unitholder" is one which is not a resident of Singapore for income tax purposes and:

- who does not have a permanent establishment in Singapore; or
- who carries on any operation in Singapore through a permanent establishment in Singapore, where the funds used to acquire the Units are not obtained from that operation in Singapore.

The above tax transparency ruling does not apply to gains from sale of real estate properties, if considered to be trading gains derived from a trade or business carried on by the Trust. Tax on such gains or profits will be assessed, in accordance with section 10(1)(a) of the Income Tax Act, Chapter 134 and collected from the Trustee. Where the gains are capital gains, it will not be assessed to tax and the Trustee and the Manager may distribute the capital gains without tax being deducted at source.

The Trust's foreign-sourced trust distributions and interest income to be received in Singapore by the Trust from its Australian subsidiary, where such income originates from property rental income from its investment in Optus Centre, Macquarie Park, New South Wales, Australia and income derived from property-related activities or other activities in line with the regulatory requirements imposed on the Trust, are exempted from Singapore income tax under Section 13(12) of the Singapore Income Tax Act.

This tax exemption is granted by the IRAS but is subject to certain conditions, including the condition that the Trustee is a tax resident of Singapore.

#### 3.12 Distribution policy

The Manager's distribution policy is to distribute at least 90.0% of the Trust's taxable income other than gains from sale of real estate that are determined by IRAS to be trading gains and net overseas income. Taxable income comprised substantially the Trust's income from the letting of its properties after deduction of allowable expenses. The actual level of distribution will be determined at the Manager's discretion.

## Notes to the Financial Statements

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3.12 Distribution policy (continued)

The Trust makes distributions to Unitholders on a quarterly basis, with the amount calculated as at 30 June, 30 September, 31 December and 31 March in each distribution year for the three-month period ending on each of those dates. Under the Trust Deed, the Manager shall pay distributions within 90 days after the end of each distribution period. Distributions, when paid, will be in Singapore dollars.

In the event that there are gains arising from sale of real estate properties, and only if such gains are surplus to the business requirements and needs of the Group, the Manager may, at its discretion, direct the Trustee to distribute such gains. Such gains, if not distributed, will form part of the Deposited Property. The Trustee shall not distribute any gain arising from the sale of real estate properties until IRAS agrees on the nature of the gain and its taxability.

On 20 April 2012, the Manager announced the implementation of the Distribution Reinvestment Plan ("DRP"), which provides eligible Unitholders with the option to elect to receive Units in lieu of the cash amount of any distribution (including any interim, final, special or other distribution declared on their holding of Units (after the deduction of applicable income tax, if any)). The Manager may, in its absolute discretion, determine that the DRP will apply to any particular distribution.

#### 3.13 Earnings per unit

The Group presents basic and diluted earnings per unit ("EPU") data for its units. Basic EPU is calculated by dividing the total return attributable to Unitholders of the Group by the weighted average number of units outstanding during the period. Diluted EPU is determined by adjusting the total return attributable to Unitholders and the weighted average number of units outstanding for the effects of all dilutive potential units.

#### 3.14 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's Chief Operating Decision Makers ("CODMs") which comprise mainly the Board of Directors and Chief Executive Officer ("CEO") of the Manager to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise foreign exchange gain/loss, interest income, borrowing costs, trust expenses and income tax expense.

Segment capital expenditure is the total cost incurred during the year to acquire plant and equipment, investment properties and investment properties under development.

#### 3.15 New standards, interpretations not yet adopted and revised recommended accounting practice

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 April 2014, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group and Trust. The Group does not plan to adopt these standards early.

## Notes to the Financial Statements

### 4. INVESTMENT PROPERTIES

		Group and Trust	
		2015	2014
	Note	\$'000	\$'000
At 1 April		1,085,500	971,040
Capital expenditure capitalised		2,791	3,450
Divestment of investment property		(98)	–
Net change in fair value of investment properties (unrealised) recognised in the statement of total return		12,777	19,630
Transfer from investment properties under development	5	132,500	91,380
At 31 March		1,233,470	1,085,500

At the reporting date, investment properties of the Group and the Trust with carrying amount totalling \$704,370,000 (2014: \$886,930,000) had been pledged as security for interest-bearing borrowings (note 13).

#### Fair value hierarchy

Investment properties with fair value of \$1,233,470,000 (2014: \$1,085,500,000) as at 31 March 2015, were measured by independent professional valuers, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued.

The fair value measurement for investment properties has been categorised as Level 3 fair values based on inputs to the valuation technique used (see note 2.4).

#### Level 3 fair value measurements

##### (i) Reconciliation of Level 3 fair value

The reconciliation from beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy for investment properties is presented in the above table set out in this note.

##### (ii) Valuation techniques

Investment properties are stated at fair value based on valuations performed by independent professional valuers, Colliers International Consultancy & Valuation (Singapore) Pte Ltd or Knight Frank Pte Ltd on 31 March 2015 and on 31 March 2014. The fair values take into consideration the market values of the properties, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties have each acted knowledgeably, prudently and without compulsion. The specific risks inherent in each of the properties are taken into consideration in arriving at the property valuation.

In determining the fair value, the valuers have used valuation techniques which involve certain estimates. The key assumptions used to determine the fair value of investment properties include market-collaborated discount rate, terminal capitalisation rate and capitalisation rate. In relying on the valuation reports, the Manager has exercised its judgement and is satisfied that the valuation methods and estimates are reflective of current market conditions and the valuation reports are prepared in accordance with recognised appraisal and valuation standards.

The valuers have considered valuation techniques including the discounted cash flow analysis, capitalisation method and/or direct comparison method in arriving at the open market value as at the reporting date.

The discounted cash flow analysis involves the estimation and projection of a net income stream over a period and discounting the net income stream with an internal rate of return to arrive at the market value. The discounted cash flow analysis requires

## Notes to the Financial Statements

### 4. INVESTMENT PROPERTIES (continued)

#### Level 3 fair value measurements (continued)

#### (ii) Valuation techniques (continued)

the valuer to assume a rental growth rate indicative of market and the selection of a target internal rate of return consistent with current market requirements. The capitalisation method is an investment approach whereby the estimated gross passing income (on both a passing and market rent basis) has been adjusted to reflect anticipated operating costs to produce a net income on a fully leased basis. The adopted fully leased net income is capitalised over the remaining term of the lease from the valuation date at an appropriate investment yield. The direct comparison method used as a secondary method and is a comparative analysis which considers the relativity of various aspects of the property including (not necessary limited to) location, tenure, size, configuration, quality of improvements and the date of transaction and the circumstances surrounding the sale. Transactions of comparable properties have been considered and capital value rates analysed. Thereafter, appropriate adjustments have been included and a capital value rate adopted for the property.

#### (iii) Significant unobservable inputs

The following table shows the key unobservable inputs used in the valuation models:

Valuation technique	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Discounted cash flows analysis	<ul style="list-style-type: none"> <li>Discount rate of 8.00% to 8.25% (2014: 8.00% to 8.25%)</li> <li>Terminal capitalisation rate of 6.50% to 7.50% (2014: 6.50% to 7.25%)</li> </ul>	<p>The estimated fair value would increase (decrease) if discount rate were lower (higher).</p> <p>The estimated fair value would increase (decrease) if terminal capitalisation rate were lower (higher).</p>
Capitalisation method	<ul style="list-style-type: none"> <li>Capitalisation rate of 6.25% to 7.25% (2014: 6.25% to 7.00%)</li> </ul>	The estimated fair value would increase (decrease) if capitalisation rate were lower (higher).

### 5. INVESTMENT PROPERTIES UNDER DEVELOPMENT

	Note	Group and Trust	
		2015 \$'000	2014 \$'000
At 1 April		72,000	73,945
Development expenditure capitalised		35,556	77,664
Net change in fair value of investment properties under development (unrealised) recognised in statement of total return		24,944	11,771
Transfer to investment properties	4	(132,500)	(91,380)
At 31 March		—	72,000

Included in development expenditure capitalised is \$689,372 (2014: \$857,806) of borrowing costs capitalised during the year.

As at 31 March 2014, investment properties under development of the Group and the Trust with carrying amount totalling \$44,500,000 had been pledged as security for interest-bearing borrowings (note 13).

## Notes to the Financial Statements

### 5. INVESTMENT PROPERTIES UNDER DEVELOPMENT (continued)

#### Fair value hierarchy

Investment properties under development with fair value of \$72,000,000 as at 31 March 2014 were measured by independent professional valuers Colliers International Consultancy & Valuation (Singapore) Pte Ltd or Knight Frank Pte Ltd, who have the appropriate recognised professional qualifications and recent experience in the location and category of property being valued.

The fair value measurement for investment property under development as at 31 March 2014 has been categorised as a Level 3 fair value based on the inputs to the valuation techniques used (see note 2.4).

#### Level 3 fair value measurement

##### (i) Reconciliation of Level 3 fair value

The reconciliation from beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy for investment properties under development is presented in the above table set out in this note.

##### (ii) Valuation techniques

In determining the fair value of investment property under development, the valuers have adopted the residual land method whereby the total gross development costs and developer's profit are deducted from the gross development value to arrive at the residual value of land. The gross development value is the estimated value of the property assuming satisfactory completion of the development as at the date of valuation and is determined using the discounted cash flow analysis, capitalisation method and/or direct comparison methods (see note 4).

The key assumptions include the estimation of net income based on rental assumptions which are considered in line with prevailing market conditions and general market practice within Singapore, a market-corroborated discount rate, terminal capitalisation rate, capitalisation rate and estimated development costs to be incurred.

##### (iii) Significant unobservable inputs

The following table shows the key unobservable inputs used in the valuation models:

Valuation technique	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Residual land method	Discounted cash flows analysis	
	• 2014 discount rate of 8.00% to 8.25%	The estimated fair value would increase (decrease) if discount rate were lower (higher).
	• 2014 terminal capitalisation rate of 6.75% to 7.30%	The estimated fair value would increase (decrease) if terminal capitalisation rate were lower (higher).
	Capitalisation methods	
	• 2014 capitalisation rate of 6.50% to 7.05%	The estimated fair value would increase (decrease) if capitalisation rate were lower (higher).
	• Gross development costs	The estimated fair value would increase (decrease) if gross development costs were lower (higher).



