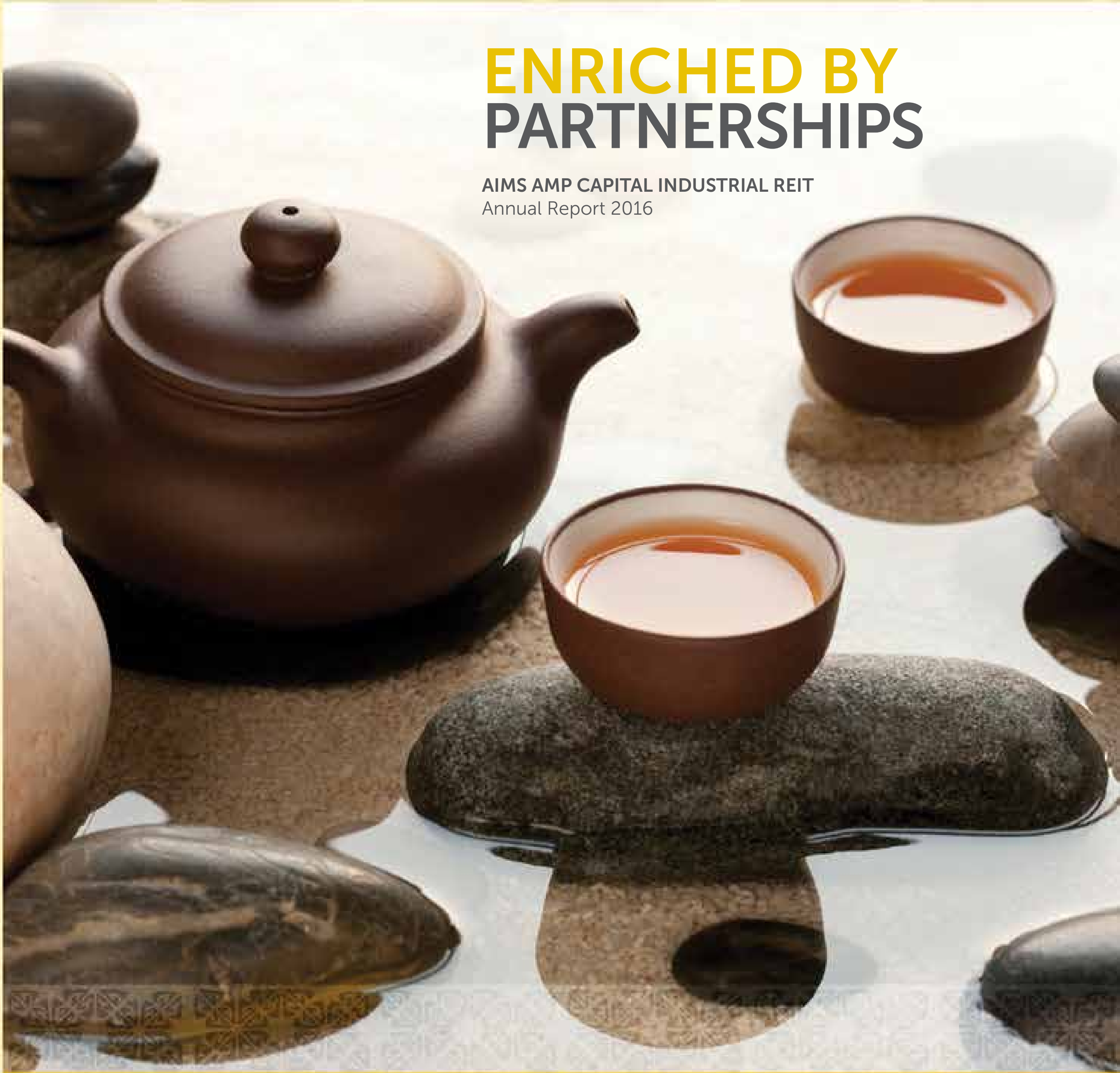
AIMS 宝泽 | AMP CAPITAL

ENRICHED BY PARTNERSHIPS

AIMS AMP CAPITAL INDUSTRIAL REIT
Annual Report 2016



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Sharing tea is a symbol of bonding and respect in societies around the world. With patience and care, it can grow strong relationships and bring meaningful engagement.

Cultivating strong and long-lasting partnerships has been just as important to AIMS AMP Capital Industrial REIT's growth platform as the potency of its investment strategy, the quality of its assets and the expertise of its people.

As we further build our value proposition, these relationships with tenants, partners and Unitholders will remain central to our strategy for long-term growth.

INTRODUCTION

The Trust

AIMS AMP Capital Industrial REIT ("AA REIT" or the "Trust") is a real estate investment trust listed on the Mainboard of the Singapore Exchange Securities Trading Limited with the investment mandate to invest in high quality income-producing industrial real estate throughout Asia Pacific.

The Manager

AA REIT is managed by AIMS AMP Capital Industrial REIT Management Limited ("Manager"), a joint venture REIT management company equally owned by AIMS Financial Group and AMP Capital (collectively known as the "Sponsors").

Vision

To be a high-performing Asia Pacific industrial real estate solutions provider to our partners.

Mission

To provide investors with sustainable long-term returns from an actively managed portfolio of quality industrial real estate located throughout Asia Pacific.

OUR SPONSORS

1A International Business Park, Singapore

29 Woodlands Industrial Park E1, Singapore

About AIMS Financial Group

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 100 per cent owns Sydney Stock Exchange.

Since 1999, AIMS has raised approximately A$4.0 billion in funds from the capital markets. This includes both residential mortgage-backed securities and investments into Australia from overseas investors. AIMS is also the investment manager for AIMS Fund Management and manages approximately A$1.8 billion as at 31 March 2016. 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 highly qualified, professional and experienced cross-cultural teams enable AIMS to bridge the gap between Australia and China across various sectors.

www.aims.com.au

About AMP Capital

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, Ireland, Japan, Luxembourg, the United Kingdom and the United States.

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.

www.ampcapital.com.au

FINANCIAL HIGHLIGHTS

(S$'million unless otherwise stated)

For the Financial Year ended 31 March	2016	2015	2014
Gross revenue	124.4	115.4	108.2
Net property income	82.3	80.0	71.9
Distributions to Unitholders	72.1	69.2	57.2
Distribution per Unit (cents)	11.35	11.07	10.53

Balance Sheet as at 31 March	2016	2015	2014
Total assets	1,459.4	1,458.3	1,405.2
Total liabilities	518.7	496.2	493.3
Total borrowings	473.4	457.2	445.7
Unitholders' funds	940.7	962.1	911.9
Total Units in issue[1] (million)	636.6	630.9	621.2

Key financial ratios as at 31 March	2016	2015	2014
Earnings per Unit ("EPU")[2] (cents)	6.44	17.35	15.60
Net asset value per Unit (S$)	1.478	1.525	1.468
Aggregate leverage ratio[3] (%)	32.4	31.4	31.7
Interest cover ratio[4] (times)	4.8	4.4	5.2
Expense ratio[5] (%)	0.96	0.98	0.97

1 For FY2016, the total Units in issue included 1,089,469 Units issued to the Manager on 25 May 2016 for the payment of performance fees for FY2016 and 168,162 Units to be issued to the Manager as partial payment of the base fee element of the Manager's management fees incurred for the period from 1 January 2016 to 31 March 2016. 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.

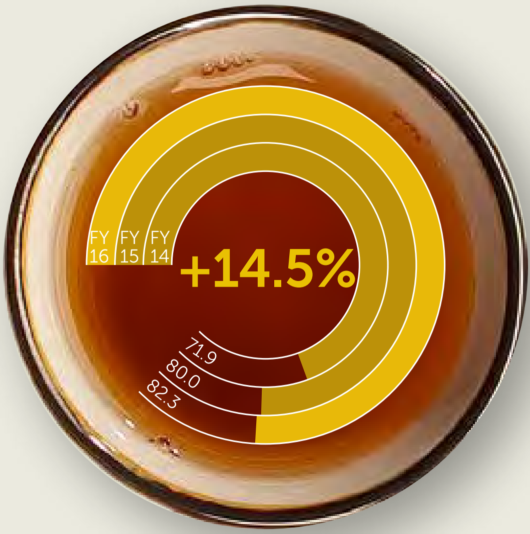
2 For FY2014, EPU has been adjusted for the effect of the underwritten and renounceable 7-for-40 rights issue that was completed on 20 March 2014 with 92,512,712 Units issued.

3 Aggregate leverage ratio is computed as total borrowings as a percentage of total assets.

4 Bank covenant: minimum of 2.0 times (FY2014: minimum of 2.5 times).

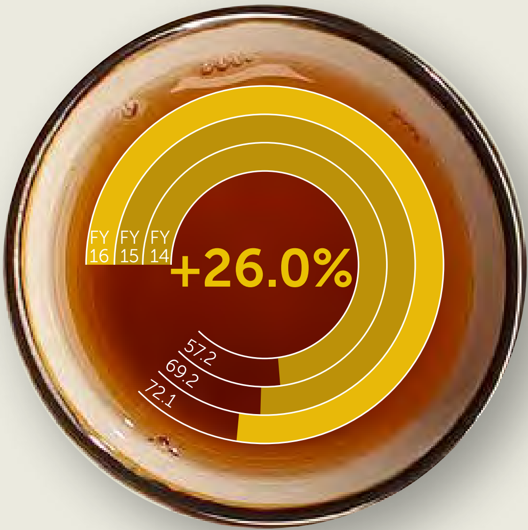
5 Expenses to weighted average net asset value (excludes performance-related fee): The expenses refer to the expenses of the Group excluding property-related expenses, borrowing costs, change in fair value of financial derivatives, investment properties, investment properties under development and foreign exchange gains/(losses). The expense ratio, including performance-related fee payable for FY2016 was 1.11 per cent (FY2015: 1.29 per cent). There was no performance fee in FY2014.

Net property income
(S$'million)

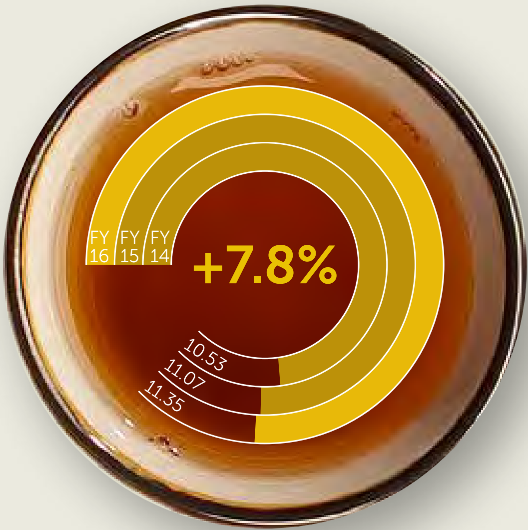


Total assets
(S$'million)

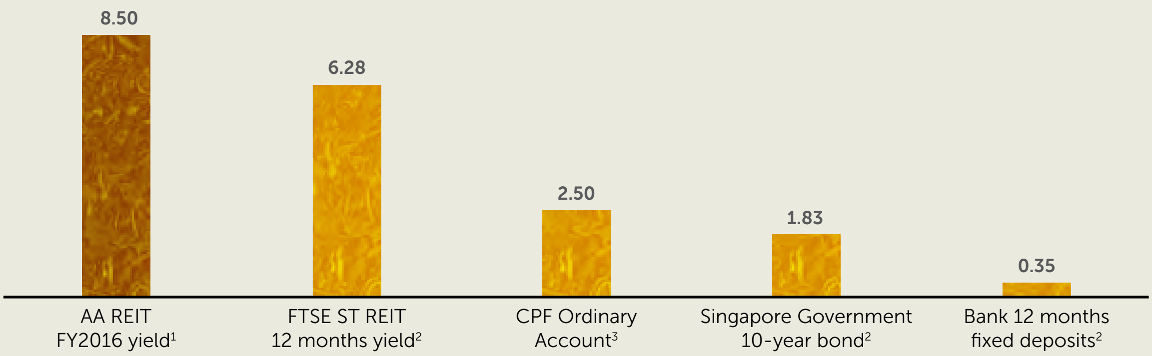
Distributions to Unitholders
(S$'million)



Distribution per Unit
(cents)



Yield per annum
(%)

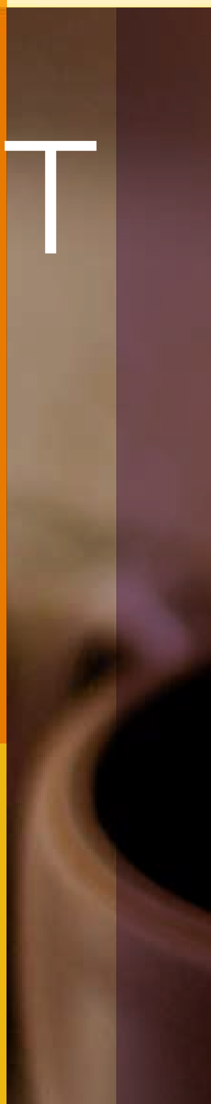


1 Based on closing price of S$1.335 on 31 March 2016 and actual Distribution per Unit of 11.35 cents for FY2016.
2 Source: Bloomberg data as at March 2016.
3 Prevailing CPF Ordinary Account interest rate.

STRONG COMMITMENT

Our commitment to value creation serves as the foundation of our long-term growth and strong partnerships.

This commitment is strengthened by our synergy with our Sponsors, tenant businesses and stakeholders coupled with track record, sound investment strategies and shared vision.



S$286.0m

Value of largest asset in portfolio, 20 Gul Way

Making tea with skill requires a fundamental commitment to quality – from sourcing tea leaves to ensuring the right water chemistry and temperature, and adhering to time-tested brewing methods.

Gross revenue
S$124.4m

Total assets
S$1,459.4m

Distribution per Unit
11.35 cents

SIGNIFICANT EVENTS

29 APR 2015

4Q FY2015 & FY2015 financial results

Announced financial results for the financial year ended 31 March 2015 achieving 21.0 per cent year-on-year ("y-o-y") increase in distributions to Unitholders to S$69.2 million. The Distribution per Unit ("DPU") of 2.92 cents for the final quarter of FY2015 brought the full year DPU to 11.07 cents, representing a 5.1 per cent y-o-y increase.

21.0%
y-o-y increase in distributions to Unitholders 4Q FY2015

4 MAY 2015

Standard & Poor's reaffirmed BBB- investment grade rating

Standard & Poor's reaffirmed AA REIT's investment grade credit rating of BBB- and expects AA REIT "to maintain its market position in Singapore's industrial property space and stable leverage and financial strength over the next 12-24 months, following the completion of several redevelopment projects which have strengthened its portfolio."

22 MAY 2015

Redevelopment of 30 & 32 Tuas West Road, Singapore

Announced a S$41.7 million redevelopment of 30 & 32 Tuas West Road. Upon completion, the asset is expected to be valued at S$60.7 million, up from its value of S$14.1 million and 100.0 per cent pre-committed by CWT Limited. The redevelopment of the asset is AA REIT's third development project and is in line with the Manager's strategy for improving value through selective enhancement or redevelopment of existing assets. It unlocks significant value in AA REIT's portfolio, while minimising risk through a fixed price turnkey design and construct contract, and at the same time securing a master lease for the full property with a high quality tenant.

29
JUL
2015

1Q FY2016 financial results

Announced financial results for the first quarter ended 30 June 2015 delivering an increased distributions to Unitholders by 10.0 per cent to S$17.4 million and improving net property income by 3.7 per cent to S$20.2 million compared to the same period last year. The Manager declared a DPU of 2.75 cents for the quarter.

Poll results of the 6th Annual General Meeting ("AGM")

Announced that all three resolutions, as set out in the notice of AGM dated 24 June 2015 were duly passed at the AGM on 29 July 2015.

31
JUL
2015

Restructured Board and Audit, Risk and Compliance Committee composition

Announced the appointment of Non-Executive Independent Director, Mr Eugene Paul Lai Chin Look as member of the Audit, Risk and Compliance Committee.

Announced the cessation of two Non-Executive Non-Independent Directors, Mr Simon Laurence Vinson and Ms Moni XinYe An.

Before redevelopment

30 & 32
Tuas West Road, Singapore

SIGNIFICANT EVENTS

3 SEP 2015

Entry into definitive agreements for the redevelopment of 30 & 32 Tuas West Road, Singapore

Announced that AA REIT had entered into the Design and Construction Agreement and Agreement for Lease with Indeco Engineers Pte Ltd and CWT Limited, respectively for the redevelopment of 30 & 32 Tuas West Road.

30 & 32
Tuas West Road, Singapore

After redevelopment

Artist's impression

Construction progress

Ramp progress

Driver slab progress

6.4%
y-o-y increase in distributions to Unitholders 1H FY2016

29 OCT 2015

2Q FY2016 and 1H FY2016 financial results

Announced financial results for the second quarter ended 30 September 2015 achieving a 6.4 per cent y-o-y increase in distributions to Unitholders for 1H FY2016. The Manager declared a DPU of 2.80 cents for the quarter, a 1.8 per cent increase from the preceding quarter. This brought the total DPU for 1H FY2016 to 5.55 cents, up 4.3 per cent compared to 1H FY2015.

4.3%
y-o-y increase in DPU 1H FY2016

28 JAN 2016

3Q FY2016 financial results

Announced financial results for the third quarter ended 31 December 2015 achieving a 2.2 per cent y-o-y increase in distributions to Unitholders to S$18.1 million. The Manager declared a DPU of 2.85 cents for the quarter, a 0.7 per cent y-o-y increase.

2.2%
y-o-y increase in distributions to Unitholders 3Q FY2016


27 Penjuru Lane, Singapore

DEEP ENGAGEMENT

Employing insight, expertise and discipline, AA REIT's lease and asset management approach is one that is enriched by proactive engagement with our tenants—understanding their goals and addressing their business needs by enhancing our properties and increasing our capacity to add value.

Gross revenue
+7.8% y-o-y

Net property income
+2.9% y-o-y

Distributions to Unitholders
+4.1% y-o-y

From elaborate preparation, brewing, serving, observance of etiquette and cleaning, the customary procedures of tea making is a demonstration of focus, deftness and discipline.

LETTER TO UNITHOLDERS

In FY2016, the Trust focused on unlocking value from its organic growth potential, guided by its mission to deliver sustainable returns for Unitholders from a high quality, actively managed portfolio.

George Wang
Chairman

Koh Wee Lih
Chief Executive Officer

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 2016 ("FY2016").

Maintaining momentum in a challenging market

Globally, the economic slowdown in China, the low oil prices and the uncertain impact of the possible interest rate hike by the US Federal Reserve dampened overall business sentiments in FY2016. Locally, the industrial leasing market was also challenging with soft demand for industrial premises and an oversupply situation.

Despite these market challenges, AA REIT kept momentum to deliver a strong financial performance and grow returns for Unitholders.

Our strategy of unlocking value within the Trust's portfolio through asset enhancement initiatives ("AEIs") and proactive asset and lease management has delivered six consecutive years of growth in gross revenue, net property income ("NPI"), and most importantly distributions to Unitholders since FY2010. FY2016's gross revenue grew by 7.8 per cent to S$124.4 million and NPI increased by 2.9 per cent to S$82.3 million year-on-year. This result was supported by rental contributions from completed developments at 20 Gul Way and 103 Defu Lane 10, occupancy of 93.4 per cent which is above industrial average, and weighted average rental increase of 9.5 per cent on renewals for the year.

In the same period, distributions to Unitholders increased 4.1 per cent to S$72.1 million, achieving a full year distribution per unit ("DPU") of 11.35 cents – a 2.5 per cent rise over FY2015's DPU of 11.07 cents.

Unlocking organic growth and staying diversified

In FY2016, the Trust focused on unlocking value from its organic growth potential, guided by its mission to deliver sustainable returns for Unitholders from a high quality, actively managed portfolio.

While AA REIT remains poised for the right acquisition opportunities in Singapore and Australia, it still has approximately 760,000 sq ft of under-utilised space in its portfolio. This provides an opportunity for the Manager to expand the Trust's gross floor area ("GFA") through organic growth alone, and rejuvenate older and underperforming assets as part of a defensive strategy to attract or retain tenants.

The new AEIs announced were for the redevelopment of 30 & 32 Tuas West Road and 8 & 10 Tuas Avenue 20.

The S$41.7 million AEI for 30 & 32 Tuas West Road is currently underway to transform the original two three-storey detached industrial buildings into a purpose-built five-storey ramp-up warehouse, which will be fully leased to a single master tenant, CWT Limited. Due for completion in January 2017, this redevelopment will increase the property's GFA by approximately 128,459 sq ft or 80 per cent, and is forecast to raise its annual rental income four-fold to S$4.15 million annually.

In April this year, AA REIT also announced its fourth redevelopment at 8 & 10 Tuas Avenue 20. This redevelopment will transform two adjoining two-storey detached industrial spaces into a versatile three-storey industrial facility with ramp and cargo lift access, making it suitable for production and warehouse usage. With improving infrastructure and connectivity in Tuas, and supply of industrial spaces forecast to fall beyond 2017, this development's completion in the second half of 2017 will be well-timed for the market. The project will enlarge the GFA by around 41,614 sq ft or 35 per cent, and will be valued at S$32 million upon completion.

Furthermore, in FY2016, the Manager executed 64 new and renewal leases representing 138,201 sq m (23 per cent of the net lettable area of the portfolio) at a weighted average rental increase of 9.5 per cent on the renewals.

AA REIT continues to remain focused on managing risks through diversification across its portfolio of 26 properties. The Trust maintains an even split of master and multi-tenancy leases across 14 trade sectors and industries.

Geographically, AA REIT is diversified through its 49 per cent interest in Optus Centre, located in Macquarie Park, New South Wales, Australia. AA REIT's interest in Optus Centre has been bolstered by rising property prices in Australia in FY2016 which supported Optus Centre's capital growth.

LETTER TO UNITHOLDERS

20 Gul Way, Singapore

Prudent capital and risk management

AA REIT continued its strong track record of prudent capital and risk management in FY2016.

As of 31 March 2016, AA REIT has maintained an average aggregate leverage of approximately 31 per cent for seven consecutive years, while more than doubling total assets under management in the same period from S$657.7 million to S$1.46 billion.

With possible further interest rate hikes from the US Federal Reserve and volatility in the Singapore currency predicted over the coming year, AA REIT increased the proportion of its debt on fixed interest rates to 92 per cent from 86 per cent the preceding year. In addition, AA REIT's Australian investment, Optus Centre, is substantially hedged using Australian dollar denominated borrowings where 100 per cent of the interest rates on the funding is fixed.

Overall blended funding cost decreased from 4.5 per cent a year ago to 4.2 per cent as a result of early refinancing of secured borrowings, lower borrowing costs on AA REIT's Australian denominated loans backed by fixed interest rates, as well as the strengthening of the Singapore dollar against the Australian dollar.

The Trust also retained strong financial flexibility with S$133 million available from an undrawn committed facility, and 13 unencumbered properties valued at S$544 million.

In April this year, AA REIT received a commitment from its banking partners to upsize its existing secured facility with a four-year term loan facility of S$100 million to refinance its unsecured borrowings due in August 2016 and fund development. As a result, the weighted average debt maturity will increase to 2.92 years (on a pro forma basis) and save the Trust approximately S$1.0 million in interest cost per annum.

In recognition of the Manager's focus on prudent capital and risk management, Standard & Poor's has, in April this year, reaffirmed the Trust's investment grade credit rating.

Supporting a sustainable future

As a responsible corporate citizen, the Manager recognises that AA REIT and the Manager must make every effort to reduce the impact of its business and operations on the environment and the community, and play a positive role in society, while pursuing our mission.

In FY2016, we have expanded our commitments in corporate governance, social responsibility and sustainability. We have restructured our Board and Audit, Risk and Compliance Committee to meet the new regulations of Monetary Authority of Singapore ("MAS") ahead of time, mandated that all our new redevelopments be BCA Green Mark compliant, and improved the lives of underprivileged children and youths by contributing to CapitaLand Commercial Trust's "Gifts of Joy" initiative.

The Manager remains positive on the long-term prospects for Singapore with the development of the future Tuas mega port where the Trust has been redeveloping its existing properties in the area to capture this growth.

The Board recently performed a review following the issuance of new MAS directions and guidelines for REIT managers to establish a Nominating and Remuneration Committee ("NRC") in accordance with the Code of Corporate Governance issued by MAS on 2 May 2012 and a NRC was established on 1 June 2016.

Long-term growth focus beyond FY2016

With a lacklustre global market outlook and the less-than-positive forecast for Singapore's industrial sector, FY2017 will be yet another challenging year for AA REIT. The Manager remains positive on the long-term prospects for Singapore with the development of the future Tuas mega port, where the Trust has been redeveloping its existing properties in the area such as redevelopment of 20 Gul Way, 30 & 32 Tuas West Road and 8 & 10 Tuas Avenue 20 to capture this growth.

We believe AA REIT's diversified portfolio and our proactive approach in managing its assets will help us navigate the short-term volatility and challenging market conditions. At the same time the healthy capital structure and position of AA REIT will enable it to capitalise on any future growth opportunities that may arise.

For FY2017, AA REIT's strategy is to remain steadfastly focused on active management of its existing portfolio through managing the tenancy mix and lease expiries, unlocking value within our portfolio through AEIs, and continual focus on evaluating yield accretive investment opportunities in Singapore and Australia. This will also be coupled with prudent capital and risk management to ensure a stable and sustainable DPU for Unitholders for the long-term.

In appreciation

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

Additionally, we acknowledge our gratitude this year to our outgoing Directors, Mr Simon Laurence Vinson and Ms Moni XinYe An for their valuable contributions to the Trust. We also warmly welcome Mr Eugene Paul Lai Chin Look who has been appointed as a member of our Audit, Risk and Compliance Committee.

Finally, we would like to thank you, our Unitholders, for your support and trust in our strategy. We look forward to your ongoing support and another rewarding year ahead.

Yours faithfully,

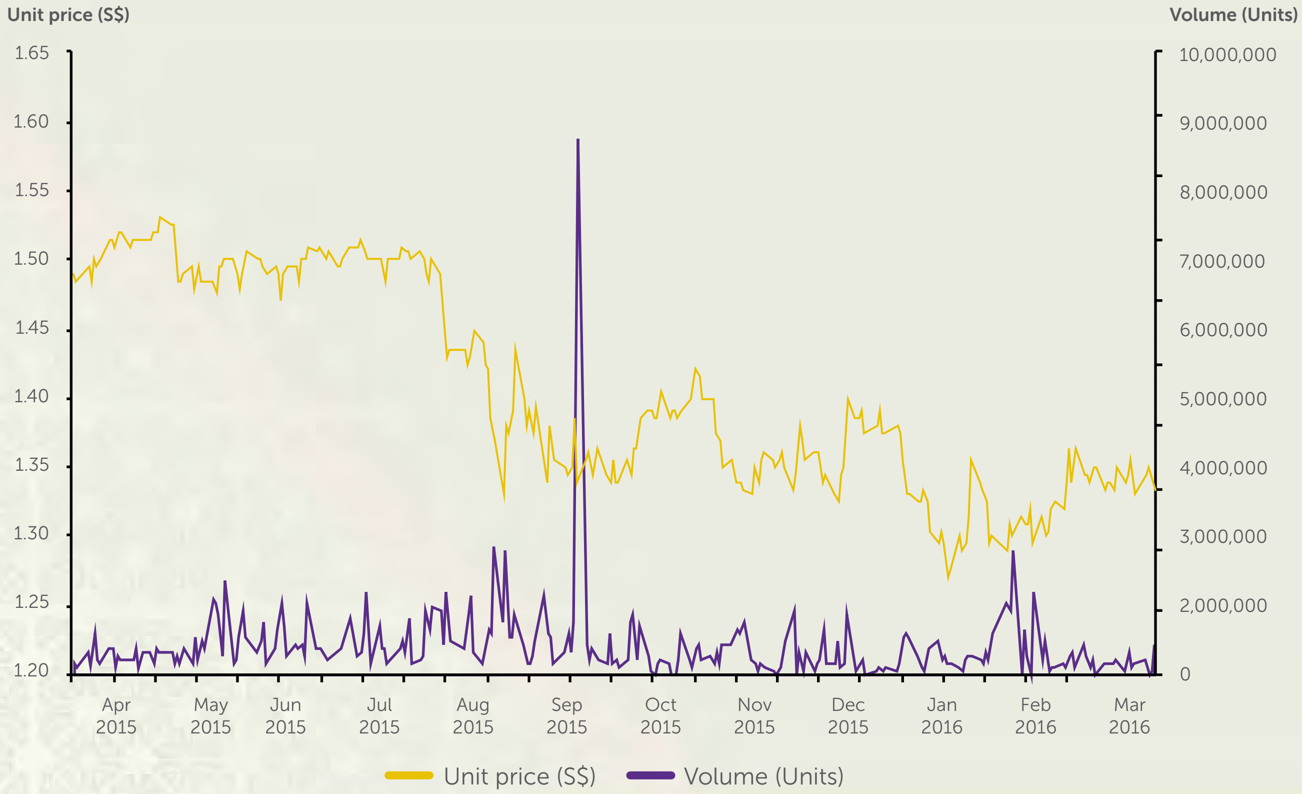
George Wang
Chairman

Koh Wee Lih
Chief Executive Officer

TRADING PERFORMANCE

	31 March 2016	31 March 2015	31 March 2014
Net asset value per Unit (S$)	1.478	1.525	1.468
Closing price (S$)	1.335	1.490	1.340
Highest price during financial year (S$)	1.530	1.495	1.870
Lowest price during financial year (S$)	1.270	1.340	1.310
Total volume traded ('million Units)	118.4	95.1	206.1
Average daily volume traded (Units)	477,495	378,899	814,617
Market capitalisation[1] (S$'million)	848.2	937.1	832.4

AIMS AMP Capital Industrial REIT
Unit price and volume



Source: Bloomberg

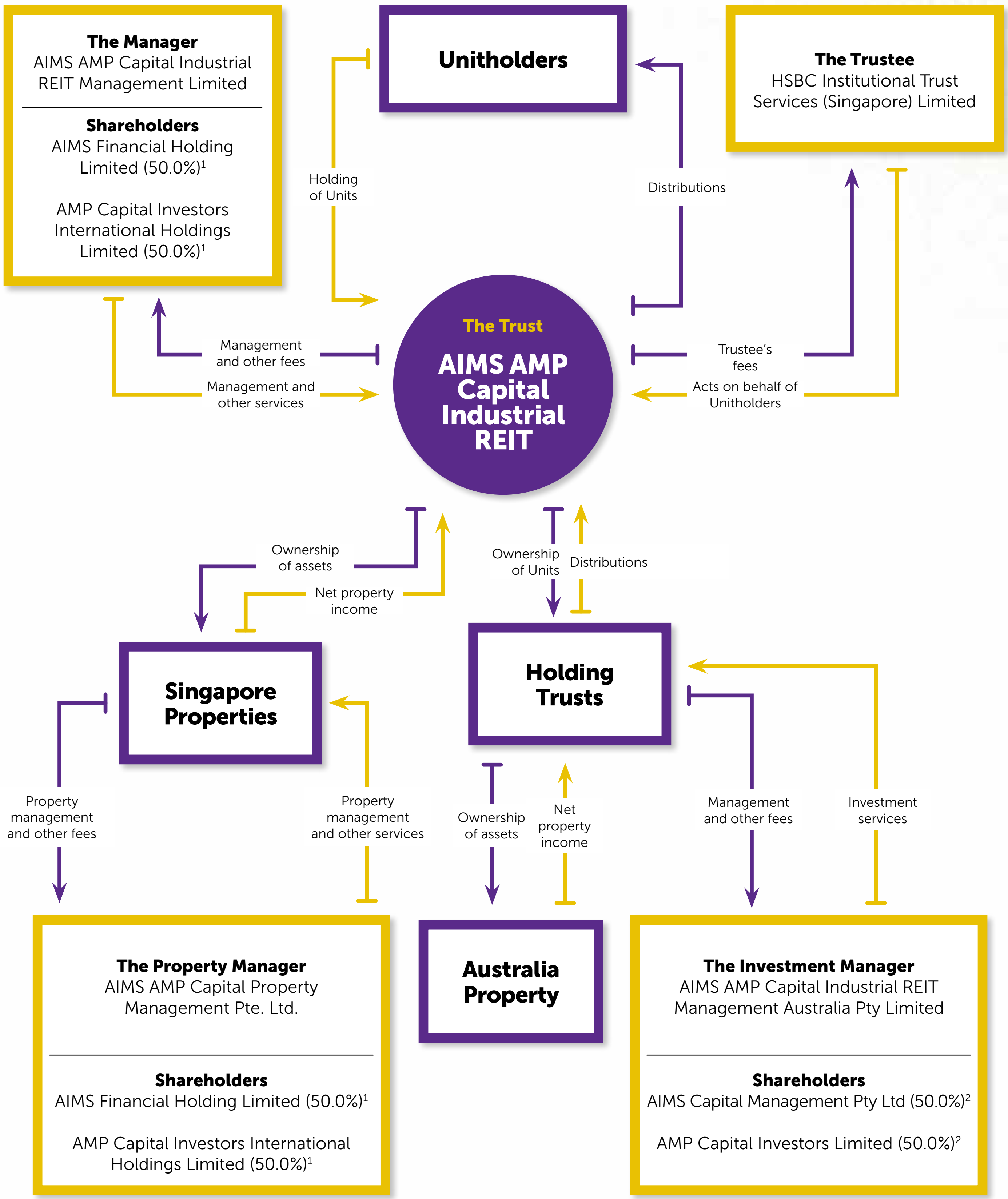
AIMS AMP Capital Industrial REIT
Total returns

	%
Since listing on 19 April 2007 to 31 March 2016	4.64
From 1 April 2015 to 31 March 2016 (one-year)	(2.90)
From 1 April 2013 to 31 March 2016 (three-year)	3.51

The total returns are calculated on the following assumptions:
(a) The investor has fully subscribed for his rights entitlements.
(b) The distributions are assumed gross, before deducting any withholding tax which may be applicable.
(c) The distributions are assumed to be reinvested into the Trust
  i. At the closing price on the ex-distribution date;
  ii. On the day the distributions were paid out.

[1] Based on closing price per unit of S$1.335 on 31 March 2016, S$1.490 on 31 March 2015 and S$1.340 on 31 March 2014.

STRUCTURE OF
AIMS AMP CAPITAL INDUSTRIAL REIT



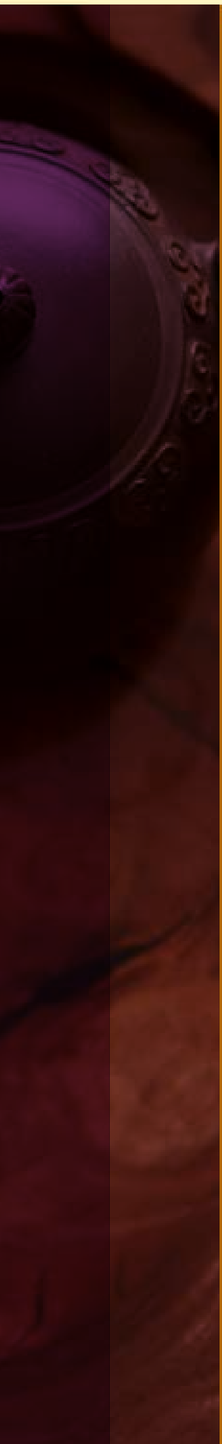
[1] AIMS Financial Holding Limited and AMP Capital Investors International Holdings Limited are indirectly owned by the two strategic sponsors, AIMS Financial Group and AMP Capital respectively.
[2] AIMS Capital Management Pty Ltd and AMP Capital Investors Limited are indirectly owned by the two strategic sponsors, AIMS Financial Group and AMP Capital respectively.

Distribution per Unit
+2.5% y-o-y

Aggregate leverage
32.4%

Interest cover ratio
4.8 times

As one of the most preserved traditions across various cultures, tea drinking serves as a classic symbol of union, interaction and mutualism.



PROVEN
TRUST

Our partnerships are built not just on a value proposition but also on a trust proposition. Through proactive asset and lease management, we have over the years proven our reliability to our tenants, as well as our credibility to create value for Unitholders.

BOARD OF DIRECTORS

Koh Wee Lih
Executive Director and Chief Executive Officer

Nicholas Paul McGrath
Non-Executive Non-Independent Director

George Wang
Chairman and Non-Executive Non-Independent Director

Tan Kai Seng
Non-Executive
Lead Independent Director

Norman Ip Ka Cheung
Non-Executive
Independent Director

Eugene Paul Lai Chin Look
Non-Executive
Independent Director

BOARD OF DIRECTORS

George Wang
Chairman, Non-Executive Non-Independent Director and Member of the Nominating and Remuneration Committee

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 Sydney Stock Exchange Limited (formerly known as Asia Pacific Stock Exchange Limited). Mr Wang is also the Executive Chairman of AIMS Fund Management Limited, the responsible entity for AIMS Property Securities Fund, a diversified real estate securities fund, which is listed on the Australian Securities Exchange and the Singapore 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 programmes.

Tan Kai Seng
Non-Executive Lead Independent Director, Chairman of the Audit, Risk and Compliance Committee and Member of the Nominating and Remuneration 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 (now known as PricewaterhouseCoopers LLP) 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 Corporation 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.

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

Mr Ip was appointed as a Director on 31 March 2010 and the Chairman of the Nominating and Remuneration Committee on 1 June 2016.

Mr Ip is a Chartered Accountant by training and has over 33 years of experience in finance, accounting and general management. 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 Group Managing Director of United Engineers Limited. Mr Ip is also an Independent Director of Great Eastern Holdings Limited and 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. In addition, he also serves as a member of the Building and Construction Authority Board and the Securities Industry Council.

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.

Eugene Paul Lai Chin Look

Non-Executive Independent Director, Member of the Audit, Risk and Compliance Committee and Member of the Nominating and Remuneration Committee

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 28 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 Greatearth Pte Ltd and is also a council member of Design Singapore Council and the Securities Industry Council.

Mr Lai 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.

Nicholas Paul McGrath

Non-Executive Non-Independent Director and Member of the Nominating and Remuneration Committee

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$4.1 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 (Singapore) Limited'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 16 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.

Koh Wee Lih

Executive Director and Chief Executive Officer

Mr Koh joined the Manager in December 2008 and was appointed the Chief Executive Officer of the Manager on 1 January 2014. He 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 20 years of experience in investment, corporate finance and asset management, of which more than 12 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

Toh Lay Gan
Vice President, Asset Management

Joanne Loh
Assistant Fund Manager

Koh Wee Lih
Chief Executive Officer

Regina Yap
Head of Finance and Company Secretary

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.

Regina Yap
Head of Finance and Company Secretary

Ms Yap joined the Manager in September 2011 and is responsible for the financial accounting and reporting, taxation, capital management, compliance as well as corporate secretarial matters. She has extensive regional experience across South East Asia, North Asia and Australia.

Ms Yap has over 20 years of experience in group financial and management reporting, tax planning, operational management and control and capital and risk management. Before 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. Prior to that, she held various senior finance roles at CapitaLand Limited across several business units, including hospitality, residential, commercial, corporate headquarters and Australand Property Group in Australia. Before joining CapitaLand Limited, she was a Tax Consultant with PriceWaterhouse (now known as Pricewaterhouse Coopers LLP).

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

Joanne Loh
Assistant Fund Manager

Ms Loh joined the Manager in August 2007 and is responsible for the Trust's performance as well as the investor relations.

Ms Loh has over 12 years of experience in the real estate industry spanning across fund management, asset and lease management and investor relations. Before joining the Manager, Ms Loh was a Property Manager at the property consultant firm Colliers International, managing a portfolio of residential and industrial assets. Prior to that, she worked with real estate developers including Far East Organisation and Keppel Land Limited.

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

Toh Lay Gan
Vice President, Asset Management

Ms Toh joined the Manager in March 2015 and is responsible for the asset and lease management of the Trust's portfolio.

Ms Toh has over 20 years of experience in the real estate industry and expertise in asset and lease management. Before joining the Manager, she was the Head of Portfolio and Asset Management with Ascendas Land (S) Pte Ltd. Prior to that, she held various roles in the Ascendas group of companies heading the asset management / leasing teams of different property clusters. She was credited particularly for her involvement in the successful launch of Ascendas REIT in 2002. Before joining Ascendas, she was with DTZ Leung and Far East Organisation where she specialised in valuation and marketing of industrial properties respectively.

Ms Toh holds a Bachelor of Science in Estate Management from the National University of Singapore.

REDEVELOPMENT PROJECTS

30 & 32 Tuas West Road, Singapore

Before redevelopment

Two three-storey detached industrial buildings with an under-utilised plot ratio

After redevelopment

Artist's impression

Purpose-built five-storey ramp-up warehouse facility with an increased plot ratio. CWT Limited to take up all five storeys under master lease arrangement

Post redevelopment

Property
Five-storey ramp-up warehouse

Redevelopment cost
S$55.8 million (including land cost)

Valuation
S$60.7 million[1]

Annual rental income
S$4.15 million (when completed)

Approved plot ratio
2.08

Land area
12,894.9 sq m

Approved gross floor area
26,772.3 sq m

Lease term
Master lease

Improved infrastructure and connectivity in the area with Tuas West MRT Extension and the four new MRT stations (Tuas Link, Tuas West Road, Tuas Crescent and Gul Circle) targeted for completion in 2016.[2]

Government has announced a new port in Tuas to consolidate all existing container ports in Tanjong Pagar, Keppel, Brani and Pasir Panjang, which will be moved to Tuas when leases expire from 2027. The new port will handle about double the current total container handling capacity.[3]

1 Based on Savills Valuation And Professional Services (S) Pte Ltd's valuation dated 31 March 2016 on a "completed" basis.
2 The Straits Times (7 October 2013).
3 The Straits Times (2 October 2012 and 18 August 2013).

8 & 10 Tuas Avenue 20, Singapore

Post redevelopment

Property
Versatile three-storey industrial facility with ramp and cargo lift access

Redevelopment cost
S$27.0 million (including land cost)

Valuation
S$32.0 million[1]

Proposed plot ratio
1.4

Land area
10,560.0 sq m

Proposed gross floor area
Approx. 14,784.0 sq m

Proposed net lettable area
13,665.9 sq m

Before redevelopment

Customised two adjoining two-storey industrial space with an under-utilised plot ratio

After redevelopment

Artist's impression

Versatile three-storey industrial facility with ramp and cargo lift access

A new MRT Tuas West Extension, which will feature Singapore's tallest viaduct at 23m above ground will be the first twin-tier viaduct in Singapore, with the new elevated dual three-lane road designed to relieve Tuas' infamous heavy traffic load, which is set to become heavier once the port is moved there in 2030.[2]

[1] Based on Savills Valuation And Professional Services (S) Pte Ltd's valuation dated 31 March 2016 on a "completed" basis.
[2] The Straits Times (3 February 2015).

PROPERTY SHOWCASE

20 Gul Way, Singapore

The property comprises a five-storey warehouse and logistics facility serviced by a central vehicular ramp with a substantial hardstand marshalling yard.

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 a short drive from Joo Koon MRT station and well-served by expressways such as Ayer Rajah Expressway and Pan Island Expressway. The property is also a short drive from the Tuas Checkpoint, the second causeway between Singapore and Malaysia.

Property details

Valuation (S$'million)	286.00
Valuation date	31 March 2016
Valuation as percentage of total portfolio value (%)	19.82
Capitalisation rate (%)	7.00
Acquisition date	19 April 2007
Purchase price (S$'million)	39.40
Development cost (including land) (S$'million)	264.89
Leasehold title expiry date	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 gross rental income FY2016 (S$'million)	29.03

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

Property details

Valuation (S$'million)	225.35[1]
Valuation date	31 March 2016
Valuation as percentage of total portfolio value (%)	15.62
Capitalisation rate (%)	6.75
Acquisition date	7 February 2014
Purchase price (S$'million)	205.33[2]
Leasehold title expiry date	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 gross rental income FY2016 (S$'million)	16.59

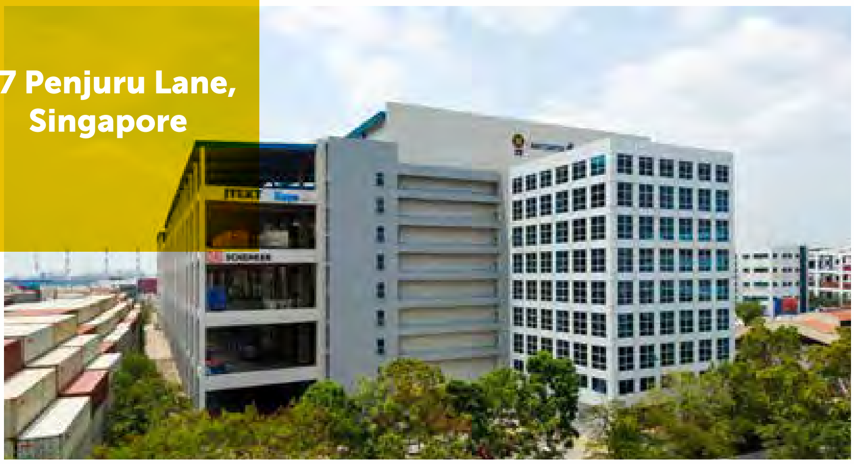
The property is a secure campus style A Grade business park which was completed in 2007 and comprises six buildings and parking for 2,100 cars. The buildings are a combination of four and five levels and are arranged in a chevron shape that opens to the main entrance. The buildings are serviced by a total of 15 passenger lifts and two goods lifts. Amenities include a secure central courtyard featuring extensive landscaping, water feature, paved seating areas and a basketball court. The business park also provides various cafes, retail food court area, bar, automated teller machines, a convenience store and a 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 a short drive from Macquarie Shopping Centre and Macquarie University. It is approximately 15.0 km to the northwest of the Sydney central business district and is approximately 12.0 km to the northwest of the North Sydney central business district.

1 Based on 49.0 per cent interest in the property and exchange rate of A$1.00 = S$1.0335. The valuation for the property is A$445.00 million appraised by CBRE Valuations Pty Limited as at 31 March 2016.

2 Based on 49.0 per cent interest in the property and exchange rate of A$1.00 = S$1.1133. The purchase price for the 49.0 per cent interest in the property was A$184.425 million.

27 Penjuru Lane, Singapore



The property incorporates two five-storey individual building envelopes providing high clearance warehouse and logistics facility with mezzanine offices serviced by a central vehicular ramp. In addition, there is an attached nine-storey ancillary office annex incorporating both office accommodation and a canteen.

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

Property details

Valuation (S$'million)	177.00
Valuation date	31 March 2016
Valuation as percentage of total portfolio value (%)	12.27
Capitalisation rate (%)	6.50
Acquisition date	15 October 2010
Purchase price (S$'million)	161.00
Leasehold title expiry date	15 October 2049
Land area (sq m)	38,297.00
Gross floor area (sq m)	95,758.40
Net lettable area (sq m)	95,500.00
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 (%)	87.0
Annual gross rental income FY2016 (S$'million)	16.42

8 & 10 Pandan Crescent, Singapore

The property comprises 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 West Coast Highway, Ayer Rajah Expressway and Pan Island Expressway. The Clementi MRT station and bus interchange are both a short drive away.

Property details

Valuation (S$'million)	157.10
Valuation date	31 March 2016
Valuation as percentage of total portfolio value (%)	10.89
Capitalisation rate (%)	6.25
Acquisition date	19 April 2007
Purchase price (S$'million)	115.00
Leasehold title expiry date	31 May 2068
Land area (sq m)	32,376.50
Gross floor area (sq m)	80,940.00
Net lettable area (sq m)	65,840.20
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 (%)	90.9
Annual gross rental income FY2016 (S$'million)	12.35

PROPERTY SHOWCASE

29 Woodlands Industrial Park E1, Singapore

The property comprises an L-shaped four-storey high-technology light industrial building with basement car park. The building is serviced by nine passenger lifts, nine cargo lifts and six lift lobbies with ancillary canteen and café located on 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 close proximity to 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 Seletar Expressway, Bukit Timah Expressway, upcoming North-South Expressway and is approximately 23.5 km from the City Centre.