## Notes to the Financial Statements

### 6. SUBSIDIARIES

	Trust	
	2015	2014
	\$'000	\$'000
Unquoted equity, at cost	56,105	55,341
Loan to a subsidiary	28,946	31,844
	85,051	87,185

The loan to a subsidiary is non-trade in nature, unsecured and bears an effective interest rate of 8.0% (2014: 8.0%) per annum. The settlement of the amount is neither planned nor likely to occur in the foreseeable future. As the amount is, in substance, a part of the Trust's net investment in the subsidiary, it is stated at cost less accumulated impairment losses.

Details of the subsidiaries are as follows:

	Country of incorporation/ constitution	Effective equity interest held by the Group	
		2015	2014
		%	%
<u>Subsidiaries of the Trust</u>			
AACI REIT MTN Pte. Ltd. <sup>1</sup>	Singapore	100.0	100.0
AACI REIT Opera Pte. Ltd. <sup>2</sup>	Singapore	100.0	100.0
AIMS AMP Capital Industrial REIT (Australia) Trust <sup>3</sup>	Australia	100.0	100.0
AA REIT Macquarie Park Investment Trust <sup>4</sup>	Australia	100.0	100.0

<sup>1</sup> Audited by KPMG LLP Singapore.

<sup>2</sup> Dormant and not required to be audited.

<sup>3</sup> Not required to be audited by the laws of the country of its constitution.

<sup>4</sup> Audited by a member firm of KPMG International.

#### ***AACI REIT MTN Pte. Ltd.***

AACI REIT MTN Pte. Ltd. ("AACI MTN"), a wholly-owned subsidiary, was incorporated on 28 May 2012. Its principal activity is to issue notes under an unsecured multi-currency medium term note programme for and on behalf of the Trust, provide financial and treasury services in connection with such issuance and lend the proceeds from the issuance of such notes to the Trust.

#### ***AACI REIT Opera Pte. Ltd.***

AACI REIT Opera Pte. Ltd., a wholly-owned subsidiary, was incorporated on 23 October 2013. The principal activity is that of an investment holding company.

#### ***AIMS AMP Capital Industrial REIT (Australia) Trust***

AIMS AMP Capital Industrial REIT (Australia) Trust, a wholly-owned trust, was constituted on 15 November 2013. Its principal activity is to acquire and hold Australian property-related investments.

## Notes to the Financial Statements

### 6. SUBSIDIARIES (continued)

#### *AA REIT Macquarie Park Investment Trust*

AA REIT Macquarie Park Investment Trust, a wholly-owned trust, was constituted on 15 November 2013. Its principal activity is to acquire and hold Australian property-related investments.

### 7. JOINT VENTURE

	Group	
	2015	2014
	\$'000	\$'000
Joint venture	204,894	215,186

Details of the joint venture are as follows:

	Country of constitution/ Principal place of business	Nature of relationship with the Group	Effective equity interest held by the Group	
			2015 %	2014 %
Macquarie Park Trust ("MPT") <sup>1</sup>	Australia	Investment in real estate	49.0	49.0

<sup>1</sup> Audited by PricewaterhouseCoopers Australia.

MPT is an unlisted joint arrangement in which the Group has joint control via unitholders' agreement with a joint venture partner and 49.0% equity interest. MPT holds Optus Centre, a Grade A business park complex located in Macquarie Park, New South Wales, Australia. MPT is structured as a trust vehicle and the Group has a residual interest in its net assets. Accordingly, the Group has classified its interest in MPT as a joint venture, which is equity-accounted.

## Notes to the Financial Statements

### 7. JOINT VENTURE (continued)

The following table summarises the financial information of MPT based on its financial statements prepared in accordance to FRS, modified for differences in the Group's accounting policies and adjusted for the percentage ownership held by the Group:

	2015 \$'000	2014 \$'000
<b>Assets and liabilities</b>		
Non-current assets	204,677	214,974
Current assets <sup>a</sup>	2,719	2,615
Total assets	207,396	217,589
Current liabilities <sup>b</sup>	2,502	2,403
Total liabilities	2,502	2,403
<b>Results</b>		
Revenue	18,435	2,593
Expenses	(2,482)	(353)
Net change in fair value of investment property	10,426	–
Total return for the year	26,379	2,240

<sup>a</sup> Includes cash at banks and in hand of \$2.4 million (2014: \$2.4 million).

<sup>b</sup> Comprises trade and other payables, current tax payable and provisions.

	2015 \$'000	2014 \$'000
<b>Group's interest in net assets of joint venture at beginning of the year</b>	215,186	–
Investment during the year	668	208,630
Share of results of joint venture (net of tax) <sup>c</sup>		
- Group's share of profit from continuing operations	26,379	2,240
- Write-off of acquisition costs	(166)	(2,716)
	26,213	(476)
Distributions received / receivable	(15,464)	(2,299)
Foreign currency translation movements	(21,709)	9,331
<b>Carrying amount of interest in joint venture at the end of the year</b>	204,894	215,186

<sup>c</sup> For the financial year ended 31 March 2014, acquisition costs included non-audit fees paid to the auditors of the Trust of \$67,500 and other auditors of \$181,169.

## Notes to the Financial Statements

### 8. TRADE AND OTHER RECEIVABLES

	Group		Trust	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Trade receivables	2,615	4,144	2,615	4,144
Impairment losses	(821)	(507)	(821)	(507)
Net trade receivables	1,794	3,637	1,794	3,637
Deposits	71	61	71	61
Distribution receivable from a subsidiary	–	–	832	539
Distribution receivable from a joint venture	1,233	1,305	–	–
Other receivables	762	88	762	269
Loans and receivables	3,860	5,091	3,459	4,506
Prepayments	5,787	5,452	5,780	5,444
	9,647	10,543	9,239	9,950
Current	6,183	7,178	5,775	6,585
Non-current	3,464	3,365	3,464	3,365
	9,647	10,543	9,239	9,950

The ageing of the loans and receivables at the reporting date was:

	Group Gross		Trust Gross		Group and Trust Impairment loss	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Not past due	1,765	1,677	1,364	1,092	–	–
Past due 1 – 30 days	159	793	159	793	–	37
Past due 31 – 90 days	101	725	101	725	–	38
Past due more than 90 days	2,656	2,403	2,656	2,403	821	432
	4,681	5,598	4,280	5,013	821	507

The movement in impairment losses in respect of loans and receivables during the year was as follows:

	Group and Trust	
	2015 \$'000	2014 \$'000
At 1 April	507	1,099
Impairment loss recognised	369	298
Amounts written off	(55)	(890)
At 31 March	821	507

The Manager believes that no additional impairment allowance is necessary in respect of the remaining loans and receivables as these receivables relate to tenants that have provided sufficient security deposits, bankers' guarantees or other forms of collateral.

## Notes to the Financial Statements

### 9. DERIVATIVE FINANCIAL INSTRUMENTS

	Group		Trust	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
<b>Non-current assets</b>				
Interest rate swaps	213	177	213	177
<b>Non-current liabilities</b>				
Interest rate swaps	(4,314)	(1,277)	(48)	(737)
<b>Current liabilities</b>				
Interest rate swaps	—*	(49)	—*	(49)

\* less than \$1,000.

The Group and the Trust use interest rate swaps to manage their exposures to interest rate movements on the floating rate interest-bearing term loans by swapping the interest expense on a portion of interest-bearing borrowings from floating rates to fixed rates.

As at 31 March 2015, the Group had interest rate swap contracts with tenors between three and seven years with total notional amounts of \$98.0 million and AUD110.7 million, equivalent to approximately \$116.1 million (2014: \$126.8 million and AUD55.3 million, equivalent to approximately \$64.4 million). Under the contracts, the Group pays fixed interest rates of 0.748% to 3.825% (2014: 0.748% to 3.825%) and receives interest at the three-month Singapore Dollar swap offer rate ("SOR") or Australia Bank Bill Swap Bid Rate ("BBSY").

The Group has designated the interest rate swap contracts with notional amounts of AUD110.7 million (equivalent to approximately \$116.1 million) (2014: AUD55.3 million, equivalent to approximately \$64.4 million) as hedging instruments in a cash flow hedge to hedge against variable interest payment arising from the AUD110.7 million (equivalent to approximately \$116.1 million) (2014: AUD55.3 million, equivalent to approximately \$64.4 million) five-year floating rate loan.

#### Offsetting financial assets and financial liabilities

The Group entered into International Swaps and Derivatives Association ("ISDA") master netting agreements with various bank counterparties ("ISDA Master Agreement"). In general, under such agreements the amounts owed by each counterparty on a single day in respect of all transactions outstanding in the same currency are aggregated into a single net amount that is payable by one party to the other. In certain circumstances – e.g. when a credit event such as default occurs, all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is payable in settlement of all transactions.

The above ISDA agreements do not meet the criteria for offsetting in the statement of financial position. This is because they create a right of set-off of recognised amounts that is enforceable only following an event of default, insolvency or bankruptcy of the Group or the counterparties. In addition, the Group and its counterparties do not intend to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

## Notes to the Financial Statements

### 9. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

The following are the expected contractual undiscounted cash inflows/(outflows) of derivative financial instruments:

Group	Carrying amount \$'000	Total \$'000	Contractual cash flows		
			Less than 1 year \$'000	1 to 5 years \$'000	After 5 years \$'000
<b>2015</b>					
<b>Non-current assets</b>					
Interest rate swaps	213	571	223	348	–
<b>Non-current liabilities</b>					
Interest rate swaps	(4,314)	(4,750)	(1,358)	(3,392)	–
<b>Current liabilities</b>					
Interest rate swaps	–*	–*	–*	–	–
	(4,101)	(4,179)	(1,135)	(3,044)	–
<b>2014</b>					
<b>Non-current assets</b>					
Interest rate swaps	177	191	(485)	311	365
<b>Non-current liabilities</b>					
Interest rate swaps	(1,277)	(1,382)	(1,295)	(87)	–
<b>Current liabilities</b>					
Interest rate swaps	(49)	(49)	(49)	–	–
	(1,149)	(1,240)	(1,829)	224	365
<b>Trust</b>					
<b>2015</b>					
<b>Non-current assets</b>					
Interest rate swaps	213	571	223	348	–
<b>Non-current liabilities</b>					
Interest rate swaps	(48)	(213)	(147)	(66)	–
<b>Current liabilities</b>					
Interest rate swaps	–*	–*	–*	–	–
	165	358	76	282	–
<b>2014</b>					
<b>Non-current assets</b>					
Interest rate swaps	177	191	(485)	311	365
<b>Non-current liabilities</b>					
Interest rate swaps	(737)	(796)	(578)	(218)	–
<b>Current liabilities</b>					
Interest rate swaps	(49)	(49)	(49)	–	–
	(609)	(654)	(1,112)	93	365

\* less than \$1,000.