Property details

Valuation (S$'million)	95.00
Valuation date	31 March 2016
Valuation as percentage of total portfolio value (%)	6.59
Capitalisation rate (%)	6.75
Acquisition date	21 February 2011
Purchase price (S$'million)	72.00
Leasehold title expiry date	8 January 2055
Land area (sq m)	17,955.50
Gross floor area (sq m)	45,481.30
Net lettable area (sq m)	36,768.00
Property type	Hi-Tech
Town planning	Business 2
Maximum plot ratio	2.53
Current plot ratio	2.53

Lease terms

Lease type	Multi-tenanted
Occupancy of property (%)	96.2
Annual gross rental income FY2016 (S$'million)	8.37

1A International Business Park, Singapore

Property details

Valuation (S$'million)	88.70
Valuation date	31 March 2016
Valuation as percentage of total portfolio value (%)	6.15
Capitalisation rate (%)	6.25
Acquisition date	30 November 2009
Purchase price (S$'million)	90.20
Leasehold title expiry date	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 gross rental income FY2016 (S$'million)	8.38

The property comprises a 13-storey high-technology business park building with a basement car park. The building is designated for business park use and incorporates ancillary office and warehouse areas that are serviced by four passenger lifts and two loading and unloading bays located on the first storey.

It is located within the precinct of International Business Park, off Boon Lay Way and 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 Jurong East MRT station, Pan Island Expressway, Ayer Rajah Expressway and is approximately 14.0 km from the City Centre.

103 Defu Lane 10, Singapore

The property comprises 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 along Defu Lane 10 in Defu Industrial Estate. The property is a short drive from Kovan MRT station and Hougang MRT station with close proximity to expressways including Central Expressway, Seletar Expressway, Kallang-Paya Lebar Expressway, Pan Island Expressway via Eunos Link and is approximately 10.0 km away from the City Centre.

Property details

Valuation (S$'million)	37.00
Valuation date	31 March 2016
Valuation as percentage of total portfolio value (%)	2.56
Capitalisation rate (%)	7.00
Acquisition date	21 January 2008
Purchase price (S$'million)	14.50
Development cost (including land) (S$'million)	33.69
Leasehold title expiry date	30 June 2043
Land area (sq m)	7,541.00
Gross floor area (sq m)	18,852.50
Net lettable area (sq m)	17,935.20
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 gross rental income FY2016 (S$'million)	3.96

15 Tai Seng Drive, Singapore

The property comprises a five-storey light industrial building with a basement. The property has three loading and unloading bays with dock-levellers and is serviced by two passenger lifts 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 a short drive from Tai Seng MRT station, Pan Island and Kallang-Paya Lebar Expressways, Bartley viaduct and is approximately 9.5 km away from the City Centre.

Property details

Valuation (S$'million)	36.40
Valuation date	31 March 2016
Valuation as percentage of total portfolio value (%)	2.52
Capitalisation rate (%)	6.75
Acquisition date	17 December 2007
Purchase price (S$'million)	28.90
Leasehold title expiry date	31 March 2051
Land area (sq m)	9,077.90
Gross floor area (sq m)	22,594.01
Net lettable area (sq m)	17,886.47
Property type	Industrial
Town planning	Business 2
Maximum plot ratio	2.50
Current plot ratio	2.49

Lease terms

Lease type	Multi-tenanted
Occupancy of property (%)	91.4
Annual gross rental income FY2016 (S$'million)	3.94

PROPERTY SHOWCASE

30 & 32 Tuas West Road, Singapore

Artist's impression

The property is currently being redeveloped into a purpose-built five-storey ramp-up warehouse facility with mezzanine office and loading and unloading bays with dock-levellers on every floor. As at 31 March 2016, approximately 35 per cent of the development has been completed. The project is expected to be completed in January 2017.

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 end 2016. Accessibility to other parts of Singapore is enhanced by its proximity to Pan Island Expressway and Ayer Rajah Expressway. The property is also a short drive from the Tuas Checkpoint, the second causeway between Singapore and Malaysia.

Property details

Valuation on "As Is" basis (S$'million)	36.20
Valuation on "Completed" basis (S$'million)	60.70
Valuation date	31 March 2016
Valuation as percentage of total portfolio value (%)	2.51
Capitalisation rate (%)	6.50
Acquisition date	11 January 2010
Purchase price (S$'million)	17.30
Leasehold title expiry date	31 December 2055
Land area (sq m)	12,894.90
Approved gross floor area (sq m)	26,772.25
Approved net lettable area (sq m)	26,772.25
Property type	Ramp-up Warehouse
Town planning	Business 2
Maximum plot ratio	2.10
Approved plot ratio	2.08

Lease terms

Lease type	Master Lease (CWT Limited)
Occupancy of property (%)	Under development
Annual gross rental income FY2016 (S$'million)	0.32 (prior to development)

10 Changi South Lane, Singapore

Property details

Valuation (S$'million)	29.60
Valuation date	31 March 2016
Valuation as percentage of total portfolio value (%)	2.05
Capitalisation rate (%)	6.75
Acquisition date	19 April 2007
Purchase price (S$'million)	33.80
Leasehold title expiry date	15 June 2056
Land area (sq m)	9,219.10
Gross floor area (sq m)	14,793.00
Net lettable area (sq m)	12,740.76
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 gross rental income FY2016 (S$'million)	2.64

The property comprises a part five-storey and part seven-storey warehouse with ancillary office space. The property has three cargo lifts and eight loading and unloading bays with dock-levellers. The ground floor warehouse is equipped with an Automated Storage and Retrieval System and there are also display areas on the same floor.

It is located within Changi South Industrial Estate. The property is well-served by expressways and major roads such as Pan Island Expressway, 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 International Airport.

1 Bukit Batok Street 22, Singapore

The property comprises an eight-storey light industrial building incorporating a four-storey factory and an eight-storey of ancillary office space. The building is served by two passenger lifts 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 is approximately 15.5 km away from the City Centre. The property is a short drive from Pan Island Expressway and Ayer Rajah Expressway and is within close proximity to Bukit Batok MRT station and the bus interchange.

Property details

Valuation (S$'million)	25.60
Valuation date	31 March 2016
Valuation as percentage of total portfolio value (%)	1.77
Capitalisation rate (%)	6.75
Acquisition date	19 April 2007
Purchase price (S$'million)	18.00
Leasehold title expiry date	30 June 2055
Land area (sq m)	6,399.30
Gross floor area (sq m)	15,978.40
Net lettable area (sq m)	14,036.53
Property type	Industrial
Town planning	Business 1
Maximum plot ratio	2.50
Current plot ratio	2.50

Lease terms

Lease type	Multi-tenanted
Occupancy of property (%)	77.5
Annual gross rental income FY2016 (S$'million)	2.46

61 Yishun Industrial Park A, Singapore

Property details

Valuation (S$'million)	24.50
Valuation date	31 March 2016
Valuation as percentage of total portfolio value (%)	1.70
Capitalisation rate (%)	6.75
Acquisition date	21 January 2008
Purchase price (S$'million)	24.60
Leasehold title expiry date	31 August 2052
Land area (sq m)	5,921.80
Gross floor area (sq m)	14,601.00
Net lettable area (sq m)	11,941.50
Property type	Industrial
Town planning	Business 2
Maximum plot ratio	2.50
Current plot ratio	2.47

Lease terms

Lease type	Multi-tenanted
Occupancy of property (%)	96.7
Annual gross rental income FY2016 (S$'million)	2.27

The property comprises a six-storey light industrial building suitable for manufacturing, warehouse, distribution and ancillary offices. The building is served by one passenger lift and three cargo lifts, as well as six loading and unloading bays with four dock-levellers 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 is approximately 21.5 km away from the City Centre. The property is a short drive from Yishun MRT station, Sembawang MRT station and is well-served by major expressways and major roads such as Central Expressway and Yishun Avenue 2, which lead directly to the Seletar Expressway.

PROPERTY SHOWCASE

3 Tuas Avenue 2, Singapore

The property comprises a purpose-built industrial building fronted by a two-storey office block, a single storey production and a part two and part three-storey production/warehouse block at the rear. The property is served by a cargo lift at the production/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 Pan Island Expressway, Ayer Rajah Expressway, the proposed Tuas Crescent MRT Station and is approximately 26.0 km away from the City Centre. The property is also a short drive from the Tuas Checkpoint, the second causeway between Singapore and Malaysia.

Property details

Valuation (S$'million)	22.80
Valuation date	31 March 2016
Valuation as percentage of total portfolio value (%)	1.58
Capitalisation rate (%)	6.75
Acquisition date	19 April 2007
Purchase price (S$'million)	20.80
Leasehold title expiry date	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 gross rental income FY2016 (S$'million)	2.51

135 Joo Seng Road, Singapore

Property details

Valuation (S$'million)	22.70
Valuation date	31 March 2016
Valuation as percentage of total portfolio value (%)	1.57
Capitalisation rate (%)	6.75
Acquisition date	10 March 2008
Purchase price (S$'million)	25.00
Leasehold title expiry date	30 June 2054
Land area (sq m)	5,420.10
Gross floor area (sq m)	12,385.00
Net lettable area (sq m)	9,653.12
Property type	Industrial
Town planning	Business 1
Maximum plot ratio	2.50
Current plot ratio	2.29

Lease terms

Lease type	Multi-tenanted
Occupancy of property (%)	77.4
Annual gross rental income FY2016 (S$'million)	2.52

The property comprises an eight-storey light industrial building with sheltered car parks on the first storey and a canteen located on the second storey. The building is served by two passenger and two cargo lifts with four loading and unloading bays located on the first storey. There are 63 covered and surface car park lots available at the property.

It is located at the 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 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 Central Expressway, Pan Island Expressway and Kallang-Paya Lebar Expressway.

3 Toh Tuck Link, Singapore

The property comprises a multi-storey warehouse building with ancillary office spaces. The warehouse spaces are largely located at levels one and three while the ancillary office spaces span over five floors. The building is served by one passenger lift and one cargo lift, as well as seven loading and unloading bays with dock-levellers on the first storey.

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 is approximately 15.5 km from the City Centre. The property is a short drive from 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, Ayer Rajah Expressway and Pan Island Expressway.

Property details

Valuation (S$'million)	22.60
Valuation date	31 March 2016
Valuation as percentage of total portfolio value (%)	1.57
Capitalisation rate (%)	6.75
Acquisition date	11 January 2010
Purchase price (S$'million)	19.30
Leasehold title expiry date	15 November 2056
Land area (sq m)	10,724.40
Gross floor area (sq m)	12,492.41
Net lettable area (sq m)	11,956.07
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 gross rental income FY2016 (S$'million)	2.55

23 Tai Seng Drive, Singapore

The property comprises a six-storey light industrial building with a basement car park. The building is used for warehousing, industrial, data-centre and ancillary office and 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, off Airport Road and Hougang Avenue 3, within the Tai Seng Industrial Estate and is approximately 9.5 km away from the City Centre. The property is a short drive from Tai Seng MRT station and is well-served by major roads and expressways such as Paya Lebar Road, Eunos Link, Pan Island Expressway, Kallang-Paya Lebar Expressway as well as the Bartley viaduct.

Property details

Valuation (S$'million)	21.00
Valuation date	31 March 2016
Valuation as percentage of total portfolio value (%)	1.46
Capitalisation rate (%)	6.75
Acquisition date	11 January 2010
Purchase price (S$'million)	17.20
Leasehold title expiry date	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	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 gross rental income FY2016 (S$'million)	2.32

PROPERTY SHOWCASE

11 Changi South Street 3, Singapore

The property comprises a four-storey light industrial building which has 60 car park lots and industrial/warehouse space located at the basement. The property is served by two passenger lifts, two cargo lifts and 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. It is approximately 15.5 km away from the City Centre and is a short drive from Changi International Airport. The property is in close proximity to Expo MRT station and is well-served by Pan Island Expressway, East Coast Parkway and Tampines Expressway. Currently, there are ongoing construction works to connect the Expo MRT station to the new Downtown Line.

Property details

Valuation (S$'million)	20.90
Valuation date	31 March 2016
Valuation as percentage of total portfolio value (%)	1.45
Capitalisation rate (%)	6.75
Acquisition date	17 December 2007
Purchase price (S$'million)	20.80
Leasehold title expiry date	31 March 2055
Land area (sq m)	8,832.60
Gross floor area (sq m)	14,131.10
Net lettable area (sq m)	11,886.38
Property type	Cargo Lift Warehouse
Town planning	Business 2
Maximum plot ratio	2.00
Current plot ratio	1.60

Lease terms

Lease type	Multi-tenanted
Occupancy of property (%)	46.9
Annual gross rental income FY2016 (S$'million)	1.80

56 Serangoon North Avenue 4, Singapore

Property details

Valuation (S$'million)	20.00
Valuation date	31 March 2016
Valuation as percentage of total portfolio value (%)	1.39
Capitalisation rate (%)	6.75
Acquisition date	11 January 2010
Purchase price (S$'million)	14.80
Leasehold title expiry date	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 (%)	87.6
Annual gross rental income FY2016 (S$'million)	2.08

The property comprises a seven-storey light industrial building incorporating warehouse, production and ancillary office areas. The building is served by two cargo lifts, four loading and unloading bays with dock-levellers on 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 is approximately 11.5 km from the City Centre. The property is in proximity to Ang Mo Kio MRT station and is well-served by major expressways and roads such as Central Expressway, Seletar Expressway, Tampines Expressway, Yio Chu Kang Road and Ang Mo Kio Avenue 3 and 5.

541 Yishun Industrial Park A, Singapore

The property comprises a four-storey factory building primarily incorporating production, warehouse and ancillary offices. The building is served by one passenger lift and two cargo lifts, as well as six loading and unloading bays with dock-levellers located at the first storey.

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

Property details

Valuation (S$'million)	16.00
Valuation date	31 March 2016
Valuation as percentage of total portfolio value (%)	1.11
Capitalisation rate (%)	6.75
Acquisition date	3 October 2007
Purchase price (S$'million)	16.80
Leasehold title expiry date	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 gross rental income FY2016 (S$'million)	1.78

1 Kallang Way 2A, Singapore

Property details

Valuation (S$'million)	13.80
Valuation date	31 March 2016
Valuation as percentage of total portfolio value (%)	0.96
Capitalisation rate (%)	6.50
Acquisition date	30 January 2008
Purchase price (S$'million)	14.00
Leasehold title expiry date	30 June 2055
Land area (sq m)	3,231.40
Gross floor area (sq m)	8,029.29
Net lettable area (sq m)	6,563.55
Property type	Industrial
Town planning	Business 2
Maximum plot ratio	2.50
Current plot ratio	2.48

Lease terms

Lease type	Multi-tenanted
Occupancy of property (%)	96.2
Annual gross rental income FY2016 (S$'million)	0.30

The property comprises an eight-storey building used for light industrial production and ancillary offices. The building is served by two passenger lifts, a cargo lift, a fireman's lift and three loading and unloading bays. Asset enhancement works to improve the efficiency of the building were completed in May 2015.

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

PROPERTY SHOWCASE

2 Ang Mo Kio Street 65, Singapore

The property comprises an L-shaped three-storey detached factory building incorporating production area, laboratories, warehouses and office areas. The building is served by a cargo lift 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, off Yio Chu Kang Road and Ang Mo Kio Avenue 6 and is approximately 14.0 km away from the City Centre. The property is well-served by major arterial roads and expressways such as Central Expressway, Seletar Expressway, Tampines Expressway and is within close proximity to Yio Chu Kang MRT Station and bus interchange.

Property details

Valuation (S$'million)	13.30
Valuation date	31 March 2016
Valuation as percentage of total portfolio value (%)	0.92
Capitalisation rate (%)	6.75
Acquisition date	19 April 2007
Purchase price (S$'million)	15.20
Leasehold title expiry date	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 gross rental income FY2016 (S$'million)	1.92

Property details

Valuation (S$'million)	11.80
Valuation date	31 March 2016
Valuation as percentage of total portfolio value (%)	0.82
Capitalisation rate (%)	6.75
Acquisition date	31 March 2008
Purchase price (S$'million)	18.30
Leasehold title expiry date	15 June 2053
Land area (sq m)	9,998.30
Gross floor area (sq m)	9,081.30
Net lettable area (sq m)	8,099.31
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 (%)	94.2
Annual gross rental income FY2016 (S$'million)	1.19

7 Clementi Loop, Singapore

The property comprises a warehouse and office building with a single level high-bay warehouse and a three-storey ancillary office block. There are eight loading and unloading bays with dock-levellers within the development. Vertical access for the ancillary office block is via a passenger lift.

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 short drive from Clementi MRT station and is well-served by Pan Island Expressway, Ayer Rajah Expressway and West Coast Highway.

26 Tuas Avenue 7, Singapore

The property comprises 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 asset enhancement works to create additional storage and factory space were completed in October 2015.

It is located at the 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 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, the second causeway between Singapore and Malaysia.

Property details

Valuation (S$'million)	11.50
Valuation date	31 March 2016
Valuation as percentage of total portfolio value (%)	0.80
Capitalisation rate (%)	6.75
Acquisition date	19 April 2007
Purchase price (S$'million)	8.30
Leasehold title expiry date	31 December 2053
Land area (sq m)	5,823.30
Gross floor area (sq m)	6,642.16
Net lettable area (sq m)	5,715.13
Property type	Manufacturing
Town planning	Business 2
Maximum plot ratio	1.40
Current plot ratio	1.14

Lease terms

Lease type	Master Lease (Aalst Chocolate Pte Ltd)
Occupancy of property (%)	100.0
Annual gross rental income FY2016 (S$'million)	1.34

8 Senoko South Road, Singapore

The property comprises 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 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 is approximately 23.0 km from the City Centre. The property is a short drive from Admiralty MRT station, Sembawang MRT station and the proposed Woodlands North MRT station. It is well-served by expressways such as Seletar Expressway, Bukit Timah Expressway and the upcoming North-South Expressway.

Property details

Valuation (S$'million)	11.40
Valuation date	31 March 2016
Valuation as percentage of total portfolio value (%)	0.79
Capitalisation rate (%)	6.75
Acquisition date	19 April 2007
Purchase price (S$'million)	12.80
Leasehold title expiry date	31 October 2054
Land area (sq m)	7,031.30
Gross floor area (sq m)	9,249.00
Net lettable area (sq m)	7,278.80
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 gross rental income FY2016 (S$'million)	1.41

8 & 10 Tuas Avenue 20, Singapore

Artist's impression

The property is scheduled for redevelopment works to transform the two adjoining two-storey detached industrial spaces into a versatile three-storey industrial facility with ramp and cargo lift access, making it suitable for production and warehouse usage. The project is expected to be completed in the second half of 2017.

It is located within a well-established industrial estate on the north-western side of Tuas Avenue 20, off Pioneer Road in the Jurong Industrial Estate and is approximately 27.5 km away from the City Centre. The property is well-served by major arterial roads and expressways such as Jalan Ahmad Ibrahim, Ayer Rajah Expressway and Pan Island Expressway. It is within close proximity to the future Tuas West Road MRT Station which is expected to be completed in end 2016. The property is also a short drive from the Tuas Checkpoint, the second causeway between Singapore and Malaysia.

Property details

Valuation on "As is" basis (S$'million)	8.70
Valuation on "Completed" basis (S$'million)	32.00
Valuation date	31 March 2016
Valuation as percentage of total portfolio value (%)	0.60
Capitalisation rate (%)	6.75
Acquisition date	19 April 2007
Purchase price (S$'million)	11.60
Leasehold title expiry date	
8 Tuas Avenue 20	31 December 2050
10 Tuas Avenue 20	30 September 2052
Land area (sq m)	10,560.00
Proposed gross floor area (sq m)	14,784.00
Proposed net lettable area (sq m)	13,665.89
Property type	Industrial
Town planning	Business 2
Maximum plot ratio	1.40
Proposed plot ratio	1.40

Lease terms

Lease type	Multi-tenanted
Occupancy of property (%)	Under development
Annual gross rental income FY2016 (S$'million)	0.92 (prior to development)

10 Soon Lee Road, Singapore

Property details

Valuation (S$'million)	7.70
Valuation date	31 March 2016
Valuation as percentage of total portfolio value (%)	0.53
Capitalisation rate (%)	7.00
Acquisition date	19 April 2007
Purchase price (S$'million)	8.70
Leasehold title expiry date	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	Industrial
Town planning	Business 2
Maximum plot ratio	2.50
Current plot ratio	0.88

Lease terms

Lease type	Multi-tenanted
Occupancy of property (%)	71.7
Annual gross rental income FY2016 (S$'million)	1.00

The property comprises a detached single-storey industrial building and a four-storey industrial building with an ancillary office block. The building is served by a passenger lift, a cargo 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 is approximately 21.0 km away from the City Centre. The property is a few minutes' drive from 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 Pan Island Expressway.

OVERVIEW OF THE SINGAPORE ECONOMY AND INDUSTRIAL REAL ESTATE MARKET

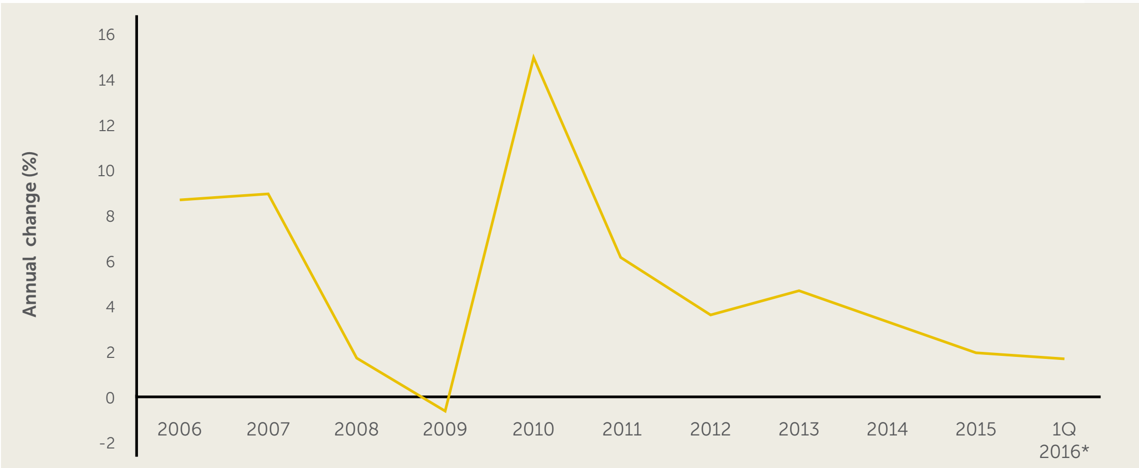
The following report was prepared by Knight Frank Pte Ltd ("Knight Frank") as at 23 May 2016 for the purpose of its inclusion in this Annual Report.

1 Overview of Singapore economy

1.1 Singapore economic performance

Singapore's Gross Domestic Product ("GDP") slowed to 2.0 per cent annual growth in 2015, the lowest since 2009, largely due to muted performance of the manufacturing sector. Amid slow global trade conditions, Singapore's GDP registered a modest growth of 1.8 per cent year-on-year ("y-o-y") in 1Q 2016 (Exhibit 1-1), according to the advance estimates by the Ministry of Trade and Industry ("MTI").

Exhibit 1-1: Singapore GDP growth rate, 2006 to 1Q 2016*



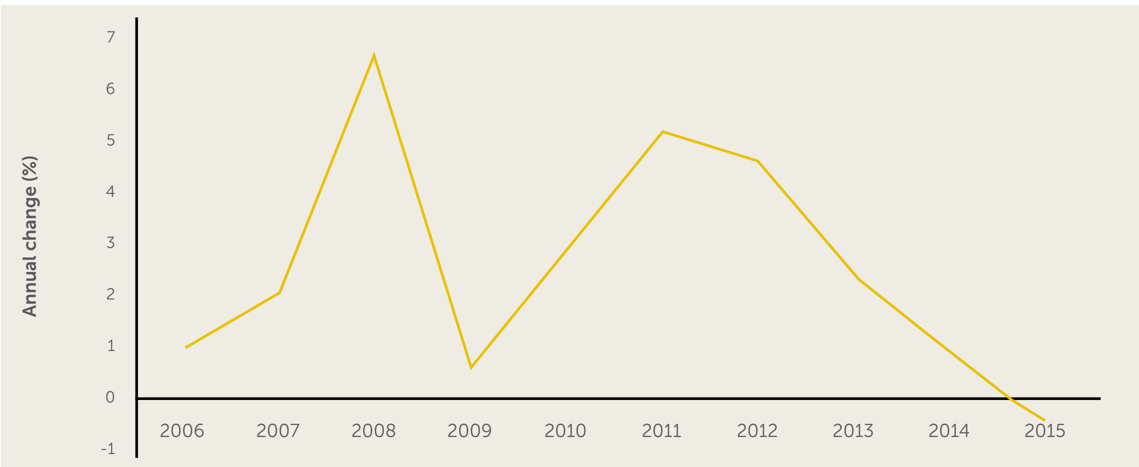
Source: MTI, Singstat, Knight Frank Research.