## Notes to the Financial Statements

### 10. PLANT AND EQUIPMENT

	Group and Trust Plant and machinery \$'000
<b>Cost</b>	
At 1 April 2013, 31 March 2014 and 31 March 2015	167
<b>Accumulated depreciation</b>	
At 1 April 2013	96
Depreciation for the year	45
At 31 March 2014	141
Depreciation for the year	26
At 31 March 2015	167
<b>Carrying amounts</b>	
At 1 April 2013	71
At 31 March 2014	26
At 31 March 2015	–

### 11. CASH AND CASH EQUIVALENTS

	Group		Trust	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Cash at banks and in hand	9,250	21,809	8,355	21,414
Fixed deposits with financial institutions	861	–	861	–
	10,111	21,809	9,216	21,414

## Notes to the Financial Statements

### 12. TRADE AND OTHER PAYABLES

	Group		Trust	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Trade payables and accrued expenses	16,566	34,114	16,405	33,571
Trade amounts due to:				
- the Manager	1,803	1,129	1,803	1,129
- the Property Manager	1,731	552	1,731	552
- the Trustee	44	40	44	40
- subsidiary	–	–	5	–
- entities controlled by corporate shareholders of the Manager	353	68	–	–
Goods and services tax payable	1,375	318	1,375	318
Rental received in advance	279	379	279	379
Rental and security deposits	11,347	10,576	11,347	10,576
Interest payable	3,057	2,731	2,286	1,822
	36,555	49,907	35,275	48,387
Current	30,279	39,099	28,999	37,579
Non-current	6,276	10,808	6,276	10,808
	36,555	49,907	35,275	48,387

### 13. INTEREST-BEARING BORROWINGS

	Group		Trust	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
<b>Non-current</b>				
<b>Secured</b>				
Term loans	277,234	239,932	161,100	111,161
Revolving credit facility	–	75,800	–	75,800
	277,234	315,732	161,100	186,961
<b>Unsecured</b>				
Medium term notes	180,000	130,000	180,000	130,000
	457,234	445,732	341,100	316,961
Less: Unamortised borrowing transaction costs	(2,997)	(3,612)	(2,307)	(2,625)
	454,237	442,120	338,793	314,336

## Notes to the Financial Statements

### 13. INTEREST-BEARING BORROWINGS (continued)

As at 31 March 2015, the Group had the following borrowings:

- (a) Secured debt facility and revolving credit facility of the Trust

A secured debt facility and revolving credit facility granted to the Trust by financial institutions and secured on the following:

- (i) first legal mortgage over 12 investment properties (2014: 17 investment properties and investment properties under development) with carrying amount totalling \$704,370,000 (2014: \$931,430,000) of the Trust in Singapore; and
- (ii) assignment of rights, title and interest in leases, insurances and rental proceeds of the related mortgage properties.

- (b) Secured AUD term loan facility of a subsidiary

On 7 February 2014, AMP Capital AA REIT Investments (Australia) Pty Limited, in its capacity as trustee of AA REIT Macquarie Park Investment Trust (an indirect wholly-owned subsidiary of the Trust) (the "Borrower"), entered into a AUD110,655,000 syndicated facility agreement with two financial institutions for a five-year debt facility ("AUD term loan facility") to partially fund the acquisition of the 49.0% interest in Optus Centre, Macquarie Park, New South Wales, Australia.

The details of the collateral are as follows:

- (i) first ranking general security agreement over the current and future assets and undertakings of the Borrower, including the Borrower's units in Macquarie Park Trust; and
- (ii) first ranking specific security agreement from AMP Capital Investors Limited in its capacity as trustee of AIMS AMP Capital Industrial REIT (Australia) Trust over the units of the Borrower and all present and future rights and property interests in respect of the units in the Borrower.

- (c) Unsecured medium term notes

On 25 July 2012, the Trust, through AOCI MTN (the "Issuer"), established a \$500 million multi-currency medium term note programme (the "MTN Programme"). Under the MTN Programme, the Issuer may, subject to compliance with all relevant laws, regulations and directives, from time to time issue notes denominated in Singapore dollars and/or any other currencies. The payment of all amounts payable in respect of the notes will be unconditionally and irrevocably guaranteed by HSBC Institutional Trust Services (Singapore) Limited in its capacity as Trustee of the Trust.

At the reporting date, an aggregate of \$180 million medium term notes have been issued. These comprise:

- (i) \$100 million four-year medium term notes with a fixed rate of 4.90% per annum, payable semi-annually in arrears, fully repayable on 8 August 2016;
- (ii) \$50 million five-year medium term notes with a fixed rate of 3.80% per annum, payable semi-annually in arrears, fully repayable on 21 May 2019; and
- (iii) \$30 million seven-year medium term notes with a fixed rate of 4.35% per annum, payable semi-annually in arrears, fully repayable on 5 December 2019.

The medium term notes shall at all times rank pari passu without any preference or priority among themselves, and pari passu with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Issuer.

## Notes to the Financial Statements

### 13. INTEREST-BEARING BORROWINGS (continued)

#### Terms and debt repayment schedule

Terms and conditions of the interest-bearing borrowings are as follows:

	Nominal interest rate %	Date of maturity	Group		Trust	
			Face value \$'000	Carrying amount \$'000	Face value \$'000	Carrying amount \$'000
<b>2015</b>						
SGD fixed rate medium term notes	4.90	August 2016	100,000	99,635	100,000	99,635
SGD fixed rate medium term notes	3.80	May 2019	50,000	49,721	50,000	49,721
SGD fixed rate medium term notes	4.35	December 2019	30,000	29,831	30,000	29,831
SGD floating rate term loan	SOR <sup>1</sup> + margin	November 2018	90,000	89,009	90,000	89,009
SGD floating rate term loan	SOR <sup>1</sup> + margin	November 2018	2,739	2,553	2,739	2,553
AUD floating rate term loan	BBSY <sup>2</sup> + margin	November 2017	68,361	68,044	68,361	68,044
AUD floating rate term loan	BBSY <sup>2</sup> + margin	February 2019	116,134	115,444	–	–
			457,234	454,237	341,100	338,793
<b>2014</b>						
SGD fixed rate medium term notes	4.90	August 2016	100,000	99,366	100,000	99,366
SGD fixed rate medium term notes	4.35	December 2019	30,000	29,794	30,000	29,794
SGD floating rate term loan	SOR <sup>1</sup> + margin	October 2015	38,161	37,388	38,161	37,388
SGD floating rate term loan	SOR <sup>1</sup> + margin	October 2015	73,000	73,000	73,000	73,000
Dual currency floating rate revolving credit facility	SOR <sup>1</sup> + margin/ BBSY <sup>2</sup> + margin	October 2016	75,800	74,788	75,800	74,788
AUD floating rate term loan	BBSY <sup>2</sup> + margin	February 2019	128,771	127,784	–	–
			445,732	442,120	316,961	314,336

<sup>1</sup> Swap Offer Rate.

<sup>2</sup> Bank Bill Swap Bid Rate.

## Notes to the Financial Statements

### 13. INTEREST-BEARING BORROWINGS (continued)

The following are the expected contractual undiscounted cash inflows/(outflows) of financial liabilities, including interest payments:

	Carrying amount \$'000	Total \$'000	Less than 1 year \$'000	Contractual cash flows	
				1 to 5 years \$'000	After 5 years \$'000
<b>Group</b>					
<b>2015</b>					
Medium term notes	179,187	(200,621)	(6,307)	(194,314)	–
Term loans	275,050	(310,911)	(8,354)	(302,557)	–
Trade and other payables *	36,276	(36,276)	(30,000)	(5,318)	(958)
	490,513	(547,808)	(44,661)	(502,189)	(958)
<b>2014</b>					
Medium term notes	129,160	(148,961)	(5,089)	(112,567)	(31,305)
Term loans	238,172	(278,173)	(8,141)	(270,032)	–
Revolving credit facility	74,788	(85,258)	(2,842)	(82,416)	–
Trade and other payables *	49,528	(49,528)	(38,720)	(10,497)	(311)
	491,648	(561,920)	(54,792)	(475,512)	(31,616)
<b>Trust</b>					
<b>2015</b>					
Medium term notes	179,187	(200,621)	(6,307)	(194,314)	–
Term loans	159,606	(177,086)	(4,036)	(173,050)	–
Trade and other payables *	34,996	(34,996)	(28,720)	(5,318)	(958)
	373,789	(412,703)	(39,063)	(372,682)	(958)
<b>2014</b>					
Medium term notes	129,160	(148,961)	(5,089)	(112,567)	(31,305)
Term loans	110,388	(115,323)	(2,415)	(112,908)	–
Revolving credit facility	74,788	(85,258)	(2,842)	(82,416)	–
Trade and other payables *	48,008	(48,008)	(37,200)	(10,497)	(311)
	362,344	(397,550)	(47,546)	(318,388)	(31,616)

\* Excluding rental received in advance.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

## Notes to the Financial Statements

### 14. DEFERRED TAX LIABILITIES

Movements in deferred tax liabilities of the Group during the year are as follows:

	At 1 April 2014 \$'000	Recognised in statements of total return (note 22) \$'000	At 31 March 2014 \$'000	Recognised in statements of total return (note 22) \$'000	At 31 March 2015 \$'000
<b>Group</b>					
<b>Deferred tax liabilities</b>					
Tax on unrealised profits of subsidiaries	–	–	–	1,134	1,134

### 15. UNITHOLDERS' FUNDS

#### Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations, the effective portion of any foreign currency differences arising from hedges of a net investment in a foreign operation as well as the foreign exchange gains and losses arising from monetary items that are considered to form part of the Group's net investment in a foreign operation.

#### Hedging reserve

The hedging reserve comprises the effective portion of the cumulative change (net of taxes) in the fair value of cash flow hedging instruments related to hedged transactions that have not yet affected the statement of total return.

#### Issue expenses

Issue expenses comprised professional, underwriting, selling commission and other costs relating to issuance of Units in the Trust. These expenses are deducted directly against Unitholders' funds. In 2014, the professional fees included non-audit fees paid to the auditors of the Trust of \$90,000 in connection with the rights issue during the same financial year.



## Notes to the Financial Statements

### 16. UNITS IN ISSUE AND TO BE ISSUED

		Group and Trust	
		2015	2014
	Note	\$'000	\$'000
Units in issue at beginning of the year		621,156	449,399
<u>Issue of new Units:</u>			
Units issued pursuant to Distribution Reinvestment Plan	(a)	5,905	4,360
Units issued as payment of Manager's base fees	(b)	1,874	2,203
Units issued as payment of Manager's performance fees	(c)	–	671
Units issued as payment of Property Manager's fees	(d)	–	3,260
Units issued pursuant to a placement	(e)	–	68,750
Units issued pursuant to a rights issue	(f)	–	92,513
<b>Units in issue at end of the year</b>		<b>628,935</b>	<b>621,156</b>
<u>Units to be issued:</u>			
Manager's performance fees		1,992	–
<b>Total Units in issue and to be issued at end of the year</b>		<b>630,927</b>	<b>621,156</b>

(a) During the financial year ended 31 March 2015, there were the following issuances of Units pursuant to the Trust's DRP:

- (i) 1,522,993 new Units on 23 September 2014 at an issue price of \$1.4446 per Unit. The new Units were issued to eligible Unitholders who elected to participate in the Trust's DRP in respect of the 1Q FY2015 distribution;
- (ii) 1,784,876 new Units on 23 December 2014 at an issue price of \$1.4462 per Unit. The new Units were issued to eligible Unitholders who elected to participate in the Trust's DRP in respect of the 2Q FY2015 distribution; and
- (iii) 2,596,830 new Units on 26 March 2015 at an issue price of \$1.4355 per Unit. The new Units were issued to eligible Unitholders who elected to participate in the Trust's DRP in respect of the 3Q FY2015 distribution.

During the financial year ended 31 March 2014, there were the following issuances of Units pursuant to the Trust's DRP:

- (i) 2,939,794 new Units on 18 June 2013 at an issue price of \$1.6727 per Unit. The new Units were issued to eligible Unitholders who elected to participate in the Trust's DRP in respect of the 4Q FY2013 distribution;
- (ii) 127,298 new Units on 20 September 2013 at an issue price of \$1.5598 per Unit. The new Units were issued to eligible Unitholders who elected to participate in the Trust's DRP in respect of the 1Q FY2014 distribution; and
- (iii) 1,293,258 new Units on 18 December 2013 at an issue price of \$1.5134 per Unit. The new Units were issued to eligible Unitholders who elected to participate in the Trust's DRP in respect of the 2Q FY2014 distribution.

(b) During the financial year ended 31 March 2015, there were the following issuances of Units to the Manager:

- (i) 370,140 new Units on 31 July 2014 at an average issue price of S\$1.4329 per Unit as partial payment of the base fee element of the Manager's management fee incurred for the period from 1 April 2014 to 30 June 2014; and
- (ii) 1,503,492 new Units on 30 January 2015 at an average issue price of S\$1.4546 per Unit as partial payment of the base fee element of the Manager's management fee incurred for the period from 1 July 2014 to 31 December 2014.

## Notes to the Financial Statements

### 16. UNITS IN ISSUE AND TO BE ISSUED (continued)

During the financial year ended 31 March 2014, there were the following issuances of Units to the Manager:

- (i) 1,428,430 new Units on 30 July 2013 at an average issue price of \$1.6186 per Unit as partial payment of the base fee element of the management fee incurred for the period from 1 January 2013 to 30 June 2013; and
- (ii) 775,010 new Units on 30 January 2014 at an average issue price of \$1.5097 per Unit as partial payment of the base fee element of the management fee incurred for the period from 1 July 2013 to 31 December 2013.

The issue price for management fees paid/payable in Units was determined based on the volume weighted average traded price for a Unit for all trades done on the SGX-ST in the ordinary course of trading for the last 10 business days of the relevant period in which the fees accrued.

- (c) On 27 May 2013, the Trust issued 671,102 new Units at an issue price of \$1.5739 per Unit as payment of the performance component of the Manager's management fee for the year ended 31 March 2013.
- (d) During the financial year ended 31 March 2014, there were the following issuances of Units to the Property Manager:
  - (i) 2,121,777 new Units on 28 June 2013 at an issue price of \$1.6276 per Unit as payment of the marketing services provided by the Property Manager in respect of securing tenants at two properties, namely 20 Gul Way Phase One and 27 Penjuru Lane; and
  - (ii) 1,138,100 new Units on 13 September 2013 at an issue price of \$1.3895 per Unit as payment of the marketing services provided by the Property Manager in respect of securing tenants at two properties, namely 20 Gul Way Phase Two and 103 Defu Lane 10.

The issue price for marketing services fee paid/payable in Units was determined based on the volume weighted average traded price for a Unit for all trades done on the SGX-ST in the ordinary course of trading for the last 10 business days of the relevant period in which the fees accrued.

- (e) On 2 May 2013, the Trust issued 68,750,000 new Units at an issue price of \$1.60 per Unit by way of private placement, raising gross proceeds of \$110.0 million.
- (f) On 20 March 2014, the Trust issued 92,512,712 new Units at an issue price of \$1.08 per Unit in an underwritten and renounceable rights issue on the basis of 7 rights Units for every 40 existing Units, raising gross proceeds of \$99.9 million.

### 17. GROSS REVENUE

	Group and Trust	
	2015 \$'000	2014 \$'000
Property rental income	89,497	81,852
Property expenses recoverable from tenants and other property income	25,935	26,388
	<u>115,432</u>	<u>108,240</u>

## Notes to the Financial Statements

### 18. PROPERTY OPERATING EXPENSES

	Group and Trust	
	2015 \$'000	2014 \$'000
Land rent	8,594	7,196
Property and lease management fees	2,711	2,475
Property tax	9,477	10,265
Other operating expenses	14,637	16,409
	<u>35,419</u>	<u>36,345</u>

### 19. BORROWING COSTS

	Group		Trust	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Interest expense	19,738	12,203	13,558	11,314
Amortisation of borrowing transaction costs	2,614	1,161	2,367	1,090
Others	409	446	409	446
	<u>22,761</u>	<u>13,810</u>	<u>16,334</u>	<u>12,850</u>

### 20. MANAGER'S MANAGEMENT FEES

	Group and Trust	
	2015 \$'000	2014 \$'000
Base fees		
- Paid/payable in cash	4,511	3,615
- Paid/payable in Units	2,717	2,188
	<u>7,228</u>	<u>5,803</u>
Performance fees paid/payable in Units	<u>2,917</u>	<u>-</u>

## Notes to the Financial Statements

### 21. OTHER TRUST EXPENSES

	Group		Trust	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Audit fees paid/payable to:				
- auditors of the Trust	184	175	175	165
- other auditors	20	16	–	–
Non-audit fees paid/payable to auditors of the Trust				
- current year	92	79	89	76
- prior year	15	–	15	–
Trustees' fees	412	282	266	223
Valuation fees	215	198	215	198
Professional fees	(72)	286	(72)	269
Non-deal road show expenses	42	81	42	81
Other expenses	1,164	824	831	846
	2,072	1,941	1,561	1,858

### 22. INCOME TAX EXPENSE

	Group		Trust	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Singapore current tax	–*	–*	–	–
Overseas deferred tax	1,134	–	–	–
Overseas withholding tax	559	88	559	88
Total tax expense	1,693	88	559	88

\* less than \$1,000.

## Notes to the Financial Statements

### 22. INCOME TAX EXPENSE (continued)

Reconciliation of effective tax rate:

	Group		Trust	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Total return before income tax	109,755	84,035	103,201	84,282
Tax calculated using Singapore tax rate of 17%	18,658	14,286	17,544	14,328
Non-tax chargeable items	(6,557)	(5,795)	(6,557)	(5,795)
Non-tax deductible items	1,744	871	1,744	871
Tax transparency	(11,102)	(9,700)	(11,102)	(9,700)
Foreign-sourced income	(2,743)	338	(1,629)	296
Tax on unrealised profits of subsidiaries	1,134	–	–	–
Overseas withholding tax	559	88	559	88
	1,693	88	559	88

### 23. EARNINGS PER UNIT

#### Earnings per Unit

The earnings per Unit is computed using total return after tax over the weighted average number of Units outstanding as follows:

	Group	
	2015 \$'000	2014 \$'000
Total return after income tax	108,062	83,947
	Trust	
	Number of Units	
	2015 '000	2014 '000
Units in issue at beginning of the year	621,156	449,399
Effect of Units issued/issuable relating to:		
- Distribution Reinvestment Plan	1,320	2,747
- Manager's base fees	499	1,088
- Manager's performance fees	6	568
- Property Manager's fees	–	2,234
- Placement	–	62,911
- Rights issue	–	3,042
- Adjustment for effect of rights issue	–	16,030
Weighted average number of Units at end of the year	622,981	538,019

The diluted earnings per Unit is the same as the basic earnings per Unit as there was no dilutive instrument as at the reporting date.

## Notes to the Financial Statements

### 24. COMMITMENTS

#### (a) Lease commitments

The Group leases out its investment properties. The future minimum lease payments receivable under non-cancellable operating leases contracted for at the reporting date are as follows:

	Group and Trust	
	2015 \$'000	2014 \$'000
Within 1 year	87,401	88,209
After 1 year but within 5 years	152,212	156,220
After 5 years	24,023	23,140
	<u>263,636</u>	<u>267,569</u>

#### (b) Operating lease commitments

The Group is required to pay JTC Corporation ("JTC"), the Housing and Development Board ("HDB") and Ascendas Land (Singapore) Pte Ltd ("Ascendas") annual land rent (including payable for investment properties under development) in respect of certain properties. The annual land rent payable is based on the market land rent in the relevant year of the lease term. However, the lease agreement limits any increase in the annual land rent from year to year to 5.5% and 7.6% for leases with JTC or HDB and Ascendas respectively, of the annual land rent for the immediate preceding year. The land rent paid to JTC, HDB and Ascendas amounted to \$7,350,000 (2014: \$6,875,000), \$1,383,000 (2014: \$1,296,000) and \$401,000 (2014: \$400,000) respectively, in relation to 23 (2014: 23) properties for the financial year ended 31 March 2015 (including amounts that have been directly recharged to tenants).