* Based on advance estimates by MTI. According to Singapore Department of Statistic ("Singstats"), actual 1Q 2016 GDP will only be released on 25 May 2016.

1.2 Inflation rate

Singapore saw its first deflation since 2002 on the back of lower housing, car and oil prices, with inflation rate moderating from 1.0 per cent annual growth in 2014 to a negative 0.5 per cent in 2015 (Exhibit 1-2).

Exhibit 1-2: Singapore inflation rate, 2006 to 2015



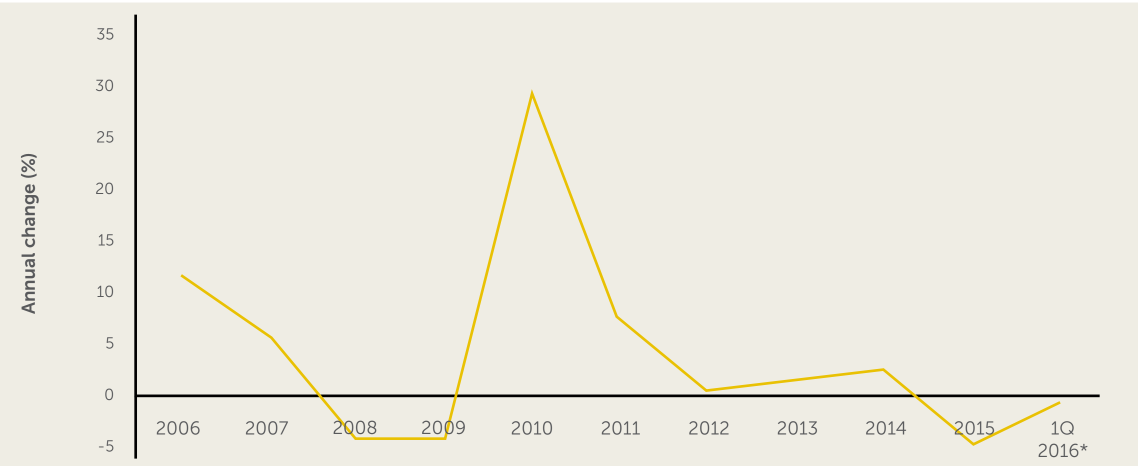
Source: MTI, Singstat, Knight Frank Research.

1.3 Manufacturing sector

Based on the Singapore index of industrial production, the manufacturing output fell 1.0 per cent y-o-y entering 1Q 2016 (Exhibit 1-3). The transport engineering cluster saw output fall by 20.5 per cent y-o-y in 1Q 2016 due to the persistent low oil price environment, leading to weak rig-building activity and softened demand for oilfield and gasfield equipment. Similarly, both the precision engineering and chemical clusters similarly saw declines in output by 8.4 per cent y-o-y and 2.7 per cent y-o-y respectively during the same period.

Notably, the biomedical manufacturing cluster emerged as an outperformer, expanding by 19.4 per cent y-o-y in 1Q 2016 on the back of higher demand for medical devices and pharmaceutical ingredients. Likewise, the electronic cluster also grew 3.0 per cent y-o-y in 1Q 2016, largely boosted by the increase in demand for semiconductor products, despite lower demand in the rest of the electronic segments such as computer peripherals, and info-communication and consumer electronics.

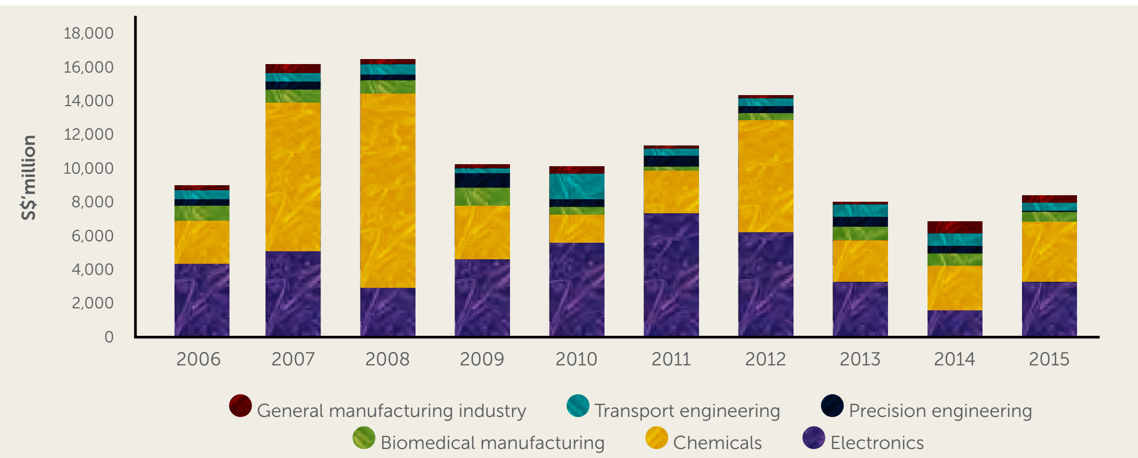
Exhibit 1-3: Singapore index of industrial production, 2006 to 1Q 2016*



Source: Singstat, Knight Frank Research.
* As at 1Q 2016, industrial output contracted by 1.0 per cent y-o-y compared to 1Q 2015.

Singapore received close to S$8.3 billion in total manufacturing fixed asset investment ("FAI") in 2015, 22.7 per cent higher than S$6.8 billion in 2014 (Exhibit 1-4). Despite the softened manufacturing outlook, total investment commitments in the electronics and chemicals clusters grew to S$3.3 billion and S$3.6 billion respectively in 2015. Correspondingly, the electronics and chemical clusters accounted for 39.3 per cent and 43.6 per cent of the total manufacturing FAI in 2015, respectively.

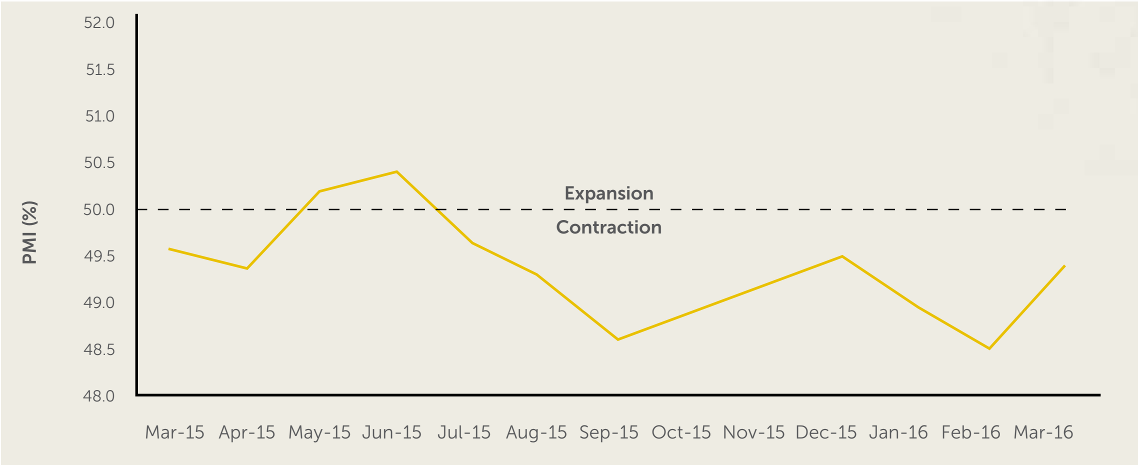
Exhibit 1-4: Total FAI, 2006 to 2015



Source: Singstat, Knight Frank Research.

The Singapore Purchasing Managers' Index ("PMI"), as published by Singapore Institute of Purchasing and Materials Management, entered the first quarter of year with 49.4 in March 2016, an uptick from 48.5 in February 2016 (Exhibit 1-5). Notwithstanding the subdued sentiments towards the industrial sector for nine consecutive months, new orders and exports were higher over the previous months, with improvement seen in input prices, manufacturing employment, imports, inventory and stocks of finished goods.

Exhibit 1-5: PMI from March 2015 to March 2016



Source: Singapore Institute of Purchasing and Materials Management, Knight Frank Research.
Note: A reading of the Singapore Purchasing Managers' Index above 50 indicates that the manufacturing economy is generally expanding and that the economy is generally declining when the reading falls below 50.

1.4 Singapore economic outlook for 2016

According to MTI's forecast, Singapore's economy is projected to grow at a modest pace of between one and three per cent in 2016, barring unforeseen macroeconomic and geopolitical circumstances. This is a downward adjustment from the previous forecast in 2015 on the back of the volatile global outlook with potentially uneven growth trajectories across different economies. While China is expected to see a slowdown in growth as it continues to rebalance its economy towards services and consumption-driven model, the levelling of its GDP growth rate could provide longer-term sustainability and predictability. Overall activities in the United States is likely to see continuing momentum with healthy domestic demand backed by the stronger greenback and low oil prices that could potentially benefit some segments of manufacturing and investment activities. With the likelihood of easing monetary policy in the Eurozone, private consumption is likely to improve and growth is projected to grow steadily, albeit at a modest pace in 2016 due to weak global demand.

As one of the most globally-connected economies, Singapore's economic performance will continue to be impacted by various macroeconomic changes, with the export-oriented industries such as manufacturing and wholesale trade sectors being most susceptible to external events. While there is potential upside for the biomedical cluster, the transport engineering and precision engineering clusters could expect less favourable business conditions ahead.

At the domestic front, labour-intensive industries such as retail and food services will continue to face high operating costs, and further business consolidation is expected due to the prevailing labour crunch situation. Meanwhile, service-oriented industries such as insurance, financial and business service sectors are expected to be resilient and continue to stay firm as a key driver of Singapore's economy.

2 Singapore government policies on industrial property market

2.1 Revised third party facilities providers policy for JTC Corporation ("JTC")

With effect from 1 October 2015, JTC introduced the following changes in their policies for third-party facilities providers ("3PFPs"), where land has been leased through third-party build & lease ("B&L") or sale & lease-back ("S&LB") schemes.

Reduced gross floor area ("GFA") requirement by anchor subtenants

JTC reduced the required minimum GFA to 1,000 sq m from the initial 1,500 sq m, in recognition that many quality subtenants require smaller spaces than the initial minimum space quantum specified in the policy. This will allow more quality industrialists to qualify as anchor subtenants and thus, improving the likelihood of master tenants securing healthy occupancy rates.

Anchor subtenants which remain status quo at renewal need not be reassessed

Existing anchor subtenants will only need to be reassessed at renewal when there is a change (i.e. an increase or decrease) in their occupied GFA and/or usage. While this helps to improve administrative efficiency and convenience for all parties involved, applications will still have to be submitted for extensions of subletting period.

Minimum occupation period ("MOP") of anchor subtenant upon renewal

JTC introduces greater flexibility by allowing anchor subtenants to renew their leases for any duration (depending on their business needs) after they have fulfilled their initial MOP. Subject to JTC's approval, anchor subtenants have greater flexibility in determining the lease tenure during their subsequent lease renewal, in accordance with their business needs.

2.2 Revised subletting rules for REITs from Housing Development Board ("HDB")

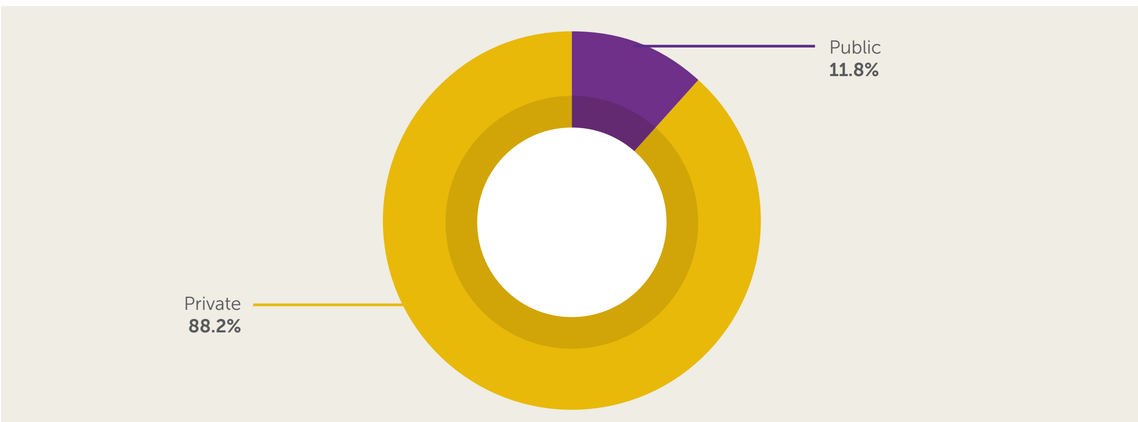
With effect from 1 January 2016, HDB allows REITs to sublet 100 per cent of the GFA whereby 70 per cent of the GFA must be sublet to anchor tenant(s).

3 Review of Singapore industrial property market

3.1 Overview of industrial property stock

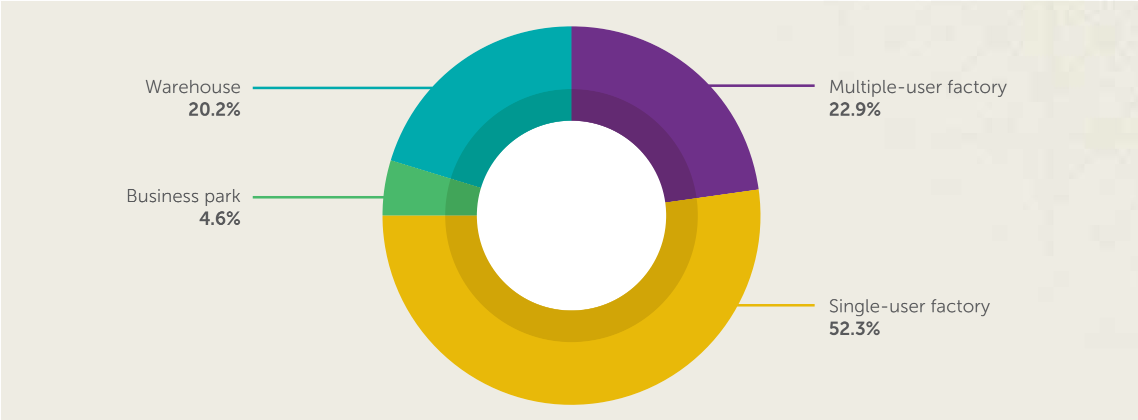
As at 31 March 2016, the total island-wide industrial stock recorded at circa 483.1 million sq ft (44.9 million sq m) of net lettable area ("NLA"). By the breakdown of industrial property types, factory space (75.2 per cent) formed the bulk of the total industrial stock, while warehouse and business parks accounted for the remaining 20.2 per cent and 4.6 per cent respectively (Exhibit 3-2).

Exhibit 3-1: Total industrial stock in Singapore as at 31 March 2016



Source: JTC, Knight Frank Research.

Exhibit 3-2: Total industrial stock in Singapore as at 31 March 2016, by type of industrial properties



Source: JTC, Knight Frank Research.

4 Review of private multiple-user factory market segment

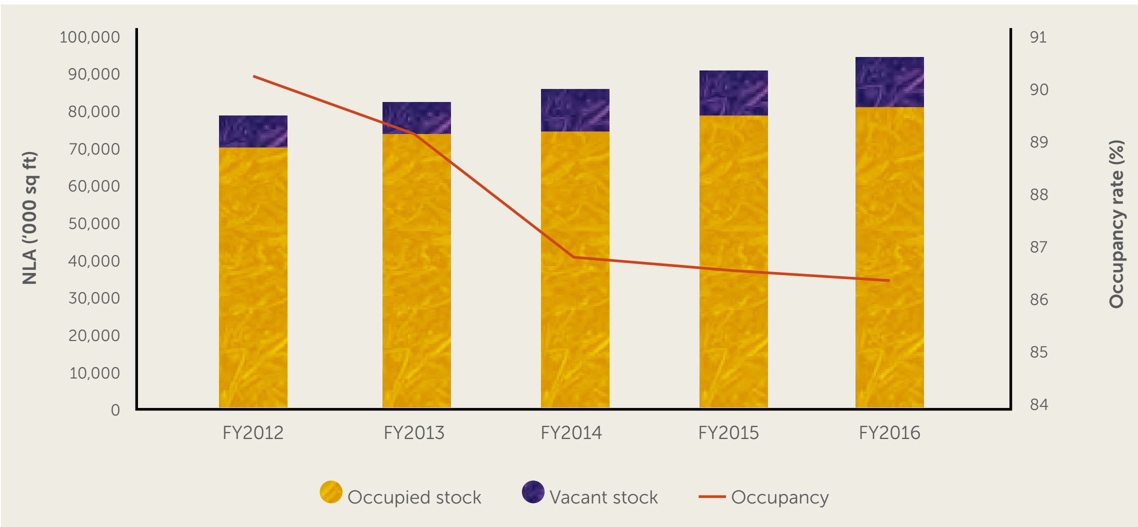
4.1 Occupied stock, vacant stock and occupancy

As at 31 March 2016, the total existing stock for private multiple-user factory increased 3.6 per cent y-o-y to 94.9 million sq ft (8.8 million sq m) NLA (Exhibit 4-1). Occupied stock grew 3.3 per cent y-o-y to 82.0 million sq ft (7.6 million sq m) as at 31 March 2016. With slower take up rate, total vacant stock rose 5.5 per cent y-o-y as at 31 March 2016 to 12.9 million sq ft (1.2 million sq m).

Accordingly, island-wide occupancy rate for private multiple-user factory tapered from 86.6 per cent as at 31 March 2015 to 86.4 per cent as at 31 March 2016.

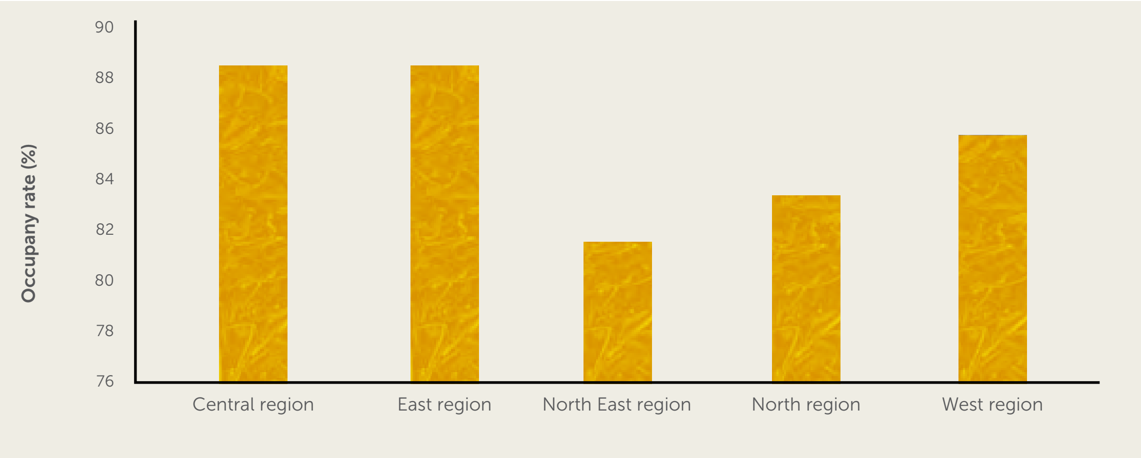
As at 31 March 2016, the Central and East regions posted the highest occupancy rate of 88.4 per cent respectively. In contrast, the North East region saw the lowest occupancy at 81.5 per cent.

Exhibit 4-1: Occupied stock, vacant stock and occupancy rate of private multiple-user factory space



Source: JTC, Knight Frank Research.
Note: Data analysis is based on AA REIT's Financial Year ("FY"). For example, FY2016 is from 1 April 2015 to 31 March 2016. Information provided above is as at the end of each FY.

Exhibit 4-2: Occupancy rate of private multiple-user factory by planning region, as at 31 March 2016

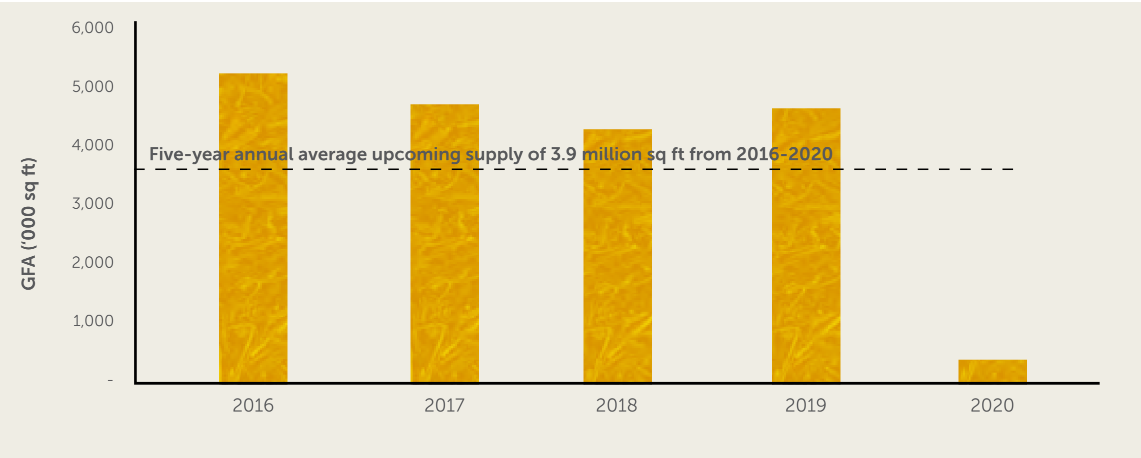


Source: JTC, Knight Frank Research.

4.2 Upcoming supply

As at 31 March 2016, an estimated 19.4 million sq ft GFA of new multiple-user factory space is slated for completion between 2016 and 2020, with 5.3 million sq ft or 27.3 per cent of the total upcoming multiple-user factory space expected to be ready by 2016.

Exhibit 4-3: Upcoming supply of multiple-user factory space



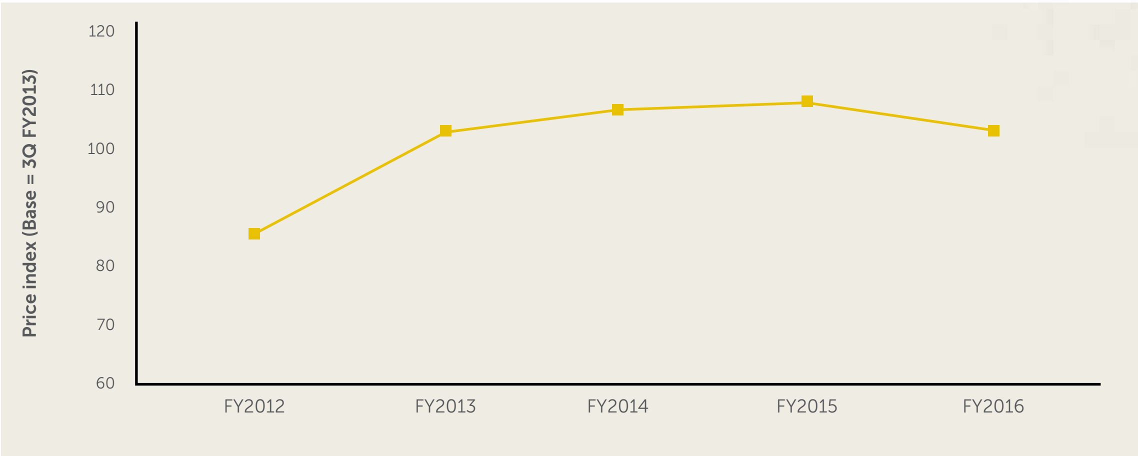
Source: JTC, Knight Frank Research.