#### (c) Capital commitments

	Group and Trust	
	2015 \$'000	2014 \$'000
Capital expenditure commitments contracted but not provided for	<u>—</u>	<u>32,370</u>



## Notes to the Financial Statements

### 25. SIGNIFICANT RELATED PARTY TRANSACTIONS

Other than as disclosed elsewhere in the financial statements, significant related party transactions carried out on terms agreed between the parties are as follows:

	Group		Trust	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<b>The Manager</b>				
Manager's management fees				
Base fees	7,228	5,803	7,228	5,803
Performance fees	2,917	–	2,917	–
Acquisition fee relating to purchase of interest in an investment property	–	2,094	–	–
<b>Entities controlled by corporate shareholders of the Manager</b>				
Debt advisory fees	250	184	250	–
Trustee's fees	135	51	–	–
Investment management fees	359	15	–	–
<b>The Property Manager</b>				
Property management fees	1,790	1,637	1,790	1,637
Lease management fees	895	819	895	819
Marketing services commissions	2,797	2,950	2,797	2,950
Project management fees	953	2,881	953	2,881
<b>The Trustee</b>				
Trustee's fees	266	223	266	223
<b>Subsidiaries</b>				
Distribution income	–	–	5,984	746
Interest income	–	–	2,476	557
Interest expense	–	–	7,845	6,205
Service fee expense	–	–	53	43

### 26. FINANCIAL RISK MANAGEMENT

#### Capital management

The Board of the Manager reviews the Group's debt and capital management and financing policy regularly so as to optimise the Group's funding structure. The Board also monitors the Group's exposure to various risk elements and externally imposed requirements by closely adhering to clearly established management policies and procedures.

The Group is subject to the aggregate leverage limit as defined in the Property Funds Appendix of the CIS Code. The CIS Code stipulates that the total borrowings and deferred payments (together the "Aggregate Leverage") of a property fund should not exceed 35.0% of the fund's deposited property. The Aggregate Leverage of a property fund may exceed 35.0% of its deposited property (up to a maximum of 60.0%) only if a credit rating of the property fund from Fitch Inc., Moody's or Standard and Poor's is obtained and disclosed to the public. The property fund should continue to maintain and disclose a credit rating so long as its

## Notes to the Financial Statements

### 26. FINANCIAL RISK MANAGEMENT (continued)

#### Capital management (continued)

Aggregate Leverage exceeds 35.0% of its deposited property. As at 31 March 2015, the Aggregate Leverage of the Group was 31.4% (2014: 31.7%).

The Group's corporate rating with Standard and Poor's as at the date of this report is investment grade BBB- and had complied with the Aggregate Leverage limit during the financial year.

There were no changes in the Group's approach to capital management during the financial year.

#### Overview of risk management

Exposure to credit, interest rate, liquidity and foreign currency risks arises in the normal course of the Group's business. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The Manager continually monitors the Group's risk management process to ensure an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Manager monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

#### (a) Credit risk

Credit risk is the risk of financial loss resulting from the failure of a lessee to settle its financial and contractual obligations to the Group, as and when they fall due.

Credit evaluations are performed by the Manager before lease agreements are entered into with the lessees. Rental deposits as a multiple of monthly rent are received either in cash or bank guarantees to reduce credit risk. The Manager also monitors the amount owing by the lessees on an ongoing basis.

Cash is placed with financial institutions which are regulated. Transactions involving derivative financial instruments are allowed only with counterparties who have sound credit ratings.

At 31 March 2015, \$1,728,000 of net trade receivables related to two tenants (2014: \$2,235,000 of trade receivables related to two tenants). Except for this, concentration of credit risk relating to trade receivables is limited due to the Group's many tenants and credit policy of obtaining security deposits from tenants for leasing the Group's investment properties.

The maximum exposure to credit risk is represented by the carrying value of each financial asset in the statement of financial position.

#### (b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Manager monitors and maintains a level of cash and cash equivalents deemed adequate by the Manager to finance the Group's operations and to mitigate the effect of fluctuations in cash flows. Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a reasonable period, including the servicing of financial obligations.

As at 31 March 2015, the Group has unutilised credit facilities amounting to \$153.2 million (2014: \$107.0 million).

## Notes to the Financial Statements

### 26. FINANCIAL RISK MANAGEMENT (continued)

#### Overview of risk management (continued)

The Group also monitors and observes the Property Funds Appendix issued by the MAS concerning limits on total borrowings.

#### (c) Market risk

Market risk is the risk that changes in market prices such as interest rates, foreign exchange rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return.

#### (i) Interest rate risk

The Manager adopts a proactive interest rate management policy to manage the risk associated with adverse movement in interest rates on the loan facilities while also seeking to ensure that the Group's cost of debt remains competitive. The policy aims to protect the Group's earnings from the volatility in interest rates and provide stability to Unitholders' returns.

As at 31 March 2015, the Group had interest rate swap contracts with total notional amounts of \$98.0 million and AUD110.7 million (2014: \$126.8 million and AUD55.3 million) whereby the Group had agreed with counterparties to exchange at specified intervals, the difference between the floating rates pegged to the SOR or BBSY and fixed rate interest amounts calculated by reference to the agreed notional amounts. The swaps are used to manage the exposure to fluctuation in the variable interest rates of its floating rate interest-bearing borrowings.

#### *Exposure to interest rate risk*

At the reporting date, the interest rate profile of the Group's and Trust's interest-bearing financial instruments was as follows:

	Group		Trust	
	Nominal amount		Nominal amount	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
<b>Fixed rate instruments</b>				
Loan to a subsidiary	–	–	28,946	31,844
Financial liabilities	(180,000)	(130,000)	(180,000)	(130,000)
Interest rate swaps	(214,134)	(191,186)	(98,000)	(126,800)
	(394,134)	(321,186)	(249,054)	(224,956)
<b>Variable rate instruments</b>				
Financial liabilities	(277,234)	(315,732)	(161,100)	(186,961)
Interest rate swaps	214,134	191,186	98,000	126,800
	(63,100)	(124,546)	(63,100)	(60,161)

#### *Sensitivity analysis*

The Group does not account for any fixed rate financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect the statements of total return of the Group and the Trust.

For the variable rate financial liabilities and the derivative financial instruments, a change of 100 basis points ("bps") in interest rate at the reporting date would increase or decrease the statements of total return of the Group and the Trust by \$631,000 (2014: Group and Trust of \$1,245,000 and \$602,000 respectively). This analysis assumes that all other variables remain constant.

## Notes to the Financial Statements

### 26. FINANCIAL RISK MANAGEMENT (continued)

#### Overview of risk management (continued)

##### (ii) Foreign currency risk

##### *Risk management policy*

The Group has exposure to foreign currency risks arising from its interest in a joint venture in Australia. Transactions in relation to this investment are mainly denominated in the Australian dollar.

The Manager's strategy is to achieve a natural hedge, wherever possible through the use of Australian dollar denominated borrowing to match its interest in the joint venture to mitigate the currency risk. As at 31 March 2015, the Group's investment in its Australian joint venture is substantially hedged as approximately 90% of the interest in joint venture was funded with Australian dollar denominated borrowings.

##### *Exposure to currency risk*

The Group's and Trust's exposure to foreign currencies in relation to financial assets and liabilities as at 31 March 2015 and 31 March 2014 were as follows:

	Group		Trust	
	Australian Dollar 2015 \$'000	Australian Dollar 2014 \$'000	Australian Dollar 2015 \$'000	Australian Dollar 2014 \$'000
Joint venture	204,894	215,186	–	–
Loan to a subsidiary	–	–	28,946	31,844
Cash and cash equivalents	1,746	1,078	862	698
Trade and other receivables	–	–	832	539
Trade and other payables	(348)	(514)	(348)	(514)
Interest-bearing borrowings	(184,495)	(204,571)	(68,361)	(75,800)
Net exposure	21,797	11,179	(38,069)	(43,233)

##### *Sensitivity analysis*

A strengthening/weakening of the Australian dollar, as indicated below, against the Singapore dollar at 31 March 2015 would have (decreased) increased total return and Unitholders' funds by the amounts shown below for the Group's and Trust's financial assets and financial liabilities. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant.

## Notes to the Financial Statements

### 26. FINANCIAL RISK MANAGEMENT (continued)

#### Overview of risk management (continued)

#### (ii) Foreign currency risk (continued)

	Statements of total return \$'000	Unitholders' funds \$'000
<b>Group</b>		
<b>2015</b>		
Australian dollar (5% strengthening)	70	1,020
Australian dollar (5% weakening)	(70)	(1,020)
<b>Group</b>		
<b>2014</b>		
Australian dollar (5% strengthening)	28	531
Australian dollar (5% weakening)	(28)	(531)
<b>Trust</b>		
<b>2015</b>		
Australian dollar (5% strengthening)	(1,903)	–
Australian dollar (5% weakening)	1,903	–
<b>Trust</b>		
<b>2014</b>		
Australian dollar (5% strengthening)	(2,162)	–
Australian dollar (5% weakening)	2,162	–

## Notes to the Financial Statements

### 26. FINANCIAL RISK MANAGEMENT (continued)

#### Classification and fair value of financial instruments

The carrying amounts and the fair values of financial assets and liabilities, including their levels in the fair value hierarchy are as follows. It does not include fair value information for financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximate of fair value.

		Carrying amount				Fair value				
		Loans and receivables	Designated at fair value	Fair value – Hedging instruments	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Note		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Group</b>										
<b>2015</b>										
<b>Financial assets measured at fair value</b>										
Derivative financial assets	9	-	213	-	-	213	-	213	-	213
<b>Financial assets not measured at fair value</b>										
Loans and receivables	8	3,860	-	-	-	3,860				
Cash and cash equivalents	11	10,111	-	-	-	10,111				
		13,971	-	-	-	13,971				
<b>Financial liabilities measured at fair value</b>										
Derivative financial liabilities	9	-	(48)	(4,266)	-	(4,314)	-	(4,314)	-	(4,314)
<b>Financial liabilities not measured at fair value</b>										
Trade and other payables*	12	-	-	-	(36,276)	(36,276)	-	-	(35,633)	(35,633)
Interest-bearing borrowings	13	-	-	-	(454,237)	(454,237)	-	(458,556)	-	(458,556)
		-	-	-	(490,513)	(490,513)				

\* Excluding rental received in advance.



# Notes to the Financial Statements

## 26. FINANCIAL RISK MANAGEMENT (continued)

### Classification and fair value of financial instruments (continued)

		Carrying amount				Fair value				
		Loans and receivables	Designated at fair value	Fair value – Hedging instruments	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Note		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Group 2014</b>										
<b>Financial assets measured at fair value</b>										
9	Derivative financial assets	-	177	-	-	177	-	177	-	177
<b>Financial assets not measured at fair value</b>										
8	Loans and receivables	5,091	-	-	-	5,091				
11	Cash and cash equivalents	21,809	-	-	-	21,809				
		26,900	-	-	-	26,900				
<b>Financial liabilities measured at fair value</b>										
9	Derivative financial liabilities	-	(786)	(540)	-	(1,326)	-	(1,326)	-	(1,326)
<b>Financial liabilities not measured at fair value</b>										
12	Trade and other payables*	-	-	-	(49,528)	(49,528)	-	-	(48,883)	(48,883)
13	Interest-bearing borrowings	-	-	-	(442,120)	(442,120)	-	(445,896)	-	(445,896)
		-	-	-	(491,648)	(491,648)				

\* Excluding rental received in advance.

## Notes to the Financial Statements

### 26. FINANCIAL RISK MANAGEMENT (continued)

#### Classification and fair value of financial instruments (continued)

		Carrying amount				Fair value				
		Loans and receivables	Designated at fair value	Fair value – Hedging instrument	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Note		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Trust</b>										
<b>2015</b>										
<b>Financial assets</b>										
<b>measured at fair value</b>										
Derivative financial assets	9	-	213	-	-	213	-	213	-	213
<b>Financial assets not measured at fair value</b>										
Loans and receivables	8	3,459	-	-	-	3,459				
Cash and cash equivalents	11	9,216	-	-	-	9,216				
		12,675	-	-	-	12,675				
<b>Financial liabilities</b>										
<b>measured at fair value</b>										
Derivative financial liabilities	9	-	(48)	-	-	(48)	-	(48)	-	(48)
<b>Financial liabilities not measured at fair value</b>										
Trade and other payables*	12	-	-	-	(34,996)	(34,996)	-	-	(34,353)	(34,353)
Interest-bearing borrowings	13	-	-	-	(338,793)	(338,793)	-	(343,112)	-	(343,112)
		-	-	-	(373,789)	(373,789)				

\* Excluding rental received in advance.

## Notes to the Financial Statements

### 26. FINANCIAL RISK MANAGEMENT (continued)

#### Classification and fair value of financial instruments (continued)

		Carrying amount				Fair value				
		Loans and receivables	Designated at fair value	Fair value – Hedging instruments	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
	Note	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Trust 2014</b>										
<b>Financial assets measured at fair value</b>										
Derivative financial assets	9	-	177	-	-	177	-	177	-	177
<b>Financial assets not measured at fair value</b>										
Loans and receivables	8	4,506	-	-	-	4,506				
Cash and cash equivalents	11	21,414	-	-	-	21,414				
		25,920	-	-	-	25,920				
<b>Financial liabilities measured at fair value</b>										
Derivative financial liabilities	9	-	(786)	-	-	(786)	-	(786)	-	(786)
<b>Financial liabilities not measured at fair value</b>										
Trade and other payables*	12	-	-	-	(48,008)	(48,008)	-	-	(47,363)	(47,363)
Interest-bearing borrowings	13	-	-	-	(314,336)	(314,336)	-	(318,112)	-	(318,112)
		-	-	-	(362,344)	(362,344)				

\* Excluding rental received in advance.

## Notes to the Financial Statements

### 26. FINANCIAL RISK MANAGEMENT (continued)

#### Estimation of fair value

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

#### (i) Derivatives

The fair values of interest rate swaps (Level 2 fair values) are based on banks' quotes. These quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

#### (ii) Other non-derivative financial assets and liabilities

Other non-derivative financial assets and liabilities are measured at fair value at initial recognition and for disclosure purposes, at each annual reporting date. Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the measurement date.

The carrying amounts of non-derivative financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents and trade and other payables) are assumed to approximate their fair values because of the short period to maturity. The carrying amount of borrowings which reprice within three months are assumed to approximate their fair values because of the short period to maturity or repricing. The fair values of the fixed rate notes are based on banks' quotes.

#### Interest rates used in determining fair values

The interest rates used to discount estimated cash flows, where applicable, is computed from the market rates as follows:

	Group and Trust	
	2015	2014
	%	%
SGD financial liabilities	3.98	2.97

The Group's policy is to recognise transfers between levels as of the end of the reporting period during which the transfer has occurred. There had been no transfers between the levels during the year.

### 27. SEGMENT REPORTING

Segment information is presented in respect of the Group's geographical segments. The operations of each of the Group's geographical segments are separately managed because of different economic and regulatory environments in which they operate in. For the purpose of making resource allocation and the assessment of segment performance, the Group's CODMs have focused on its investment properties. For each of the reporting segments, the Manager reviews internal management reports on a monthly basis. This forms the basis of identifying the operating segments of the Group under FRS 108 *Operating Segments*.

## Notes to the Financial Statements

### 27. SEGMENT REPORTING (continued)

#### Information about reportable segments

	Singapore \$'000	Australia \$'000	Total \$'000
<b>2015</b>			
<b>Revenue and expenses</b>			
Gross revenue	115,432	–	115,432
Property operating expenses	(35,419)	–	(35,419)
<b>Net property income</b>	80,013	–	80,013
Share of results of joint venture (net of tax)	–	26,213	26,213
Net change in fair value of investment properties and investment properties under development	37,721	–	37,721
Net change in fair value of financial derivatives	774	–	774
			144,721
Unallocated items:			
Foreign exchange loss			(59)
Interest income			71
Borrowing costs			(22,761)
Trust expenses			(12,217)
<b>Total return before income tax</b>			109,755
Income tax expense			(1,693)
<b>Total return after income tax</b>			108,062
 Non-current assets <sup>1</sup>	 1,236,934	 204,894	 1,441,828
Other segment items:			
Joint venture	–	204,894	204,894
Depreciation	(26)	–	(26)
Capital expenditure <sup>2</sup>	(38,347)	–	(38,347)

<sup>1</sup> Excluding financial instruments.

<sup>2</sup> Capital expenditure consists of additions of plant and equipment, investment properties and investment properties under development.

## Notes to the Financial Statements

### 27. SEGMENT REPORTING (continued)

#### Information about reportable segments (continued)

	Singapore \$'000	Australia \$'000	Total \$'000
<b>2014</b>			
Gross revenue	108,240	–	108,240
Property operating expenses	(36,345)	–	(36,345)
<b>Net property income</b>	71,895	–	71,895
Share of results of joint venture (net of tax)	–	(476)	(476)
Net change in fair value of investment properties and investment properties under development	31,401	–	31,401
Net change in fair value of financial derivatives	2,686	–	2,686
			105,506
Unallocated items:			
Foreign exchange gain			2
Interest income			81
Borrowing costs			(13,810)
Trust expenses			(7,744)
<b>Total return before income tax</b>			84,035
Income tax expense			(88)
<b>Total return after income tax</b>			83,947
Non-current assets <sup>1</sup>	1,160,891	215,186	1,376,077
Other segment items:			
Joint venture	–	215,186	215,186
Depreciation	(45)	–	(45)
Capital expenditure <sup>2</sup>	(81,114)	–	(81,114)

<sup>1</sup> Excluding financial instruments.

<sup>2</sup> Capital expenditure consists of additions of plant and equipment, investment properties and investment properties under development.

No business segment information has been prepared as all investment properties are used mainly for industrial (including warehousing and business park) purposes and they are similar in terms of purpose, economic characteristics, types of tenants and nature of services provided to tenants. As such, the Group's CODMs are of the view that the Group has only one reportable segment, which is the leasing of investment properties. Accordingly, no operating segment information has been prepared. This forms the basis of identifying the operating segments of the Group under FRS 108 – *Operating Segments*.

#### Major tenants

Rental income from one major tenant of the Group's reportable segment represents approximately \$19,580,000 (2014: \$14,355,000 rental income from one major tenant) of the Group's property rental income.



## Notes to the Financial Statements

### 28. FINANCIAL RATIOS

	Group	
	2015	2014
	%	%
Expenses to weighted average net assets <sup>1</sup>		
- Expense ratio excluding performance-related fee	0.98	0.97
- Expense ratio including performance-related fee	1.29	0.97
Portfolio turnover rate <sup>2</sup>	—	—

<sup>1</sup> The annualised ratios are computed in accordance with the guidelines of Investment Management Association of Singapore. The expenses used in the computation relate to expenses of the Group, excluding property related expenses, borrowing costs, changes in fair value of financial derivatives and investment properties and foreign exchange gains/(losses).

<sup>2</sup> The annualised ratio is computed based on the lesser of purchases or sales of underlying investment properties of the Group expressed as a percentage of weighted average net asset value.

### 29. SUBSEQUENT EVENT

On 29 April 2015, the Manager announced a distribution of 2.92 cents per Unit, amounting to \$18,365,000 in respect of the period from 1 January 2015 to 31 March 2015.

On 22 May 2015, the Manager announced that a conditional development agreement was entered into with CWT Limited and Indeco Engineers (Pte) Ltd in relation to the redevelopment of 30 and 32 Tuas West Road Singapore 638386/638387 into a five-storey ramp-up warehouse facility with estimated gross floor area of approximately 287,866 square feet. The estimated redevelopment cost is approximately \$41.7 million.

On 25 May 2015, the Trust issued 1,991,579 Units at an average price of \$1.4645 per Unit to the Manager as payment for the performance component of the Manager's management fee incurred for the financial year ended 31 March 2015.

## Statistics of Unitholders

### Statistics of Unitholders as at 26 May 2015

#### Issued and fully paid Units

631,751,066 Units (voting rights: 1 vote per Unit)

There is only one class of Units in AIMS AMP Capital Industrial REIT.