Note:
1. Potential upcoming supply excludes the land zoned as reserve sites (i.e. only those zoned as confirmed sites are taken into consideration).
2. Inclusive of both private and public multiple-user factory space.

4.3 JTC price index of multiple-user factory

The JTC price index of multiple-user factory space moderated in 31 March 2016 by 4.0 per cent y-o-y from 31 March 2015 (Exhibit 4-4), in light of the surplus space supply and the challenging business climate where industrialists were looking towards business consolidation for cost savings.

Exhibit 4-4: JTC price index of multiple-user factory space

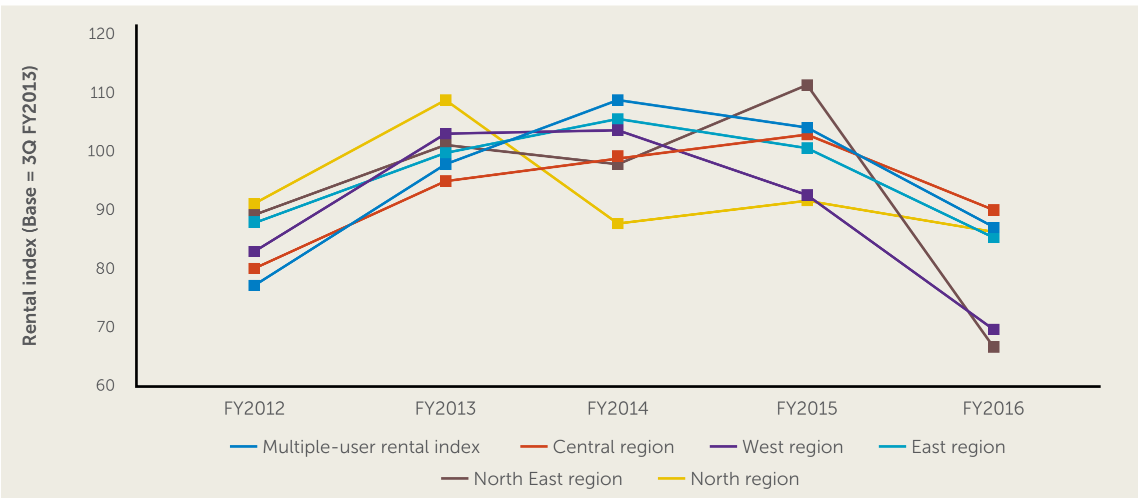


Source: JTC, Knight Frank Research.
Note: Data analysis is based on AA REIT's Financial Year ("FY"). For example, FY2016 is from 1 April 2015 to 31 March 2016. Information provided above is as at the end of each FY.

4.4 JTC rental index of multiple-user factory

The JTC rental index of multiple-user factory space softened by 7.0 per cent y-o-y as at 31 March 2016 from the preceding year (Exhibit 4-5). All regions experienced rental declines for the financial year ended 31 March 2016, with North East and West regions registering the largest cutback of 17.3 per cent y-o-y and 9.7 per cent y-o-y respectively. Correspondingly, the East, Central and North regions saw rents moderating by between 2.3 per cent and 6.0 per cent y-o-y as at 31 March 2016.

Exhibit 4-5: JTC rental index of multiple-user factory space



Source: JTC, Knight Frank Research.

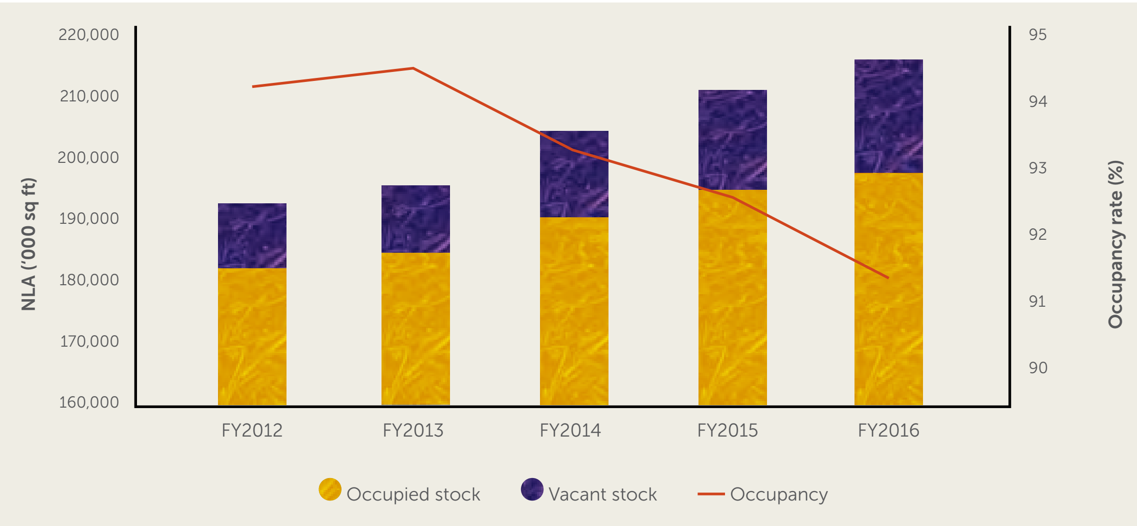
5 Review of private single-user factory market segment

5.1 Occupied stock, vacant stock and occupancy rate

As at 31 March 2016, the total existing stock for private single-user factory increased by 2.7 per cent y-o-y to approximately 216.0 million sq ft (20.1 million sq m) NLA (Exhibit 5-1). Occupied stock grew by 1.5 per cent y-o-y to 197.5 million sq ft (18.3 million sq m) as at 31 March 2016. Contrastingly, total vacant stock rose 17.8 per cent y-o-y to 18.5 million sq ft (1.7 million sq m) as at 31 March 2016.

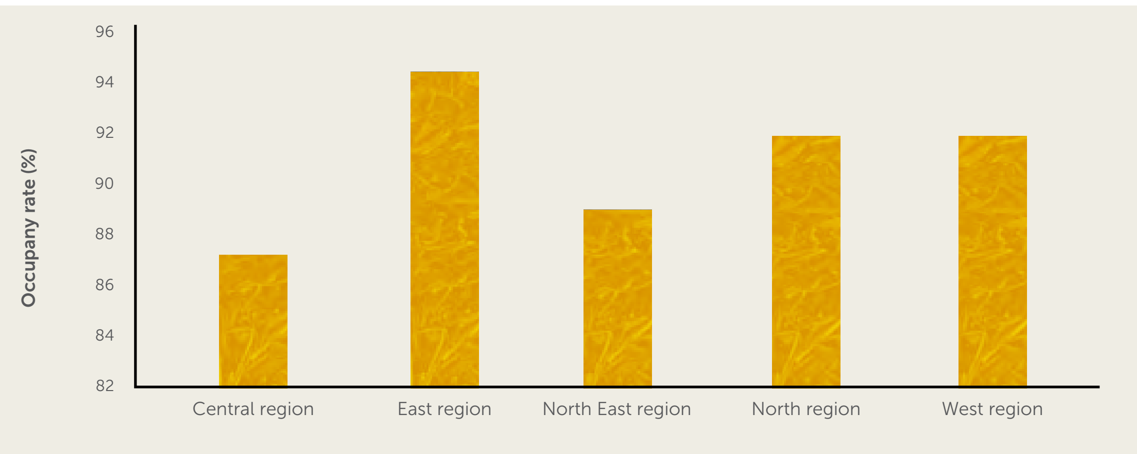
As a result, island-wide occupancy rate for private single-user factory fell from 92.5 per cent as at 31 March 2015 to 91.4 per cent as at 31 March 2016. This decline was largely attributed to the surge in vacated private single-user factory space within the Central region. As at 31 March 2016, the East region posted the highest occupancy rate of 94.1 per cent, while the Central region saw the lowest at 87.1 per cent.

Exhibit 5-1: Occupied stock, vacant stock and occupancy rate of private single-user factory space



Source: JTC, Knight Frank Research.
Note: Data analysis is based on AA REIT's Financial Year ("FY"). For example, FY2016 is from 1 April 2015 to 31 March 2016. Information provided above is as at the end of each FY.

Exhibit 5-2: Occupancy rate of private single-user factory by planning region, as at 31 March 2016

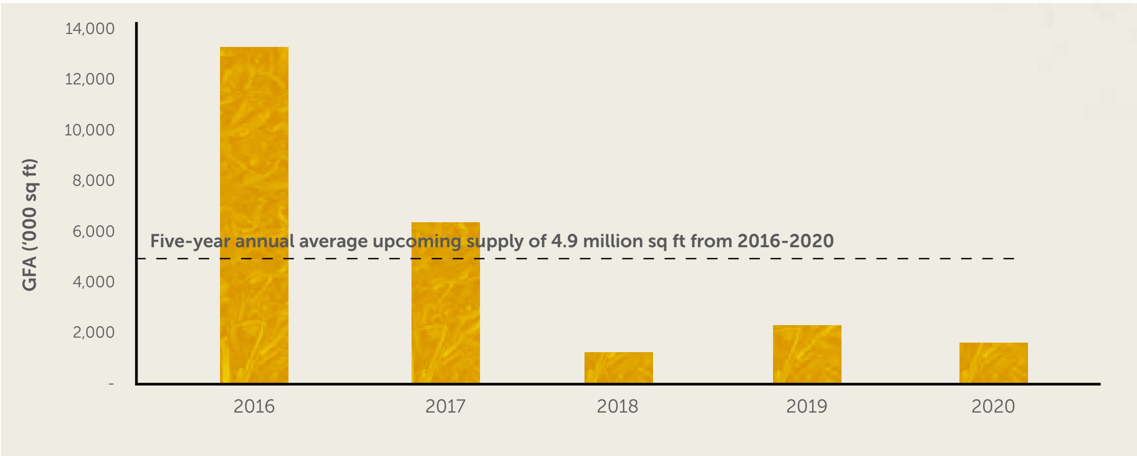


Source: JTC, Knight Frank Research.

5.2 Upcoming supply

As at 31 March 2016, an estimated 24.6 million sq ft GFA of new single-user factory space is slated for completion between 2016 and 2020 (Exhibit 5-3). About 13.2 million sq ft or 53.7 per cent of the total upcoming single-user factory space is expected to be ready for occupation in 2016 and this is more than double the five-year average annual potential supply of 4.9 million sq ft from 2016 – 2020.

Exhibit 5-3: Upcoming supply of single-user factory space

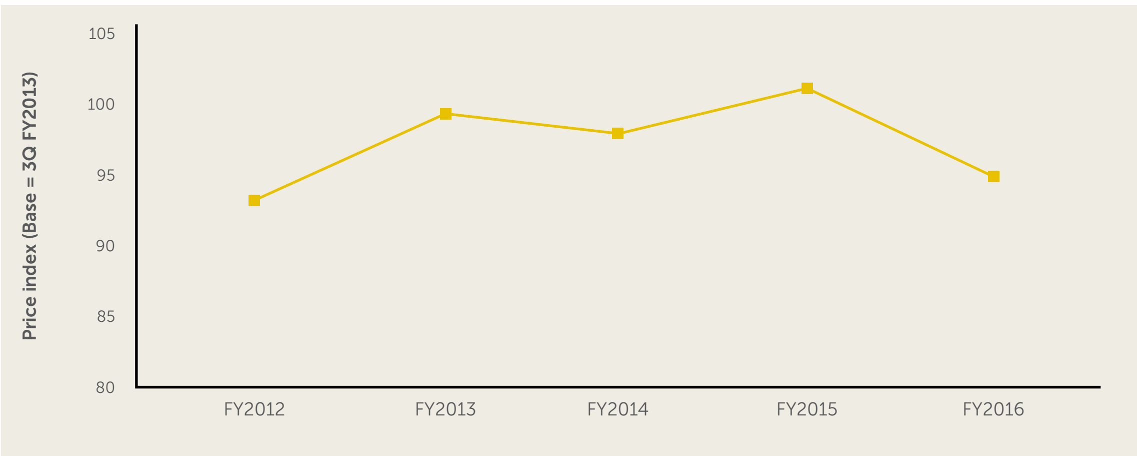


Source: JTC, Knight Frank Research.
Note: 1. Potential upcoming supply excludes the land zoned as reserved sites (i.e. only those zoned as confirmed sites are taken into consideration.
2. Inclusive of both private and public single-user factory space.

5.3 JTC price index of single-user factory

The JTC price index of single-user factory space slipped by 6.2 per cent y-o-y as at 31 March 2016, after the growth seen in the preceding year (Exhibit 5-4).

Exhibit 5-4: Price index of single-user factory space

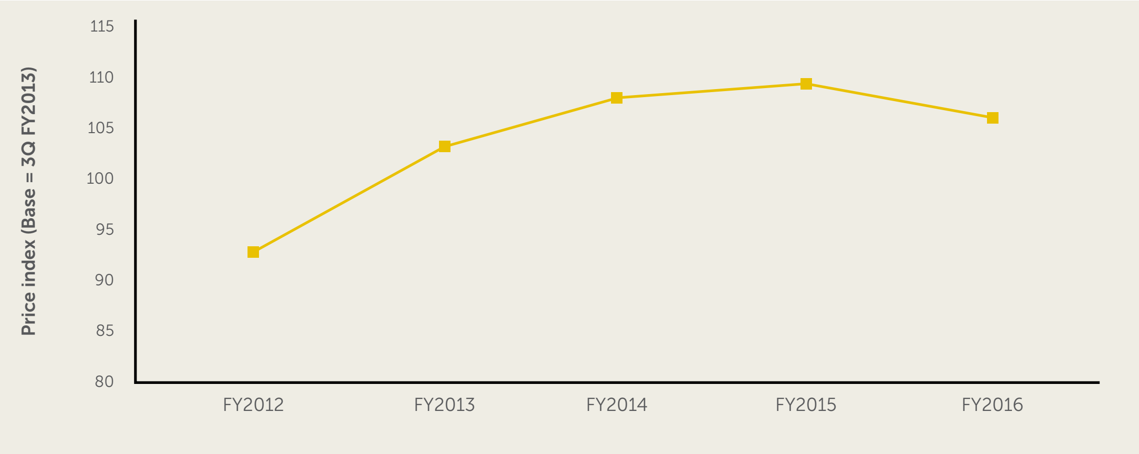


Source: JTC, Knight Frank Research.
Note: Data analysis is based on AA REIT's Financial Year ("FY"). For example, FY2016 is from 1 April 2015 to 31 March 2016. Information provided above is as at the end of each FY.

5.4 JTC rental index of single-user factory

The JTC rental index of single-user factory space, which saw stable growth rate between FY2012 and FY2015, slid by 3.0 per cent y-o-y as at 31 March 2016 (Exhibit 5-5).

Exhibit 5-5: Rental index of single-user factory space



Source: JTC, Knight Frank Research.
Note: Data analysis is based on AA REIT's Financial Year ("FY"). For example, FY2016 is from 1 April 2015 to 31 March 2016. Information provided above is as at the end of each FY.

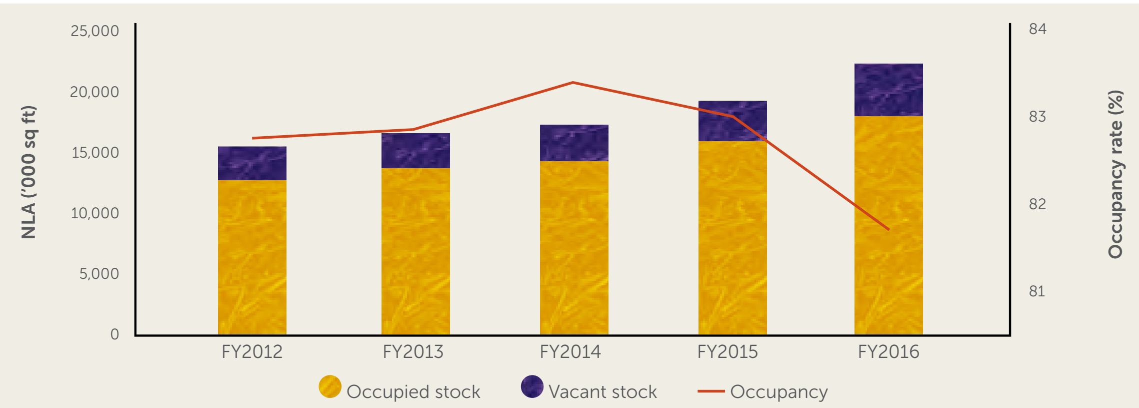
6 Review of private and public business parks market segment

6.1 Occupied stock, vacant stock and occupancy rate

As at 31 March 2016, the island-wide stock for business parks totalled 22.0 million sq ft (2.1 million sq m) NLA, a 15.2 per cent y-o-y increase from the preceding year (Exhibit 6-1). While occupied stock of business park space increased by 13.3 per cent y-o-y to 18.0 million sq ft (1.7 million sq m) as at 31 March 2016, total vacant stock grew by 24.2 per cent y-o-y to 4.0 million sq ft (0.4 million sq m) in the same period.

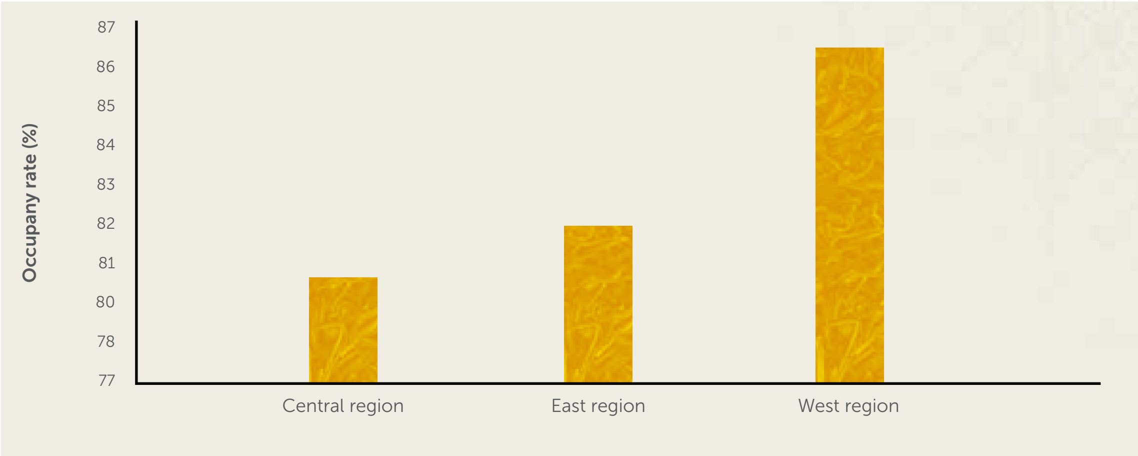
Island-wide occupancy rate for business park space slipped to 81.7 per cent as at 31 March 2016. The West region registered the highest occupancy rate of business park space at 86.2 per cent, followed by the East (81.9 per cent) and Central (80.1 per cent) regions in the same period.

Exhibit 6-1: Occupied stock, vacant stock and occupancy rate of business park space



Source: JTC, Knight Frank Research.
Note: Data analysis is based on AA REIT's Financial Year ("FY"). For example, FY2016 is from 1 April 2015 to 31 March 2016. Information provided above is as at the end of each FY

Exhibit 6-2: Occupancy rate of business parks by planning region, as at 31 March 2016

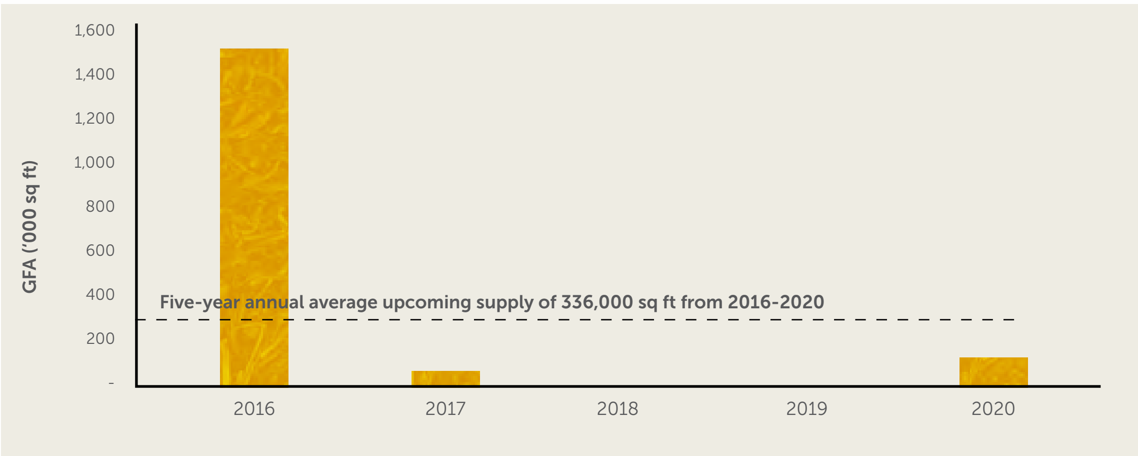


Source: JTC, Knight Frank Research.

6.2 Upcoming supply

As at 31 March 2016, about 1.7 million sq ft GFA of new business park space is expected to be completed between 2016 and 2020 (Exhibit 6-3), with the bulk of 88.2 per cent (or 1.5 million sq ft) slated for completion by 2016. This is more than four times the five-year average annual potential supply of 336,000 sq ft from 2016 to 2020. Some of the upcoming business park developments due for completion by 2016 are Vista Exchange Green (14,350 sq m) and the property along Ayer Rajah Crescent (21,430 sq m).

Exhibit 6-3: Upcoming supply of business park space



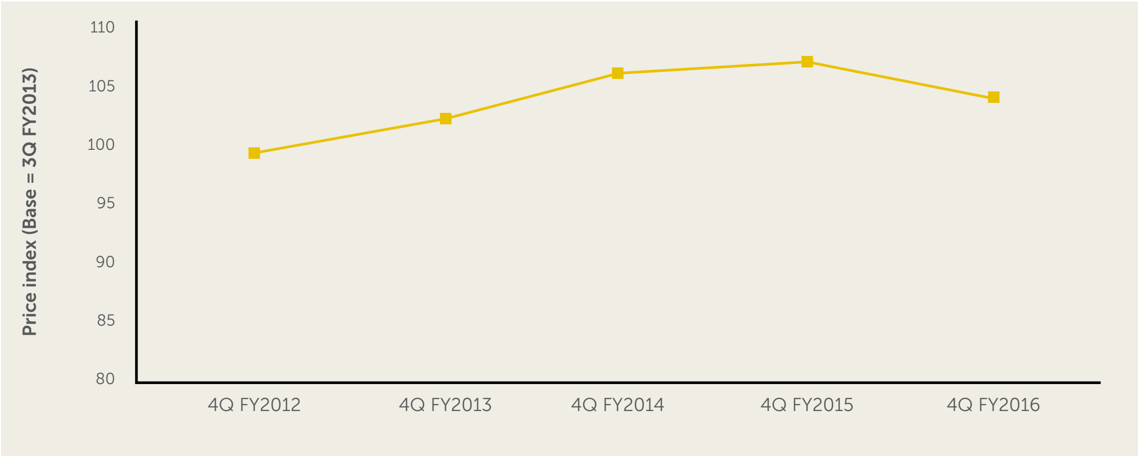
Source: JTC, Knight Frank Research.

Note:
1. Potential upcoming supply excludes the land zoned as reserved sites (i.e. only those zoned as confirmed sites are taken into consideration.
2. Inclusive of both private and public business park space.

6.3 JTC rental index of business park space

The JTC rental index of business park space slid by 2.5 per cent y-o-y as at 31 March 2016 (Exhibit 6-4). This corresponded with the moderation in island-wide occupancy rate of business park space in the same period on the back of surplus supply as well as competition from the office space amid declining office market rents.

Exhibit 6-4: Rental index of business park space



Source: JTC, Knight Frank Research.
Note: Data analysis is based on AA REIT's Financial Year ("FY"). For example, FY2016 is from 1 April 2015 to 31 March 2016. Information provided above is as at the end of each FY.

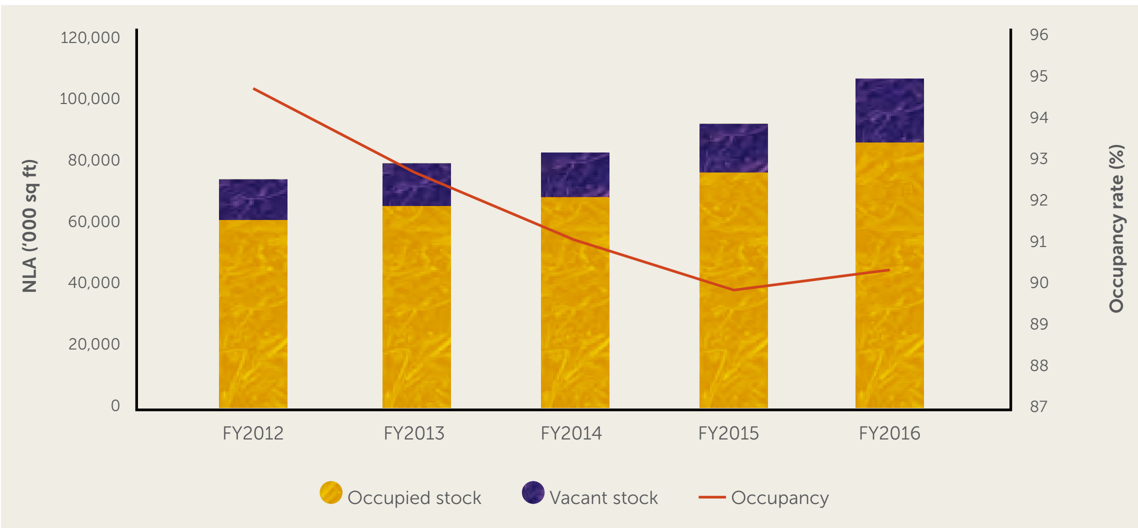
7 Review of private warehouse market segment

7.1 Occupied stock, vacant stock and occupancy rate

As at 31 March 2016, the total existing stock for private multiple and single-user warehouse grew 6.6 per cent y-o-y to 96.5 million sq ft (9.0 million sq m) NLA (Exhibit 7-1). Occupied stock saw a 7.1 per cent y-o-y growth to 87.3 million sq ft (8.1 million sq m) as at 31 March 2016 while total vacant stock rose by 1.7 per cent y-o-y in the same period to 9.3 million sq ft (0.9 million sq m).

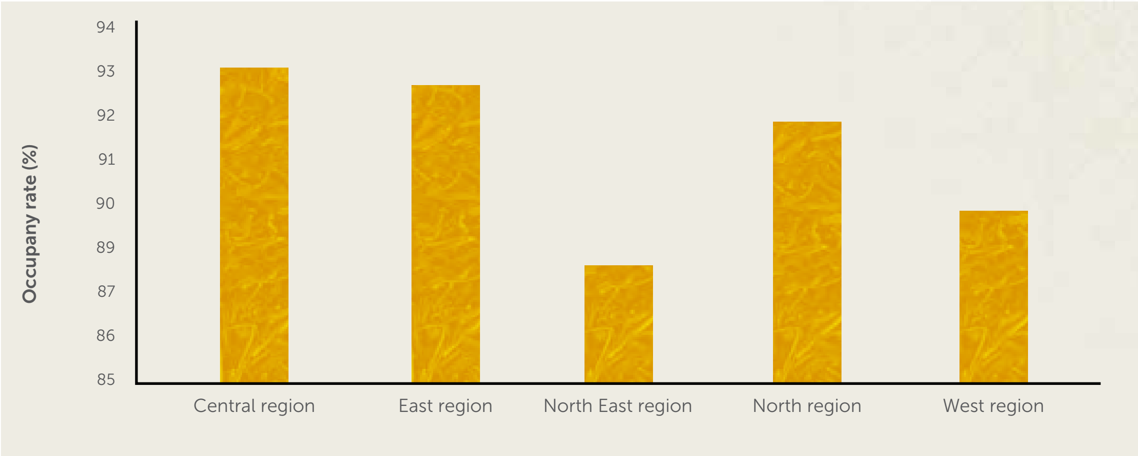
Island-wide occupancy rate for private warehouse space saw improvement from 89.9 per cent as at 31 March 2015 to 90.4 per cent as at 31 March 2016. Among the regions, the Central (93.0 per cent) and East (92.6 per cent) regions saw the highest occupancy rate of private warehouse space, while the North East region experienced the lowest at 88.0 per cent as at 31 March 2016.

Exhibit 7-1: Occupied stock, vacant stock and occupancy rate of private warehouse space



Source: JTC, Knight Frank Research.
Note: Data analysis is based on AA REIT's Financial Year ("FY"). For example, FY2016 is from 1 April 2015 to 31 March 2016. Information provided above is as at the end of each FY.

Exhibit 7-2: Occupancy rate of private warehouse space by planning region, as at 31 March 2016

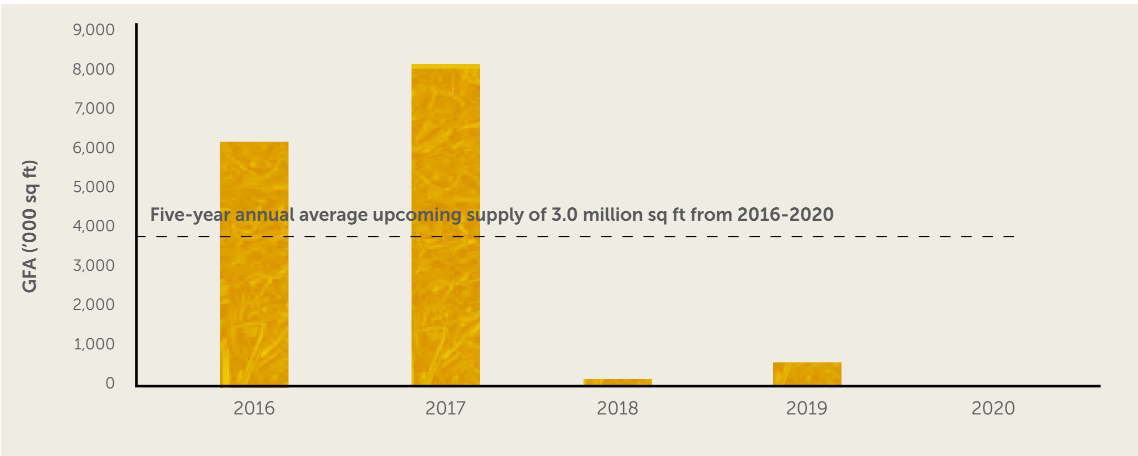


Source: JTC, Knight Frank Research.

7.2 Upcoming supply

As at 31 March 2016, approximately 15.1 million sq ft GFA of new private warehouse space is slated for completion between 2016 and 2020 (Exhibit 7-3). About 6.1 million sq ft of new private warehouse space is due for completion in 2016, accounting for 40.4 per cent of the upcoming supply between 2016 and 2020.

Exhibit 7-3: Upcoming supply of private warehouse space

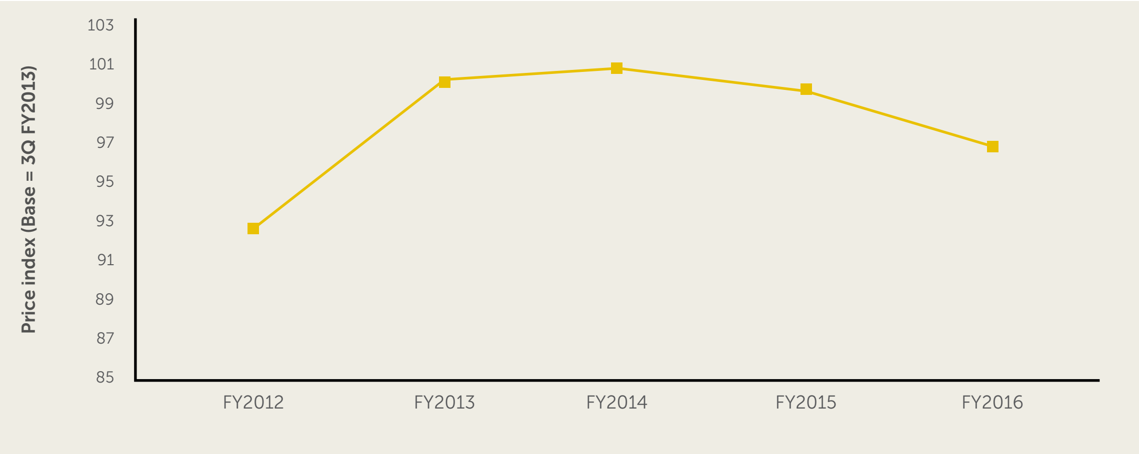


Source: JTC, Knight Frank Research.
Note:
1. Potential upcoming supply excludes the land zoned as reserved sites (i.e. only those zoned as confirmed sites are taken into consideration.
2. Inclusive of only private warehouse space.

7.3 JTC rental index of warehouse space

The JTC rental index of warehouse space slipped by 3.0 per cent y-o-y as at 31 March 2016, extending from the 1.2 per cent y-o-y decline in the preceding year (Exhibit 7-4).

Exhibit 7-4: Rental Index of warehouse space



Source: JTC, Knight Frank Research.
Note: Data analysis is based on AA REIT's Financial Year ("FY"). For example, FY2016 is from 1 April 2015 to 31 March 2016. Information provided above is as at the end of each FY.

8 Industrial property market outlook

Restructuring of Singapore's industrial sector calls for the need to meet the requisites of new and emerging industrial niches

As Singapore seeks to establish new niches in high-value added and knowledge-based manufacturing activities, the building designs and specifications of upcoming new industrial spaces are expected to be competitively relevant by catering and keeping abreast of the new demands from these emerging industries.

Going forward, the government is also expected to set aside industrial space to nurture and encourage entrepreneurial new innovations for the future of Singapore's manufacturing industry. On the back of stiff regional and global competition, forward-looking initiatives will present future windows of opportunity to attract both emerging and established industries into Singapore.

Challenging manufacturing outlook anticipated for private factory segment

The softened global demand, slowdown in China's economy and low oil price environment could point to subdued demand for private factory space in 2016. Coupled with the tight labour supply situation in the city-state, industrialists were looking towards business consolidation to save on high operating costs. With close to 19.9 million sq ft of upcoming factory space slated for completion by 2016, the rental and price performance of private factory spaces could face downside pressure if demand continues to stay flat or decline. Competition in the leasing market could intensify as the new supply sets in, spurring building owners to be realistic with their asking rents in order to draw and retain tenants.

When the Seller's Stamp Duty and Total Debt Servicing Ratio framework were imposed in 2013, factory transactions moderated by close to half in the same year compared to 2012. Going forward, with both property cooling measures still in place and amid the challenging business climate, transaction of multiple-user factory units could remain subdued. Furthermore, in view of an upcoming injection of 5.3 million sq ft GFA of new multiple-user factory space in 2016, average price of strata-titled industrial space could adjust downwards by between one and two per cent by the end of 2016. Average rents for multiple-user factory space is also envisaged to moderate between one to three per cent by the end of this year, barring unforeseen macroeconomic circumstances and policy changes.

The demand for single-user factory spaces is expected to remain flat for 2016. Even with the upcoming new supply, most of the sublet tenants prefer to be located near their supporting trades and would avoid incurring high relocation costs during such challenging times. Hence, rents are expected to remain relatively flat in this segment for 2016.

Business parks as alternative to prime office spaces for qualifying tenants

With a projected healthy demand from business spaces from a growing pool of qualifying trades such as technology, media and telecommunications, medical technology and e-commerce, the outlook for business park segment is envisaged to be more optimistic. Some potential tenants are expected to relocate to recently completed and upcoming business park developments as a cheaper alternative to office spaces.

In view of the limited new supply of business park space projected beyond 2016, occupancy is likely to stay healthy especially for better-designed and well-located business park developments in the near term. Island-wide occupancy is expected to hover between 80.0 to 85.0 per cent, while rents may see moderate growth of between one and two per cent y-o-y this year.

Warehousing and logistics sector set to be one of the industrial property market's key engines of growth

Leveraging on the boom in the e-commerce sector, the warehousing and logistics sector is one of the most closely watched industrial segments. The rapidly expanding e-commerce retailing industry, which requires efficient logistics and warehousing support to carry out its business operations, could contribute to the higher demand for warehousing and logistics space in Singapore in the near future. One of the market-trending warehousing facilities that rode along with the e-commerce wave is self-storage services. With convenience and quick-access as two of the top-most considerations among users – online business owners, households and hobbyists – the centrally located facilities will tend to be more highly sought-after. To complement the demand for warehousing, the government is also working towards setting up world-class logistics and warehousing facilities with seamless transportation systems and network. This will build upon Singapore's strategic location in Southeast Asia to enhance its importance as a logistics conduit for world trade, and potentially expanding the outreach of Singapore's online business worldwide.

Notwithstanding a large injection of upcoming new warehouse spaces, occupancy is likely to stay fairly healthy as most of the new warehouse space is expected to mainly cater for single-user tenants. Rental movement of warehouse space is projected to remain flat or grow modestly by one to two per cent y-o-y by the end of this year.

9 Limiting conditions of this report

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OVERVIEW OF THE AUSTRALIA ECONOMY AND INDUSTRIAL REAL ESTATE MARKET OF MACQUARIE PARK

The following report was prepared by AMP Capital as at 13 May 2016 for the purpose of its inclusion in this Annual Report.

Macquarie Park, New South Wales, Australia

Australia economic overview

Australia has recorded an improvement in gross domestic product ("GDP") growth in the calendar quarter ended 31 March 2016. Despite the commodity price slump and rapidly falling mining investment (which is impacting economic growth by approximately one percentage point per annum), annual GDP growth has lifted to 3.0 per cent accordingly to the Australian Bureau of Statistics, well above United States at 1.9 per cent, Europe at 1.5 per cent and Japan at 0.5 per cent. Household consumption and government investment were the main drivers.

AMP Capital's economics team is of the view that the non-mining economy is yet to fully fill the growth gap left from the rapidly unwinding mining investment boom, but the economy is still on track to record 2.5 to 2.7 per cent GDP growth over the next 12 to 18 months. The higher Australian dollar ("A$") and a slower housing sector are likely to be new headwinds but the economy is finally responding to the low interest rate environment. Inflation is likely to remain low and hence further Reserve Bank of Australia interest rate cuts are likely if the A$ rises higher. In this environment, investors are likely to continue to chase yield and focus particularly on the cities with the strongest economic fundamentals.

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 in Australia comprising approximately 867,000 sq m of office net lettable area.

Over the 12 months up to 1 January 2016, overall vacancy in Macquarie Park fell by 1.8 per cent to reach 8.2 per cent as a result of positive net absorption of 33,331 sq m. The improvement in the vacancy rate has been driven by an improvement in tenant confidence levels as well as stock withdrawal for residential conversion. 2015 has seen Macquarie Park experience the strongest gains in absorption in three years with net absorption measuring over 39,000 sq m. The lack of new supply and improved tenant confidence levels should result in further tightening in the vacancy rate throughout 2016.

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 gained some momentum with face rents now ranging between A$285 psm pa to A$310 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. Tenants' demand should increase by those tenants affected by relocation (due to stock withdrawal for residential conversion) further tightening supply and resulting in growth in effective rents.

Whilst a strong office 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. In March 2016, Ryde City Council and Department of Planning & Environment commenced a strategic review of the Macquarie Park business park precinct. The purpose of the review is to further leverage the mixed use precincts surrounding Macquarie University and North Ryde Station, investigate mixed use opportunities surrounding Macquarie Park Station and the retention of the commercial core precinct. The outcomes of this initial study are due towards the end of 2016. The Optus Campus is located in the boundaries of the Macquarie Park business park precinct study. This study will further delay any plans for significant developments in the short term.

Macquarie Park is continuing 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. Numerous residential developments commenced construction in 2015 around the Macquarie University train station cementing this mixed use conversion. In relation to key infrastructure projects, the works on the Sydney Metro Northwest Rail (previously known as North West Rail Link) continue. This new rail line connects the fast growing North Western Sydney suburbs to Chatswood (in Sydney’s north) via Macquarie Park and is due to be completed and operational in 2019.

During 2015, the NSW State Government committed to extending the Sydney Metro Northwest Rail to Sydney central business district (“CBD”) via a second harbour crossing. This new infrastructure commitment provides greater transport connectivity to Macquarie Park and ensures its dominance as the largest metropolitan business park market.

Investment activity during 2015 has remained strong in the North Shore Office market. The unprecedented demand for office assets in Sydney CBD and lack of supply has pushed investors into metropolitan office markets. The metro office markets are also now experiencing high demand from investors. Asian investors have been the most active with their primary drivers being good quality assets with long term development upside.

Recent transactions in Macquarie Park include Goodman transacting on a portfolio of suburban office buildings in Macquarie Park and Rhodes to Mapletree Investments Pte Ltd. These properties transacted at yields between 6.5 per cent to 7.1 per cent, a reflection of the long weighted average lease expiries and strong covenants. Other sales in 2015 include:

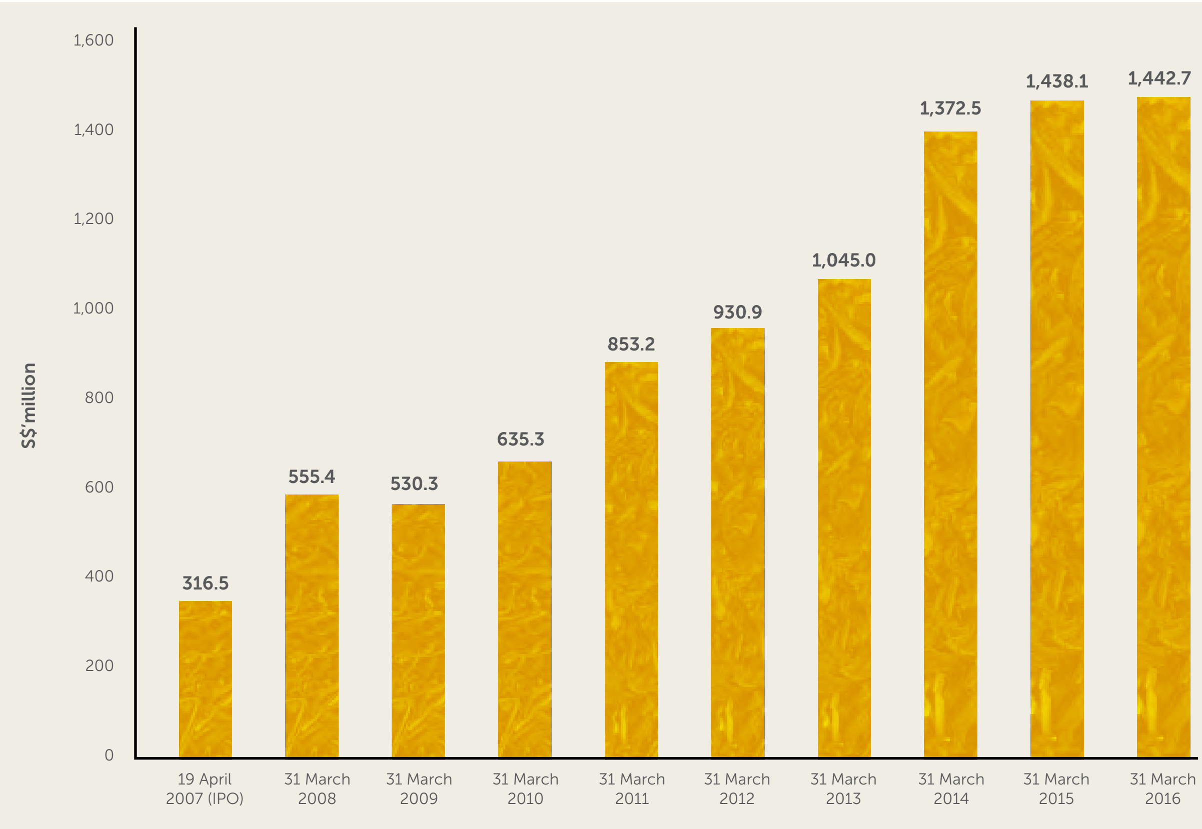
- 78 Waterloo Road, Macquarie Park was sold to Mapletree Investments Pte Ltd for A$106 million on a 6.29 per cent yield
- 6-7 Eden Park Drive, Macquarie Park was sold to Altis Property for A$81.8 million on a 8.1 per cent equivalent yield
- 17-23 Talavera Road, Macquarie Park was sold to Keppel DC REIT for A$43.3 million on a 7.1 per cent yield
- 4 Research Drive, Macquarie Park was sold to Macquarie University for A$24.35 million

The strong investment activity experienced across all Sydney office markets continues with yields in both the prime and secondary markets tightening. Indicative yields for A Grade office buildings in North Sydney are in the range of 6.0 per cent to 6.75 per cent with Macquarie Park/North Ryde A Grade office buildings in the range of 6.5 per cent to 7.25 per cent.

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	As at 31 March 2016
Number of properties	12	21	21	26	26	26	25	26	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	1,442.7[1]
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	600,216.7[2]
Number of tenants	12	27	25	49	71	70	141	141	155	139[2]
Occupancy (%)	100.0	100.0	98.6	96.0	99.0	99.2	96.1	97.0	95.8	93.4[2]
Location of properties	Singapore	Singapore, Japan	Singapore, Japan	Singapore, Japan	Singapore	Singapore	Singapore	Singapore, Australia	Singapore, Australia	Singapore, Australia

Portfolio value



[1] The Singapore portfolio was based on valuation as at 31 March 2016 appraised by CBRE Pte. Ltd. and Savills Valuation And Professional Services (S) Pte Ltd. Optus Centre, Macquarie Park, New South Wales ("NSW"), Australia is based on 49.0 per cent interest in the property appraised by CBRE Valuations Pty Limited as at 31 March 2016.

[2] Excludes properties under development at 30 & 32 Tuas West Road and 8 & 10 Tuas Avenue 20.

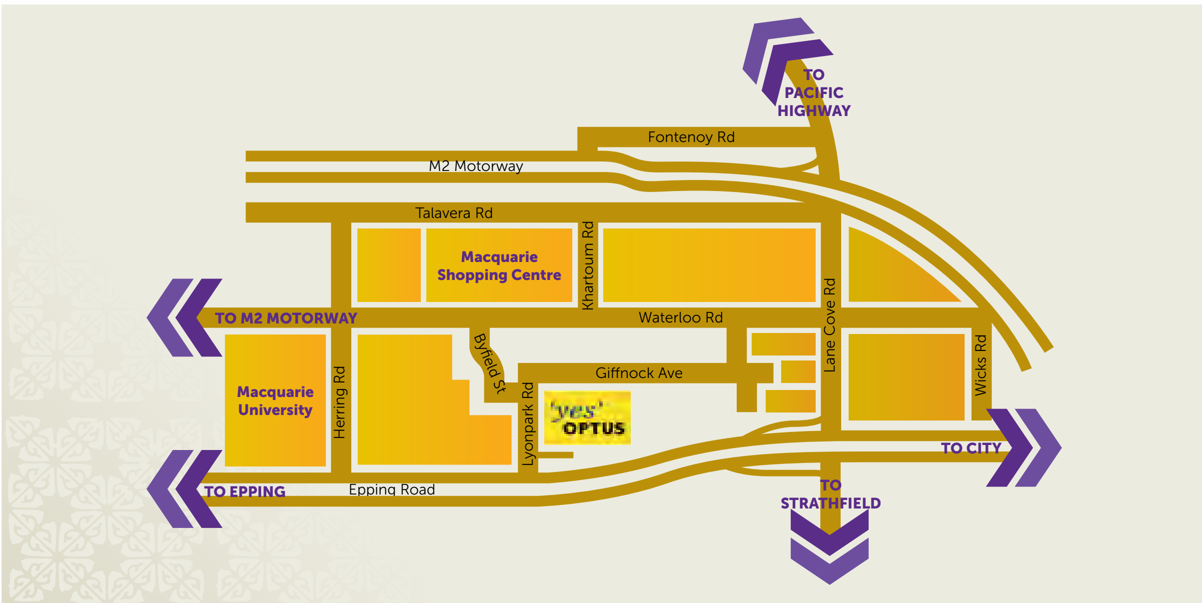
Diversification through well-located portfolio and geography

AIMS AMP Capital Industrial REIT's ("AA REIT" or the "Trust") existing portfolio comprises 26 high quality industrial properties diversified across different industrial sub-sectors that support warehousing and logistics, business parks, light industries, high technology and manufacturing activities. 25 wholly-owned 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 a premium business park in NSW, Australia. The Australian property, Optus Centre, is located in Macquarie Park, the second largest office market in NSW and the seventh largest in Australia, which boasts excellent connectivity to Sydney central business district, North Sydney and Sydney's international airport.