#### Distribution of Unitholdings

Size of Unitholdings	Number of Unitholders	%	Number of Units	%
1 - 99	367	5.41	10,762	0.00
100 - 1,000	1,110	16.37	620,536	0.10
1,001 - 10,000	3,397	50.09	16,154,353	2.56
10,001 - 1,000,000	1,884	27.78	82,896,778	13.12
1,000,001 and above	24	0.35	532,068,637	84.22
<b>Total</b>	<b>6,782</b>	<b>100.00</b>	<b>631,751,066</b>	<b>100.00</b>

#### Top 20 Unitholders

As listed in the Register of Unitholders

No.	Name	Number of Units	%
1	HSBC (Singapore) Nominees Pte Ltd	136,623,877	21.63
2	DBS Nominees (Private) Limited	97,429,198	15.42
3	DBSN Services Pte. Ltd.	70,487,549	11.16
4	Citibank Nominees Singapore Pte Ltd	52,396,082	8.29
5	Raffles Nominees (Pte) Limited	47,895,917	7.58
6	AIMS Financial Holding Limited	42,070,325	6.66
7	BNP Paribas Securities Services Singapore Branch	35,294,518	5.59
8	Bank of Singapore Nominees Pte. Ltd.	7,041,984	1.11
9	United Overseas Bank Nominees (Private) Limited	6,268,713	0.99
10	ABN AMRO Nominees Singapore Pte Ltd	5,765,717	0.91
11	DB Nominees (Singapore) Pte Ltd	4,816,403	0.76
12	Maybank Kim Eng Securities Pte. Ltd.	3,161,445	0.50
13	BNP Paribas Nominees Singapore Pte Ltd	2,783,090	0.44
14	UOB Kay Hian Private Limited	2,653,582	0.42
15	DBS Vickers Securities (Singapore) Pte Ltd	2,600,277	0.41
16	OCBC Securities Private Limited	2,078,141	0.33
17	CIMB Securities (Singapore) Pte. Ltd.	2,030,408	0.32
18	AIMS AMP Capital Industrial REIT Management Limited	1,991,579	0.32
19	OCBC Nominees Singapore Private Limited	1,960,748	0.31
20	Nomura Singapore Limited	1,542,000	0.24
<b>Total</b>		<b>526,891,553</b>	<b>83.39</b>

## Statistics of Unitholders

### Substantial Unitholders as at 26 May 2015

As listed in the Register of Substantial Unitholders maintained by the Manager

Name	Direct interest	Number of Units		% of total issued Units
		Deemed interest	Total interest	
Dragon Pacific Assets Limited	71,665,601	-	71,665,601	11.34
AMP Limited <sup>1</sup>	-	61,012,787	61,012,787	9.66
AMP Group Holdings Limited <sup>1</sup>	-	61,012,787	61,012,787	9.66
AMP Holdings Limited <sup>1</sup>	-	61,012,787	61,012,787	9.66
AMP Capital Holdings Limited <sup>1</sup>	-	61,012,787	61,012,787	9.66
APG Algemene Pensioen Groep N.V.	55,613,842	-	55,613,842	8.80
Mr George Wang <sup>2</sup>	-	48,892,001	48,892,001	7.74
AIMS Capital Holdings Pty Ltd <sup>2</sup>	-	48,892,001	48,892,001	7.74
AIMS Group Holding Pty Ltd <sup>2</sup>	-	48,892,001	48,892,001	7.74
AIMS Capital Management Limited <sup>3</sup>	-	44,886,277	44,886,277	7.11
AIMS Financial Holding Limited <sup>4</sup>	42,070,325	2,815,952	44,886,277	7.11
Mr Chan Wai Kheong <sup>5</sup>	8,705,460	24,124,367	32,829,827	5.20

<sup>1</sup> Deemed to have an interest in the following Units:

- (i) 31,462,677 Units held by AMP Capital Finance Limited;
- (ii) 26,734,158 Units held by a fund managed by AMP Capital Investors Limited;
- (iii) 1,991,579 Units held by AIMS AMP Capital Industrial REIT Management Limited (the "Manager"); and
- (iv) 824,373 Units held by AIMS AMP Capital Property Management Pte. Ltd. (the "Property Manager").

<sup>2</sup> Deemed to have an interest in Units held by AIMS Financial Holding Limited ("AFHL"), 4,005,724 Units held by a fund managed by AIMS Fund Management Limited ("AFML"), 1,991,579 Units held by the Manager and 824,373 Units held by the Property Manager.

<sup>3</sup> Deemed to have an interest in Units held by AFHL, 1,991,579 Units held by the Manager and 824,373 Units held by the Property Manager.

<sup>4</sup> Deemed to have an interest in Units held by the Manager and by the Property Manager.

<sup>5</sup> Deemed to have an interest in Units held by Splendid Asia Macro Fund.

### Unitholdings of Directors of the Manager as at 21 April 2015

As listed in the Register of Directors' Unitholdings maintained by the Manager

Name	Direct interest	Number of Units		% of total issued Units
		Deemed interest	Total interest	
Mr George Wang <sup>6</sup>	-	46,076,049	46,076,049	7.33
Mr Norman Ip Ka Cheung	158,625	-	158,625	0.03
Ms Moni XinYe An <sup>7</sup>	-	82,250	82,250	0.01
Mr Nicholas Paul McGrath	47,175	-	47,175	0.01

<sup>6</sup> Deemed to have an interest in Units held by AFHL and Units held by a fund managed by AFML.

<sup>7</sup> Deemed to have an interest in Units held by Aretean Pty Ltd.

### Free float

Under Rule 723 of the Listing Manual of the SGX-ST, a listed issuer must ensure that at least ten per cent of its listed securities are at all times held by the public. Based on the information made available to the Manager as at 26 May 2015, approximately 83.1 per cent of the Units in AIMS AMP Capital Industrial REIT were held in the hands of the public. Accordingly, Rule 723 of the Listing Manual of the SGX-ST had been complied with.

## Additional Information

### Interested Party Transactions

The transactions entered into with related parties during the financial year which fall under the Listing Manual of the SGX-ST and the Property Funds Appendix under the Code on Collective Investment Schemes are:

Name of entity	Aggregate value of all Interested Party Transactions during the financial year under review (excluding transactions less than S\$100,000)
	S\$'000
<b>AIMS AMP Capital Industrial REIT Management Limited</b>	
Manager's management fees	
- Base fees	7,228
- Performance fees	2,917
<b>AIMS AMP Capital Property Management Pte. Ltd.</b>	
- Property management fees	1,790
- Lease management fees	895
- Marketing services commissions	2,797
- Project management fees	953
<b>AIMS AMP Capital Industrial REIT Management Australia Pty Limited</b>	
- Investment management fees	359
<b>AMP Capital Investors Limited</b>	
- Debt advisory fees	125
- Trustee's fees	68
<b>AIMS Financial Holding Limited</b>	
- Debt advisory fees	125
<b>AMP Capital AA REIT Investments (Australia) Pty Limited</b>	
- Trustee's fees	67
<b>HSBC Institutional Trust Services (Singapore) Limited</b>	
- Trustee's fees	266

Please also refer to note 25 "Significant Related Party Transactions" in the Financial Statements. Except as disclosed above:

- (a) there are no other material contracts entered into by AA REIT and/or its subsidiaries involving the interests of the Chief Executive Officer, any director or controlling Unitholder, either still subsisting at the end of the year or entered into since the end of the previous financial year; and
- (b) there were no additional interested party transactions (excluding transactions of less than S\$100,000 each) entered into up to and including 31 March 2015.

## Corporate Directory

### AIMS AMP Capital Industrial REIT

#### Registered Address

#### HSBC Institutional Trust Services (Singapore) Limited

21 Collyer Quay  
#10-02 HSBC Building  
Singapore 049320

#### Trustee

#### HSBC Institutional Trust Services (Singapore) Limited

21 Collyer Quay  
#03-01 HSBC Building  
Singapore 049320  
Telephone : (65) 6658 6906  
Fax : (65) 6534 5526

#### Auditor

#### KPMG LLP

#### (Public Accountants and Chartered Accountants, Singapore)

16 Raffles Quay  
#22-00 Hong Leong Building  
Singapore 048581  
Phone : (65) 6213 3388  
Fax : (65) 6225 0984  
Partner in charge : Ms Tan Kar Yee Linda  
(With effect from financial year commencing 1 April 2014)

#### Unit Registrar

Boardroom Corporate & Advisory Services Pte. Ltd.  
50 Raffles Place  
#32-01 Singapore Land Tower  
Singapore 048623  
Telephone : (65) 6536 5355  
Fax : (65) 6536 1360

### The Manager

#### AIMS AMP Capital Industrial REIT Management Limited

#### Company Registration No. 200615904N

#### Registered address

One George Street  
#23-03  
Singapore 049145  
Telephone : (65) 6309 1050  
Fax : (65) 6534 3942  
Website : [www.aimsampcapital.com](http://www.aimsampcapital.com)  
Email : [investorrelations@aimsampcapital.com](mailto:investorrelations@aimsampcapital.com)

#### Directors of the Manager

Mr George Wang (Chairman)  
Mr Tan Kai Seng  
Mr Norman Ip Ka Cheung  
Mr Eugene Paul Lai Chin Look  
Mr Simon Laurence Vinson  
Mr Nicholas Paul McGrath  
Ms Moni XinYe An  
Mr Koh Wee Lih

#### Audit Committee

Mr Tan Kai Seng (Chairman)  
Mr Norman Ip Ka Cheung  
Mr Simon Laurence Vinson

#### Company Secretary

Ms Yap Siew Buay Regina

## Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN** that the 6th Annual General Meeting ("AGM") of the holders of Units of AIMS AMP Capital Industrial REIT ("AA REIT", and the holders of Units of AA REIT, "Unitholders") will be held at M Hotel Singapore, Banquet Suite, Level 10, 81 Anson Road, Singapore 079908 on Wednesday, 29 July 2015 at 2.00 p.m. to transact the following business:

### Ordinary Business

1. To receive and adopt the Report of HSBC Institutional Trust Services (Singapore) Limited, as trustee of AA REIT ("Trustee"), the Statement by AIMS AMP Capital Industrial REIT Management Limited, as manager of AA REIT ("Manager"), the Audited Financial Statements of AA REIT for the financial year ended 31 March 2015 and the Auditors' Report thereon. *(Ordinary Resolution 1)*
2. To re-appoint KPMG LLP as Auditors of AA REIT and to hold office until the conclusion of the next AGM and to authorise the Manager to determine their remuneration. *(Ordinary Resolution 2)*

### Special Business

To consider and, if thought fit, to pass the following Ordinary Resolution, with or without any modifications:

3. That authority be and is hereby given to the Manager, to *(Ordinary Resolution 3)*
  - (a) (i) issue units in AA REIT ("Units") whether by way of rights, bonus or otherwise; and or
  - (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require Units to be issued, including but not limited to the creation and issue of (as well as adjustments to) securities, warrants, debentures or other instruments convertible into Units,

at any time and upon such terms and conditions and for such purposes and to such persons as the Manager may in its absolute discretion deem fit; and