Australia property portfolio as at 31 March 2016

'yes' OPTUS

Business Park
Optus Centre, 1-5 Lyonpark Road, Macquarie Park, NSW, Australia



Singapore property portfolio as at 31 March 2016

Cargo Lift Warehouse

1 8 & 10 Pandan Crescent
2 10 Changi South Lane
3 11 Changi South Street 3
4 3 Toh Tuck Link
5 56 Serangoon North Avenue 4
6 7 Clementi Loop
7 103 Defu Lane 10

Ramp-up Warehouse

8 27 Penjuru Lane
9 20 Gul Way

Industrial

10 15 Tai Seng Drive
11 61 Yishun Industrial Park A
12 1 Bukit Batok Street 22
13 23 Tai Seng Drive
14 135 Joo Seng Road
15 1 Kallang Way 2A
16 10 Soon Lee Road

Manufacturing

17 3 Tuas Avenue 2
18 541 Yishun Industrial Park A
19 2 Ang Mo Kio Street 65
20 8 Senoko South Road
21 26 Tuas Avenue 7

Business Park

22 1A International Business Park

Hi-Tech

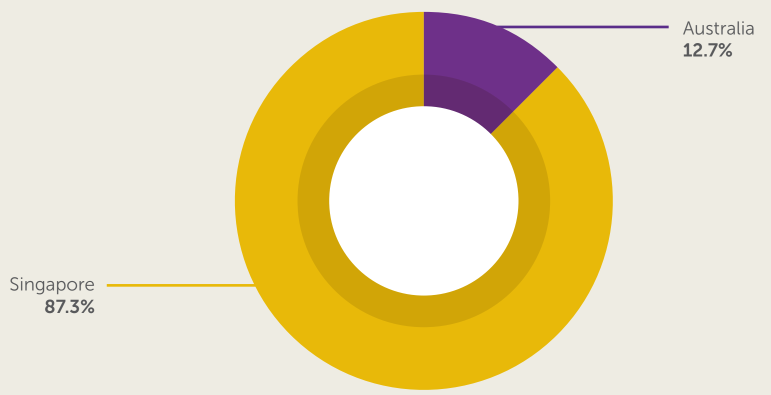
23 29 Woodlands Industrial Park E1

Under Development

24 30 & 32 Tuas West Road
25 8 & 10 Tuas Avenue 20

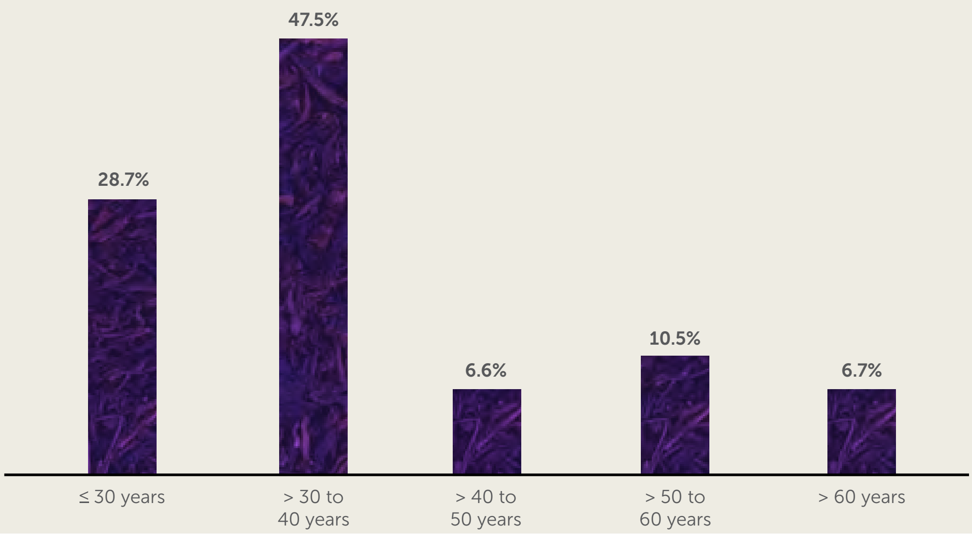
AA REIT's portfolio was solely focused on the Singapore industrial market since the sale of the Trust's only offshore property in Japan in 2011. However, in February 2014, AA REIT ventured into Australia with the maiden acquisition of Optus Centre in Macquarie Park, NSW, Australia. The Trust now has geographic diversity with 12.7 per cent exposure (by gross rental income) to the Australian market as at 31 March 2016.

Breakdown by geography
(by gross rental income)



The portfolio has a well-distributed long underlying land leases, with a weighted average land lease to expiry for the portfolio of 39.3 years[1], weighted by net lettable area. Excluding freehold land, the weighted average land lease to expiry for underlying leasehold land in the portfolio by net lettable area would be 35.0 years.

Land lease expiry profile
(by net lettable area)



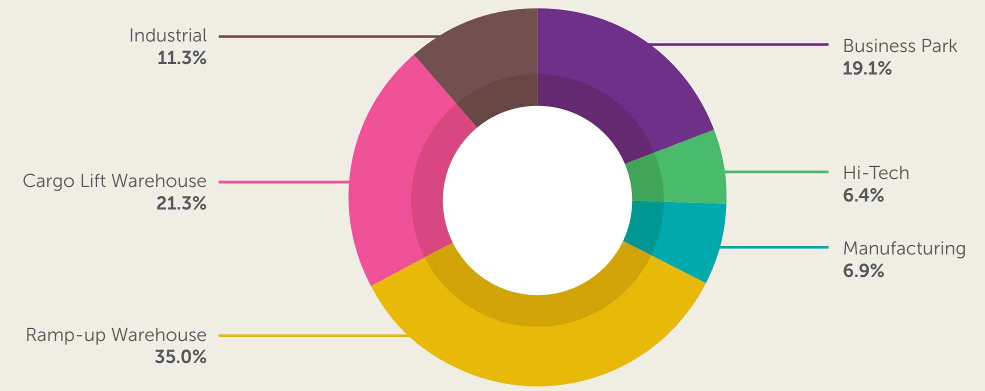
Note: For the weighted land lease expiry profile of AA REIT in the chart above, AA REIT's interest in the freehold property, Optus Centre has been assumed as a 99-year leasehold interest.

[1] 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.

Diversification through property segments, trade sectors and quality tenant mix

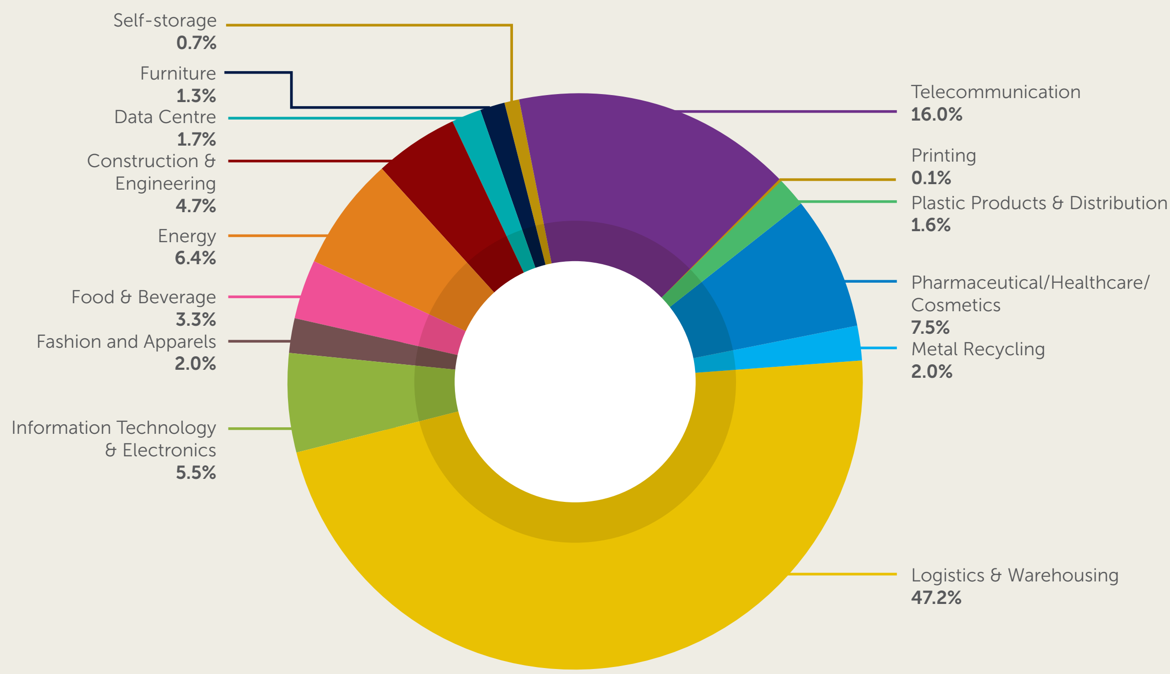
AA REIT's well-diversified portfolio is spread across six property segments. The warehouse and logistics sector (comprising cargo lift warehouse and ramp-up warehouse) remains the largest in the Trust's portfolio since the properties are predominately located in Singapore which has one of the world's busiest ports.

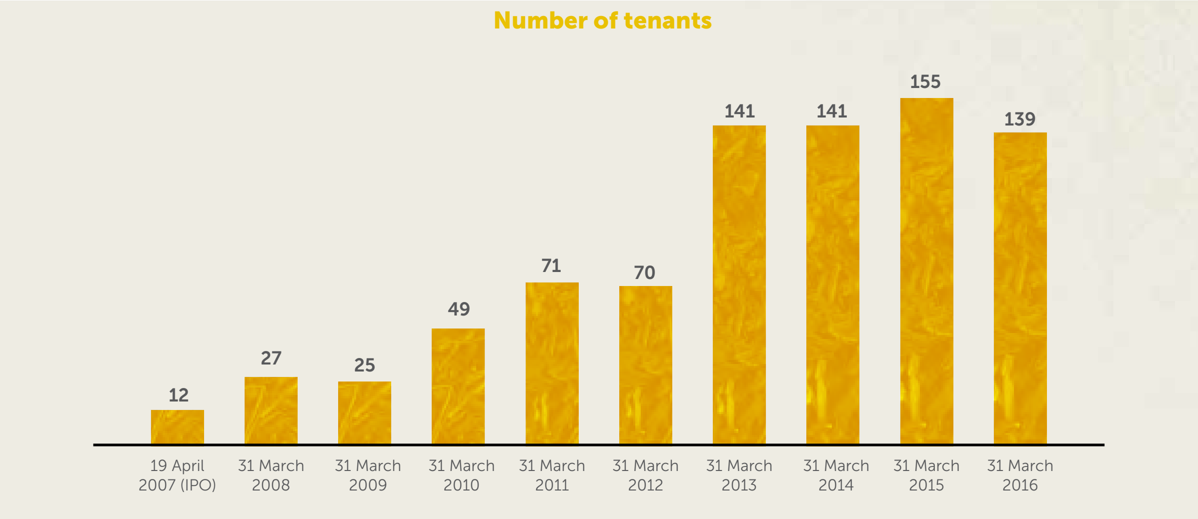
Breakdown by property segment
(by gross rental income)

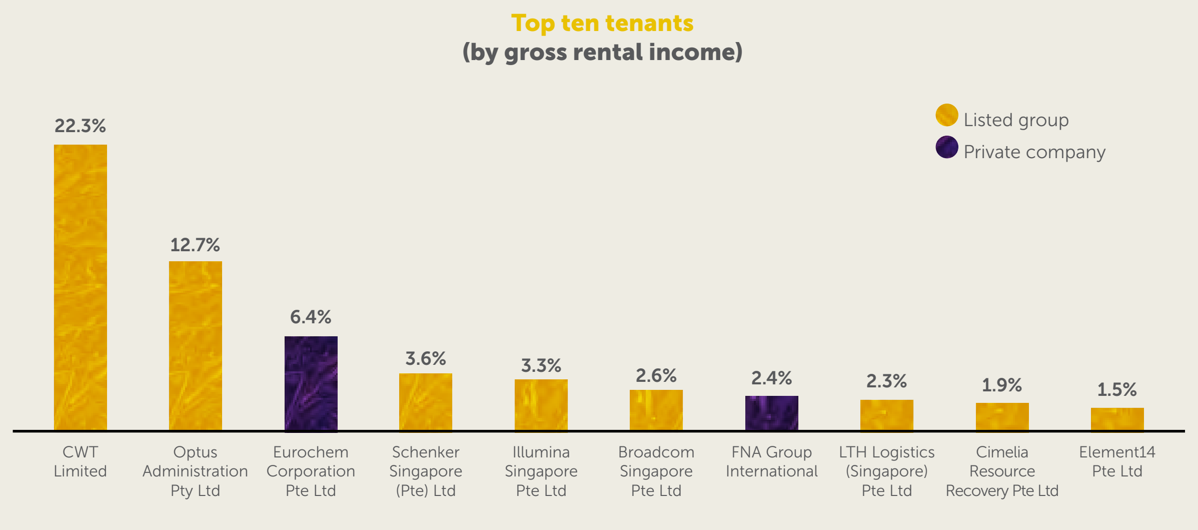


In addition, the further diversification in the tenant mix which is spread across 14 trade sectors and industries continues to underpin the stability of its operational performance. With a diversified base of 139 tenants, the top ten tenants accounted for approximately 59.0 per cent of gross rental income for the financial year ended 31 March 2016. Although approximately 22 per cent of AA REIT's gross rental income is attributed to CWT Limited, it is well supported by a diverse group of underlying end-users of space. The Trust's portfolio maintains a high quality tenant base which includes a mixture of large multinational companies, publicly listed companies and private companies. Eight of the top ten tenants are publicly listed companies, reflecting the quality of the tenants.

Tenant base by trade sector
(by gross rental income)

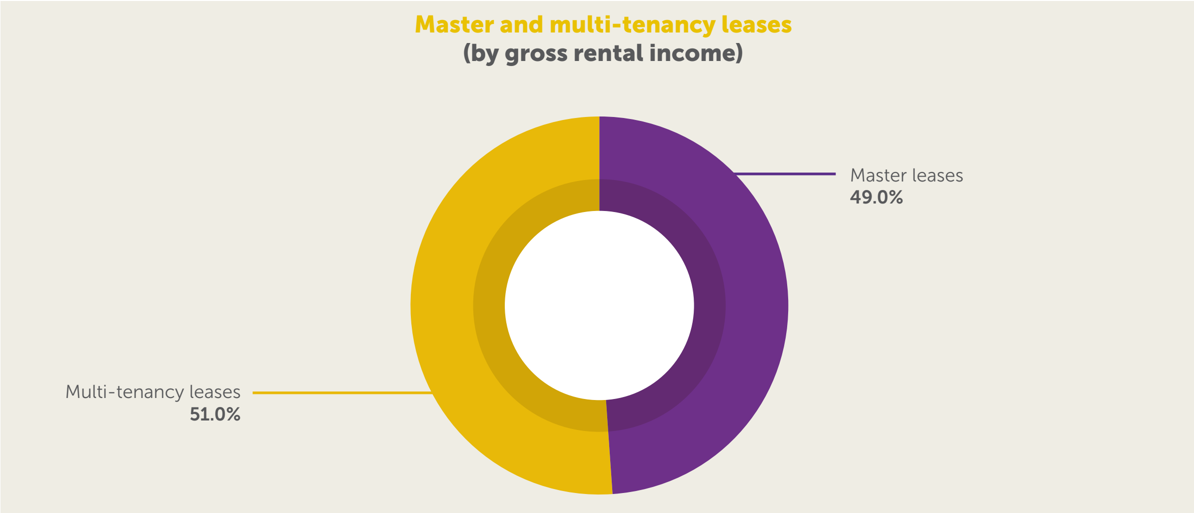






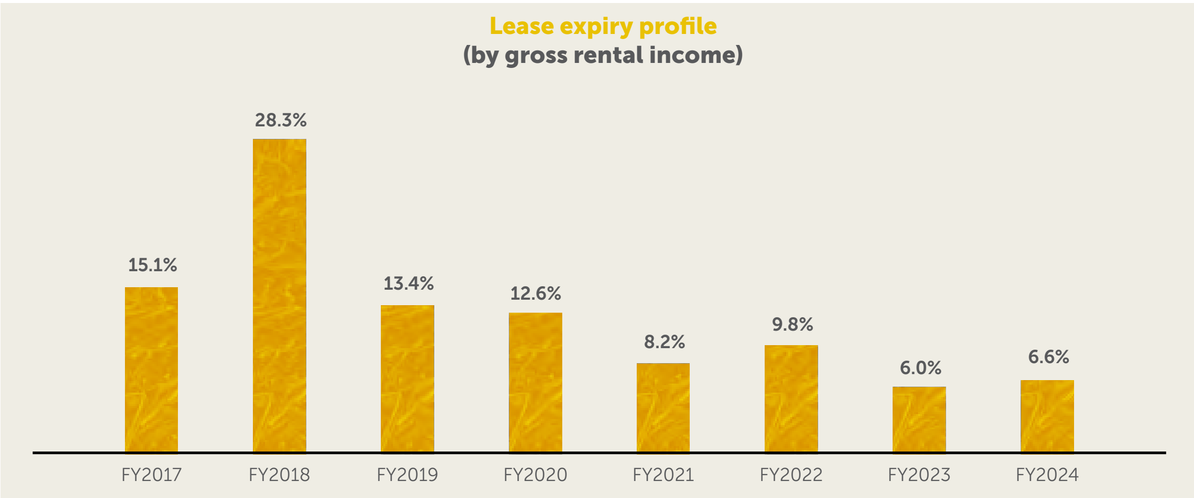
Well-balanced portfolio through proactive lease and asset management

As at 31 March 2016, AA REIT has eight properties under master leases which provide stability of income growth due to the longer lease durations and built-in rental escalations ranging between 2.0 per cent to 7.5 per cent. The remaining multi-tenancy properties, with typically shorter leases of around three years are subjected to market review, providing potential for the Trust to reposition the portfolio.



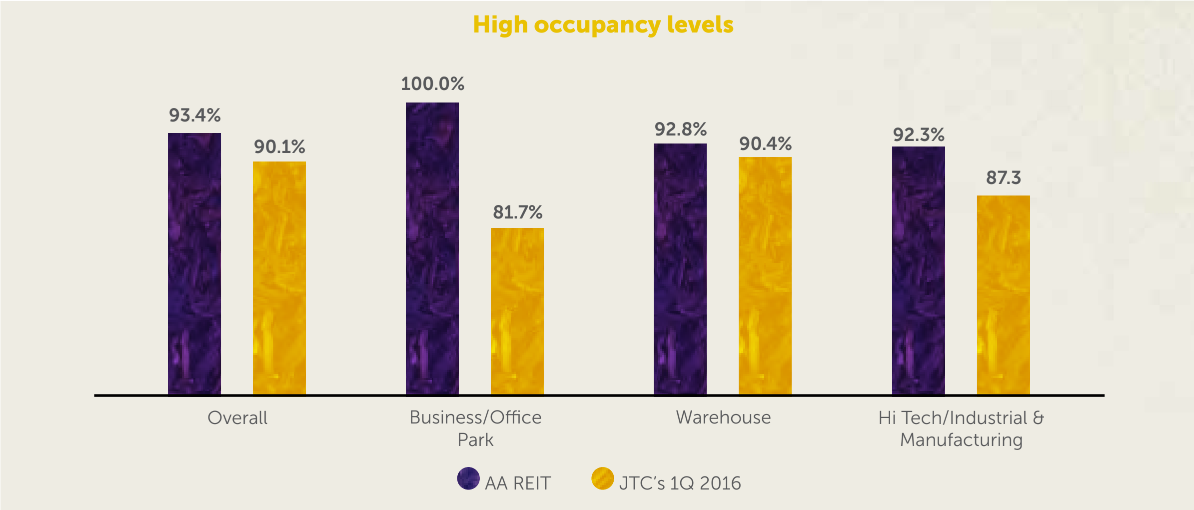
Despite the weak economic climate and the challenging business operating environment of the Singapore industrial market, the Manager managed to successfully secure 64 new and renewed leases (representing approximately 23.0 per cent of our current portfolio net lettable area) at a weighted average rental rate increase of 9.5 per cent on the renewals. At the end of the financial year ended 31 March 2016, 31 new leases were secured with over 60 per cent of the leases signed with lease expiries beyond FY2020 which reduce the Trust's exposure to near term expiries. The weighted average lease expiry (by gross rental income) of these newly secured leases stood at 3.3 years and contributed to 1.7 per cent of gross rental income of the whole portfolio.

The Trust benefits from a well-staggered lease expiry profile with 15.1 per cent and 28.3 per cent of leases (by gross rental income) due for renewal in FY2017 and FY2018 respectively. AA REIT's portfolio enjoys stability of cash flow and earnings as more than 40 per cent of the total portfolio leases (by gross rental income) are committed until FY2020 and beyond. As at 31 March 2016, the Trust's weighted lease expiry by gross rental income stood at 2.8 years.



The occupancy remained healthy at 93.4 per cent (100.0 per cent for the eight master leased properties and 88.5 per cent for the 16 multi-tenancy properties) exceeding the Singapore industrial average occupancy rate of 90.1 per cent[1].

[1] Source: Based on JTC's 1Q 2016 statistics.



Source: JTC's 1Q 2016 statisitics.

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 2016, the security deposits underpinning the rental obligations of AA REIT's properties averaged 4.7 months. This provides a security buffer and additional confidence in the cash flow.

The Manager continued its focus in FY2016 on further unlocking value in AA REIT's portfolio through asset enhancement initiatives ("AEIs"). The new AEIs announced were for the redevelopment of 30 & 32 Tuas West Road and 8 & 10 Tuas Avenue 20.

The AEI for 30 & 32 Tuas West Road is currently underway to transform the original two three-storey detached industrial buildings into a purpose-built five-storey ramp-up warehouse, which will be fully leased to a single master tenant, CWT Limited. Due for completion in January 2017, this redevelopment will increase the property's gross floor area ("GFA") by approximately 128,459 sq ft or 80 per cent, and is forecast to raise its annual rental income four-fold to S$4.15 million annually.

In April this year, AA REIT also announced the Trust's fourth redevelopment at 8 & 10 Tuas Avenue 20. This redevelopment will transform two adjoining two-storey detached industrial spaces into a versatile three-storey industrial facility with ramp and cargo lift access, making it suitable for production and warehouse usage. With improving infrastructure and connectivity in Tuas, and supply of industrial spaces forecast to fall beyond 2017, this development's completion in the second half of 2017 will be well-timed for the market. The project will enlarge the GFA by around 41,614 sq ft or 35 per cent and will be valued at S$32.0 million upon completion.

AEI	Additional GFA (sq ft)	Target completion	Cost (S$'million)
30 & 32 Tuas West Road	128,459	January 2017	55.8 (including land cost)
8 & 10 Tuas Avenue 20	41,614	2H 2017	27.0 (including land cost)

While AA REIT remains poised for the right acquisition opportunities in Singapore and Australia, the Trust has approximately 760,000 sq ft of under-utilised space in its portfolio. This provides an opportunity for the Manager to expand the Trust's GFA through organic growth alone, and rejuvenate older and underperforming assets as part of a defensive strategy to attract or retain tenants.