- (b) issue Units in pursuance of any Instrument made or granted by the Manager while this Resolution was in force (notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time such Units are issued),

provided that:

- (1) the aggregate number of Units to be issued pursuant to this Resolution (including Units to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed fifty per cent. (50%) of the total number of issued Units (excluding treasury Units, if any) (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Units to be issued other than on a *pro rata* basis to Unitholders (including Units to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed twenty per cent. (20%) of the total number of issued Units (excluding treasury Units, if any) (as calculated in accordance with sub-paragraph (2) below);
- (2) subject to such manner of calculation as may be prescribed by Singapore Exchange Securities Trading Limited ("SGX-ST") for the purpose of determining the aggregate number of Units that may be issued under sub-paragraph (1) above, the total number of issued Units (excluding treasury Units, if any) shall be based on the number of issued Units (excluding treasury Units, if any) at the time this Resolution is passed, after adjusting for:

## Notice of Annual General Meeting

- (a) any new Units arising from the conversion or exercise of any Instruments which are outstanding at the time this Resolution is passed; and
- (b) any subsequent bonus issue, consolidation or subdivision of Units;
- (3) in exercising the authority conferred by this Resolution, the Manager shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the trust deed constituting AA REIT (as amended) ("Trust Deed") for the time being in force (unless otherwise exempted or waived by the Monetary Authority of Singapore);
- (4) unless revoked or varied by the Unitholders in a general meeting, the authority conferred by this Resolution shall continue in force until (i) the conclusion of the next AGM of AA REIT or (ii) the date by which the next AGM of AA REIT is required to be held, whichever is earlier;
- (5) where the terms of the issue of the Instruments provide for adjustment to the number of Instruments or Units into which the Instruments may be converted, in the event of rights, bonus or other capitalisation issues or any other events, the Manager may issue additional Instruments or Units notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time the Instruments or Units are issued; and
- (6) the Manager and the Trustee be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager or, as the case may be, the Trustee may consider expedient or necessary or in the interest of AA REIT to give effect to the authority conferred by this Resolution.

**(Please see Explanatory Note)**

### By Order of the Board

**AIMS AMP Capital Industrial REIT Management Limited**

**(Company Registration No. 200615904N, Capital Markets Services license no.: CMS100137-2)**

**As Manager of AIMS AMP Capital Industrial REIT**

**Koh Wee Lih**

Executive Director and Chief Executive Officer

24 June 2015



## Notice of Annual General Meeting

### Notes:

1. A Unitholder entitled to attend and vote at the AGM is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a Unitholder.
2. Where a Unitholder appoints more than one proxy, the appointments shall be invalid unless he/she specifies the proportion of his/her holding (expressed as a percentage of the whole) to be represented by each proxy.
3. The proxy form must be lodged at the Manager's appointed Unit Registrar's office at **Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623** not later than 27 July 2015 at 2.00 p.m., being 48 hours before the time fixed for the AGM.

### Explanatory Note:

#### *Ordinary Resolution 3*

Ordinary Resolution 3 above, if passed, will empower the Manager from the date of this AGM until (i) the conclusion of the next AGM of AA REIT or (ii) the date by which the next AGM of AA REIT is required to be held, or (iii) the date on which such authority is revoked or varied by Unitholders in a general meeting, whichever is earlier, to issue Units and to make or grant instruments (such as securities, warrants or debentures) convertible into Units and issue Units pursuant to such instruments, up to a number not exceeding 50 per cent. of the total number of issued Units (excluding treasury Units, if any), of which up to 20 per cent. of the total number of issued Units (excluding treasury Units, if any) may be issued other than on a *pro rata* basis to Unitholders.

For determining the aggregate number of Units that may be issued, the percentage of issued Units will be calculated based on the issued Units at the time Ordinary Resolution 3 above is passed, after adjusting for new Units arising from the conversion or exercise of any Instruments which are outstanding at the time this Resolution is passed and any subsequent bonus issue, consolidation or subdivision of Units.

Fund raising by issuance of new Units may be required in instances of property acquisitions or debt repayments. In any event, if the approval of Unitholders is required under the Listing Manual of the SGX-ST and the Trust Deed or any applicable laws and regulations in such instances, the Manager will then obtain the approval of Unitholders accordingly.

### Personal Data Privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a Unitholder (i) consents to the collection, use and disclosure of the Unitholder's personal data by the Manager and the Trustee (or their agents) for the purpose of the processing and administration by the Manager and the Trustee (or their agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Manager and the Trustee (or their agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the Unitholder discloses the personal data of the Unitholder's proxy(ies) and/or representative(s) to the Manager and the Trustee (or their agents), the Unitholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Manager and the Trustee (or their agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the Unitholder will indemnify the Manager and the Trustee in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Unitholder's breach of warranty.

### Important Notice

The value of Units and the income derived from them may fall as well as rise. Units are not obligations of, deposits in, or guaranteed by, the Manager, or any of its affiliates. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested.

Investors have no right to request the Manager to redeem their Units while the Units are listed. It is intended that Unitholders of AA REIT may only deal in their Units through trading on the SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

The past performance of AA REIT is not necessarily indicative of the future performance of AA REIT.



## AIMS AMP CAPITAL INDUSTRIAL REIT

(a unit trust constituted in the Republic of Singapore pursuant to a trust deed dated 5 December 2006 (as amended))

# Proxy Form

## Annual General Meeting

### IMPORTANT:

1. For investors who have used their CPF monies to buy Units in AIMS AMP Capital Industrial REIT, this Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or is purported to be used by them.
3. CPF Investors who wish to attend the Annual General Meeting as observers have to submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

### Personal data privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s), the Unitholder accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 24 June 2015.

I/We, \_\_\_\_\_ (Name(s) and NRIC/Passport Number(s))

of \_\_\_\_\_ (Address)

being a Unitholder/Unitholders of AIMS AMP Capital Industrial REIT ("AA REIT"), hereby appoint:

Name	Address	NRIC/Passport No.	Proportion of Unitholdings	
			Number of Units	%

and/or (delete as appropriate)

Name	Address	NRIC/Passport No.	Proportion of Unitholdings	
			Number of Units	%

or, both of whom failing, the Chairman of the Annual General Meeting as my/our proxy/proxies to attend and to vote for me/us on my/our behalf at the Annual General Meeting of AA REIT to be held at M Hotel Singapore, Banquet Suite, Level 10, 81 Anson Road, Singapore 079908 on Wednesday, 29 July 2015 at 2.00 p.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the Annual General Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/her/their discretion, as he/she/they may on any other matter arising at the Annual General Meeting.

No.	Ordinary Resolutions	Number of Votes For *	Number of Votes Against *
	<b>ORDINARY BUSINESS</b>		
1.	To receive and adopt the Trustee's Report, the Manager's Statement, the Audited Financial Statements of AA REIT for the financial year ended 31 March 2015 and the Auditors' Report thereon.		
2.	To re-appoint KPMG LLP as Auditors and authorise the Manager to determine the Auditors' remuneration.		
	<b>SPECIAL BUSINESS</b>		
3.	To authorise the Manager to issue Units and to make or grant convertible instruments.		

\* If you wish to exercise all your votes "For" or "Against", please tick (✓) within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2015

Total number of Units held

\_\_\_\_\_  
Signature(s) of Unitholder(s)/Common Seal of Corporate Unitholder

**IMPORTANT: PLEASE READ THE NOTES TO PROXY FORM ON THE REVERSE PAGE.**

**IMPORTANT: PLEASE READ THE NOTES TO PROXY FORM BELOW**

**Notes :**

1. A unitholder of AA REIT ("Unitholder") entitled to attend and vote at the Annual General Meeting is entitled to appoint one or two proxies to attend and vote in his/her stead.
2. Where a Unitholder appoints more than one proxy, the appointments shall be invalid unless he/she specifies the proportion of his/her holding (expressed as a percentage of the whole) to be represented by each proxy.
3. A proxy need not be a Unitholder.
4. A Unitholder should insert the total number of Units held. If the Unitholder has Units entered against his/her name in the Depository Register maintained by The Central Depository (Pte) Limited ("CDP"), he/she should insert that number of Units. If the Unitholder has Units registered in his/her name in the Register of Unitholders of AA REIT, he/she should insert that number of Units. If the Unitholder has Units entered against his/her name in the said Depository Register and registered in his/her name in the Register of Unitholders, he/she should insert the aggregate number of Units. If no number is inserted, this proxy form will be deemed to relate to all the Units held by the Unitholder.
5. The instrument appointing a proxy or proxies (the "Proxy Form") must be deposited at the Manager's appointed Unit Registrar's office at **Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623**, not less than 48 hours before the time set for the Annual General Meeting.
6. The Proxy Form must be executed under the hand of the appointor or of his/her attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
7. Where the Proxy Form is signed on behalf of the appointor or of his/her attorney authorised in writing or a duly authorised officer, the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority must (failing previous registration with the Manager) be lodged with the Proxy Form, failing which the Proxy Form may be treated as invalid.
8. The Manager shall be entitled to reject a Proxy Form which is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the Proxy Form. In addition, in the case of Units entered in the Depository Register, the Manager may reject a Proxy Form if the Unitholder, being the appointor, is not shown to have Units entered against his/her name in the Depository Register as at 48 hours before the time appointed for holding the Annual General Meeting, as certified by CDP to the Manager.
9. All Unitholders will be bound by the outcome of the Annual General Meeting regardless of whether they have attended or voted at the Annual General Meeting.
10. At any meeting, a resolution put to the vote of the meeting shall be decided on a poll.
11. On a poll, every Unitholder who is present in person or by proxy shall have one vote for every Unit of which he/she is the Unitholder. A person entitled to more than one vote need not use all his/her votes or cast them the same way.





AMP CAPITAL 

**AIMS AMP Capital Industrial REIT Management Limited**

(As Manager of AIMS AMP Capital Industrial REIT)

Company Registration No. 200615904N

One George Street

#23-03

Singapore 049145

**Telephone:** (65) 6309 1050

**Fax** : (65) 6534 3942

**Website** : [www.aimsampcapital.com](http://www.aimsampcapital.com)

**Email** : [investorrelations@aimsampcapital.com](mailto:investorrelations@aimsampcapital.com)