FINANCIAL REVIEW

Financial performance

Statement of net income and distributions	FY2016 S$'000	FY2015 S$'000	Change %
Gross revenue	124,389	115,432	7.8
Property operating expenses	(42,060)	(35,419)	18.7
Net property income	82,329	80,013	2.9
Foreign exchange gain/(loss)	2	(59)	>(100.0)
Interest and other income	523	71	>100.0
Borrowing costs	(20,152)	(22,761)	(11.5)
Manager's management fees			
- Base fees	(7,325)	(7,228)	1.3
- Performance fees	(1,459)	(2,917)	(50.0)
Other trust expenses	(1,935)	(2,072)	(6.6)
Non-property expenses	(30,871)	(34,978)	(11.7)
Net income before joint venture's results	51,983	45,047	15.4
Share of results of joint venture (net of tax)	36,769	26,213	40.3
Net income	88,752	71,260	24.5
Distributions to Unitholders	**72,062**	**69,198**	**4.1**
Distribution per Unit ("DPU") (cents)	**11.35**	**11.07**	**2.5**

Gross revenue

The gross revenue of S$123.1 million[1] achieved for FY2016 was S$7.6 million higher than that of the previous year, mainly due to the full year rental contribution from Phase 2E and Phase Three of 20 Gul Way and 103 Defu Lane 10 as they became income-producing from 14 August 2014, 9 November 2014 and 1 August 2014 respectively, as well as higher recoveries from 29 Woodlands Industrial Park E1 and 8 & 10 Pandan Crescent. This was partially offset by lower rental contribution due to slower take-up rates at 1 Kallang Way 2A as the property reverted to multi-tenancy leases upon expiration of the master lease on 29 January 2015, lower occupancy at 27 Penjuru Lane as a few of the leases expired in December 2015 and the loss in revenue due to the redevelopment of 30 & 32 Tuas West Road.

Net property income

Net property income grew by 2.9 per cent or S$2.3 million to S$82.3 million for FY2016 on the back of higher gross revenue but partially offset by higher property operating expenses. Property expenses of S$40.7 million[1] for FY2016 was S$5.3 million higher than FY2015, which is in line with the increase in gross revenue, higher recoveries from tenants and the reversion to multi-tenancy properties for 11 Changi South Street 3 and 1 Kallang Way 2A upon expiration of the master leases on 16 December 2014 and 29 January 2015 respectively.

[1] For FY2016, the gross revenue of S$124.4 million included an additional property tax of S$1.3 million for 20 Gul Way for the period from 14 June 2014 to 31 December 2015. The additional property tax was due to the change in annual value of property assessed by IRAS which was fully recoverable from the master tenant, CWT Limited. Excluding this additional recovery, the gross revenue and property operating expenses for FY2016 would have been S$123.1 million and S$40.7 million respectively.

Net income

Borrowing costs of S$20.2 million were S$2.6 million lower than the previous year mainly due to lower interest rates on the Australian dollar denominated loans and the strengthening of the Singapore dollar against the Australian dollar. In addition, FY2015 included the accelerated recognition of the unamortised loan transaction costs of S$1.2 million as a result of the early refinancing of the secured borrowing of the Trust.

In FY2016, the Manager's performance fees of S$1.5 million was S$1.4 million lower than FY2015. The Manager is entitled to a performance fee of 0.1 per cent per annum of the value of the Deposited Property where the growth in DPU exceeds 2.5 per cent but is less than 5.0 per cent relative to the DPU in the previous financial year. 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 DPU in the previous financial year. DPU for FY2016 was 11.35 cents, representing a 2.53 per cent increase compared to FY2015. DPU for FY2015 was 11.07 cents, representing a 5.1 per cent increase compared to the DPU in FY2014.

The share of results of joint venture (net of tax) for FY2016 comprised the contribution from the Group's 49.0 per cent interest in Optus Centre which is located in Macquarie Park, New South Wales, Australia. It also included the share of revaluation surplus recognised on the valuation of the underlying property of S$22.5 million (FY2015: S$10.4 million).

Distributions to Unitholders

AA REIT achieved Unitholders' distributions of S$72.1 million for FY2016 which was S$2.9 million or 4.1 per cent higher as compared to FY2015. DPU for FY2016 was 11.35 cents, representing a 2.53 per cent increase compared to FY2015. 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. 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 and Net Asset Value ("NAV") per Unit

Net assets attributable to Unitholders	FY2016 S$'000	FY2015 S$'000	Change %
Total assets	1,459,453	1,458,335	0.1
Total liabilities	518,732	496,240	4.5
Net assets attributable to Unitholders	**940,721**	**962,095**	**(2.2)**
NAV per Unit (S$)	**1.478**	**1.525**	**(3.1)**

As at 31 March 2016, total assets of the Group remained stable at S$1,459.4 million, compared to S$1,458.3 million as at 31 March 2015. The main movements in total assets were due to the share of revaluation surplus of joint venture of S$22.5 million recognised during FY2016 for the net change in fair value of Optus Centre and the capitalisation of development costs of S$21.4 million mainly for the redevelopment of 30 & 32 Tuas West Road, but offset by the revaluation deficit of S$42.4 million recognised for the valuation of investment properties and investment properties under development in Singapore. The revaluation deficit was mainly due to lower market rent assumptions in view of the challenging industrial leasing market in Singapore and shorter balance land tenure for a few Singapore properties.

As at 31 March 2016, the total liabilities of the Group increased by S$22.5 million to S$518.7 million compared to S$496.2 million as at 31 March 2015 mainly due to the drawdown of S$19.0 million of the Trust's facilities to fund the redevelopment of 30 & 32 Tuas West Road and retention sums paid for the redevelopment of 20 Gul Way and 103 Defu Lane 10.

The NAV per Unit fell by 3.1 per cent to S$1.478 from S$1.525 a year ago, primarily due to the net change in fair value of investment properties and investment properties under development in Singapore.

Capital management

The Manager adopts a prudent approach towards capital management. AA REIT has access to diversified sources of funding, including the equity capital market, debt capital market and maintains strong and healthy banking relationships with its financial institutional partners.

Borrowings

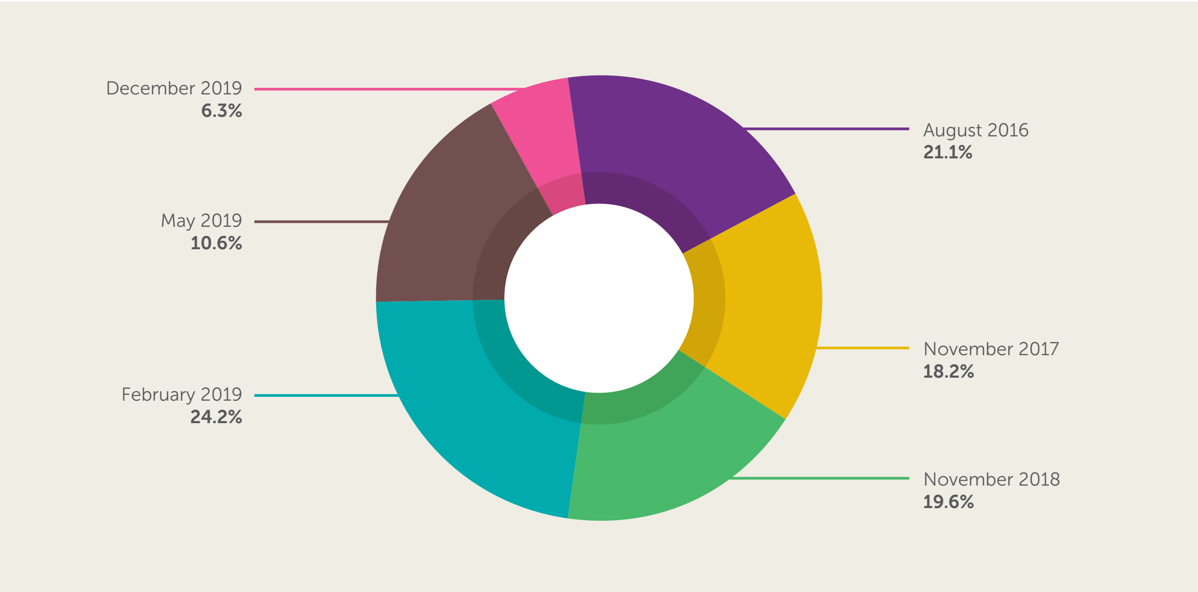
Total borrowings as at 31 March 2016 of S$473.4 million was S$16.2 million higher than the total borrowings as at 31 March 2015. This was mainly due to the drawdown of S$19.0 million to fund the redevelopment of 30 & 32 Tuas West Road and retention sums paid for the redevelopment of 20 Gul Way and 103 Defu Lane 10. This was partially offset by the decrease in the Australian dollar denominated borrowings of S$2.8 million due to the strengthening of the Singapore dollar against the Australian dollar.

Key borrowing metrics (in S$'000 unless otherwise indicated)	**FY2016**	**FY2015**
Total borrowings[1]	473,417	457,234
Undrawn available bank facilities	133,261	153,168
Aggregate leverage (%)	32.4	31.4
Interest cover ratio (times)	4.8	4.4
Weighted average term to maturity (years)	2.2	3.2
Fixed rate borrowings as a percentage of total borrowings (%)	92.2	86.2

1 Total borrowings exclude unamortised loan transaction costs.

Staggered debt maturity profile

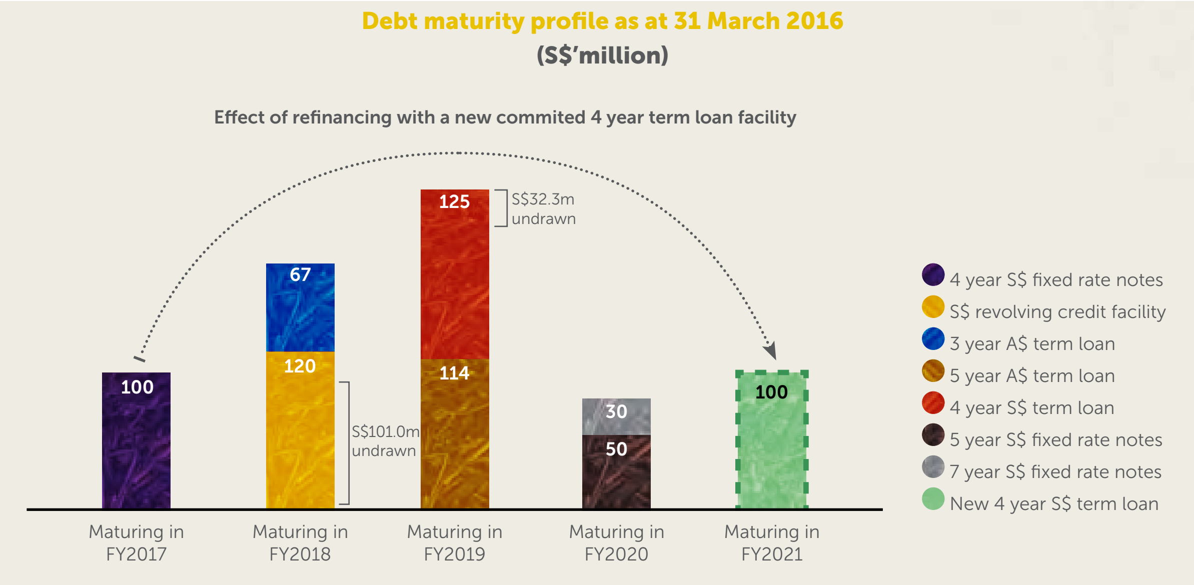
The Manager keeps a well-spread debt maturity profile to minimise any refinancing risk in any one year.



Out of the total borrowings as of 31 March 2016, 21.1 per cent falls due in August 2016, 18.2 per cent falls due in November 2017, 19.6 per cent falls due in November 2018, 24.2 per cent falls due in February 2019, 10.6 per cent falls due in May 2019 and the remaining balance falls due in December 2019.

In April 2016, the Trust received commitment from a syndicate of five financial institutions to upsize its existing secured facility with a four-year term loan facility of S$100.0 million to refinance its unsecured borrowings due in August 2016 and fund development and/or acquisitions as well as general working purposes. With this new facility, the weighted term to maturity of the Group's borrowings would increase to 2.92 years on a pro forma basis and generate interest cost savings of approximately S$1.0 million per annum.

The debt maturity profile of AA REIT as at 31 March 2016 is set out below:



AA REIT continued to maintain appropriate hedging ratios to mitigate interest rate volatility. During the year, the Group has entered into Australian interest rate swap contracts to convert floating rate loans to fixed rate loans. As such, Australian dollar denominated loans are 100.0 per cent on fixed interest rates. As at 31 March 2016, 92.2 per cent of AA REIT's borrowings are on fixed interest rates with a combination of the interest rate swaps entered into by the Group to hedge its exposure from floating rate borrowings and the fixed rate notes issued under the multi-currency medium term note programme ("MTN Programme"). The fair value of derivative financial instruments represents 0.3 per cent of the total assets as at 31 March 2016.

Strong financial flexibility

As at 31 March 2016, AA REIT has approximately S$133.3 million of undrawn debt facilities including revolving credit facility and an untapped balance of S$320.0 million from the MTN Programme. AA REIT also has 13 unencumbered properties with a total value of S$544.1 million or 44.7 per cent of the Singapore portfolio of S$1,217.3 million as at 31 March 2016. This will provide the Trust with the financial ability to complete the redevelopment of the properties at 30 & 32 Tuas West Road and 8 & 10 Tuas Avenue 20, as well as the financial flexibility to fund future redevelopments, asset enhancement initiatives and acquisition opportunities.

Prudent capital structure

The aggregate leverage remains healthy at 32.4 per cent as at 31 March 2016, well below the 45.0 per cent gearing limit allowed by the Monetary Authority of Singapore for property trusts in Singapore. AA REIT has an investment grade credit rating of BBB- assigned by Standard & Poor's Ratings Services.

Equity funding

Distribution Reinvestment Plan ("DRP")

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 transactions or other related costs. In FY2016, the Manager completed two quarters of DRP exercise and raised S$3.6 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
Gross proceeds	110.0	99.9
Use of proceeds		
Development costs at 103 Defu Lane 10 and 20 Gul Way	96.8	–
Development costs at 30 & 32 Tuas West Road	–	13.0
Repay outstanding borrowings	0.3	17.2
Issue expenses in relation to the 2013 Placement and 2014 Rights Issue	2.7	2.5
Other asset enhancement initiatives	8.5	4.8
	108.3	37.5

As at 31 March 2016, the balance proceeds of the 2013 Placement was approximately S$1.7 million.

As at 31 March 2016, the balance proceeds of the 2014 Rights Issue was approximately S$62.4 million, of which S$45.9 million of the proceeds from the 2014 Rights Issue had been temporarily used to repay outstanding borrowings pending the deployment of such funds for their intended use. The Trust intends to set aside approximately S$41.7 million and S$18.3 million from the existing loan facility to fund the proposed redevelopments at 30 & 32 Tuas West Road as well as 8 & 10 Tuas Avenue 20 progressively over the course of construction.

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$2.6 million from S$10.1 million as at 31 March 2015 to S$7.5 million as at 31 March 2016. The decrease was mainly due to the funding of asset enhancement work and retention sums of S$1.7 million paid for the redevelopment of 20 Gul Way.

The net cash outflows used in investing activities of S$8.8 million was mainly attributable to the funding of development costs of 30 & 32 Tuas West Road, payment of retention sums for 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. The net cash outflows from financing activities were mainly due to the drawdowns to fund redevelopment as well as distributions to Unitholders and borrowing costs paid to financial institutions.

Our role

AIMS AMP Capital Industrial REIT ("AA REIT" or "Trust") is a real estate investment trust listed on the Main Board 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 in 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 our main responsibility is to manage the assets and liabilities of AA REIT in the best interests of the unitholders of AA REIT ("Unitholders"). We do this with 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 return to the Unitholders.

The Manager has covenanted in the trust deed constituting AA REIT dated 5 December 2006 (as amended, varied or supplemented from time to time) ("Trust Deed") 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 Listing Manual issued by the SGX-ST ("Listing Manual"), the applicable provisions of the Securities and Futures Act (Chapter 289) ("SFA"), the Code on Collective Investment Schemes (including Appendix 6 thereto on property funds ("Property Funds Appendix")), written directions, notices, codes and other guidelines that may be issued by the Monetary Authority of Singapore ("MAS") from time to time, the Trust Deed and the tax rulings issued by the Inland Revenue Authority of Singapore on the taxation of AA REIT and its Unitholders;

(b) preparing annual business plans for review by the Board of Directors of the Manager (each, a "Director" or collectively, "Directors" or "Board"), including forecasts on revenue, net property income, capital expenditure, explanation of major variances to previous plan(s), 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 modelling 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 property management agreements.

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 run the day-to-day operations of the Manager and AA REIT. The Manager holds a capital markets services licence issued by MAS to conduct real estate investment management activities. All 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 provision of the Trust Deed.

CORPORATE GOVERNANCE

Our corporate governance culture

We are committed to uphold high standards of corporate governance in our management of AA REIT and operate in keeping with the spirit of the Code of Corporate Governance issued by MAS on 2 May 2012 ("2012 Code") when discharging our responsibilities as the Manager in our dealings with Unitholders and other stakeholders. We believe 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 2016 ("FY2016") with specific reference to the principles and guidelines of the Code of Corporate Governance, and where applicable, the Listing Manual and the Companies Act (Chapter 50 of Singapore) ("Companies Act").

The following paragraphs describe our corporate governance policies and practices in FY2016 as the Manager with specific references to the 2012 Code. 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 the 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 also establishes a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of Unitholders' interests and the assets of AA REIT.

The Board is also responsible in 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 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 Nicholas Paul McGrath	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 24 to 25 of this Annual Report.

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 in the interests of AA REIT. The Manager has 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 acquisition and/or disposal, 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 a newly established Nominating and Remuneration Committee ("NRC") which was formed on 1 June 2016.

Each of these Board Committees operates under the 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 "Audit, Risk and Compliance Committee" section of this Corporate Governance report. Information on the NRC can be found in the "Board membership", "Board performance" and "Remuneration matters" sections of this Corporate Governance report.

The Board is also assisted by the Property Investment Committee ("PIC"), which comprises the Chief Executive Officer and Head of Finance of the Manager, and one management representative each from AIMS Financial Group and AMP Capital ("Sponsors") to manage the assets of AA REIT. 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/or 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 made 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 sets out the limits of its financial authority. The Board's approval is required for material transactions, including but not limited to the acquisition, redevelopment and/or divestment of investment properties, valuation of properties, annual budget for operating/capital expenditure, bank borrowings and hedging strategies as well as arrangements in relation to cheque signatories. Appropriate delegations 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 Director at these meetings are set out in the table below:

	Board meetings	ARCC meetings
Number of meetings held in FY2016	4	4
Board members		
Mr George Wang	4	n/a
Mr Tan Kai Seng	4	4
Mr Norman Ip Ka Cheung	4	4
Mr Eugene Paul Lai Chin Look[1]	4	3 of 3
Mr Simon Laurence Vinson[2]	1 of 1	1 of 1
Mr Nicholas Paul McGrath	4	n/a
Ms Moni XinYe An[3]	1 of 1	n/a
Mr Koh Wee Lih[4]	4	4

n/a Not applicable as Director is not a member of the ARCC.
1 Mr Eugene Paul Lai Chin Look was appointed as a member of the ARCC on 31 July 2015 to replace Mr Simon Laurence Vinson who resigned on the same day.
2 Mr Simon Laurence Vinson resigned as Director on 31 July 2015.
3 Ms Moni XinYe An resigned as Director on 31 July 2015.
4 Mr Koh Wee Lih, being the Chief Executive Officer, attends all ARCC meetings by invitation although he is not a member of the ARCC.

As the NRC was established recently on 1 June 2016, the NRC has yet to hold any meetings.

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, 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 ("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.

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 and knowledge of AA REIT, taking into consideration the nature and scope of AA REIT's operations and that the Board has a strong independent element.

Guideline 2.2 of the 2012 Code recommends independent directors to 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.

In addition, MAS proposes for at least half of the Board to comprise independent directors, where the Unitholders of AA REIT do not appoint the directors of the REIT manager. The proposed requirement will take effect from the first Annual General Meeting ("AGM") relating to the financial years ending on or after 31 December 2016.

In view of these upcoming requirements, the Board has restructured its composition and now consists of six members, of whom half are Independent Directors. The majority of the Board members are Non-Executive Directors with the Chief Executive Officer as 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 Independent and Non-Executive 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.

None of the Independent Directors have any relationship with the Manager, its related companies, its ten per cent shareholders or its officers and the ten per cent Unitholders of AA REIT 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.

Mr Tan Kai Seng, the Lead Independent Director, has served on the Board for more than nine years from the date of his first appointment. In subjecting the independence of Mr Tan to a particularly rigorous review, the Board has reviewed and determined that he has demonstrated independent judgement, integrity, professionalism and objectivity in the discharge of his duties. The Board has noted that during his tenure as an Independent Director, Mr Tan has been forthcoming in expressing his own viewpoints, active in debates over issues concerning AA REIT and objective in his challenge and scrutiny of Management's decisions and recommendations. He has actively sought clarification from Management on issues he deems necessary through direct access to the Management. It is noted that Mr Tan is able to exercise objective judgement on corporate matters independently, notwithstanding his long tenure as an Independent Director. The Board is of the view that he continues to be independent in character and judgement and he has made significant positive and objective contributions to Board discussions.

The Board is of the view that all 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.

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 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. This includes setting the agenda of the Board in consultation with the Chief Executive Officer and ensuring 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 addition, the Chairman facilitates the contribution of Non-Executive Directors, encourages constructive relations between the Executive Director, 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 Chairman and the Chief Executive Officer are not related to each other. The division of responsibilities between the Chairman and the Chief Executive Officer and the clarity of their roles allows for a robust and professional relationship between the Board and Management which facilitates effective oversight.

Guideline 3.3 of the 2012 Code recommends every company to appoint 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. Mr Tan as the Lead Independent Director has the discretion to hold meetings with the Independent Directors without the presence of the non-independent Directors and Management as he deems appropriate or necessary and to provide feedback to the Chairman after such meetings.

Board membership

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

During and up to the end of FY2016, the Board undertook the functions of a nominating committee, namely, administering nominations to the Board, reviewing the structure, size and composition of the Board and reviewing the performance and 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.

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

- the Board should comprise directors with a broad range of commercial experience, including expertise in fund management, the property industry, and legal and financial management; and

- at least half 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 Board recently performed a review to establish a NRC in accordance with the 2012 Code and a NRC was established on 1 June 2016.

From FY2017 onwards, the NRC, in performing the functions of a nominating committee, will support the Board in nominating matters relating to the Manager in accordance with the NRC's written terms of reference.

The NRC comprises of at least five Directors, the majority of whom, including NRC Chairman, are independent directors. The members of the NRC are as follows:

Mr Norman Ip Ka Cheung	NRC Chairman
Mr Tan Kai Seng	NRC Member
Mr Eugene Paul Lai Chin Look	NRC Member
Mr George Wang	NRC Member
Mr Nicholas Paul McGrath	NRC Member

The NRC has written terms of reference setting out its scope and authority in performing the functions of the nominating committee, which include assisting the Board in matters relating to:

- reviewing the composition of the Board at regular intervals, and when a Director gives notice of his intention to retire or resign. This is to ensure that the Board is of an appropriate size and comprises of directors who as a group provide the necessary core competencies, balance and diversity of skills, experience and knowledge to AA REIT, taking into consideration the nature and scope of AA REIT's operations, and that the Board has a strong independent element;

- making recommendations to the Board for the appointment of new directors, including reviewing the suitability of any candidate put forward by any Director for appointment, with regard to the current and mid-term needs and goals of AA REIT and the Manager, the relevant expertise of the candidates and their potential contributions, whether the candidate has sufficient time to commit to his or her responsibilities as a Director, and whether he or she is a fit and proper person for the office in accordance with the Guidelines on Fit and Proper Criteria issued by the MAS (which require the candidate to be, among other things, competent, honest, to have integrity and be financially sound);

- reviewing the performance of the Board and each Director annually and proactively addressing any issues identified in the Board and Director performance evaluation;

- annual review of the independence of each Director; and

- reviewing of training and professional development programmes for the Board.

As the Unitholders of AA REIT do not appoint the Directors of the Manager, at least half of the Board comprises Independent Directors.

The 2012 Code recommends that the Board considers providing guidelines 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 each individual Director has devoted sufficient time and attention to his role as a Director and to the affairs of the Manager. For FY2016, 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 annual 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.

For FY2016, the Directors has assessed the performance of the Board as a whole, the Board Committees, 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 and/or Board Committee 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.

The Manager believes that the Board's performance and that of each individual Director is reflected in and evidenced by its or his proper guidance, diligent oversight and able leadership and the level of support it or he 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.

Prior to the establishment of the NRC, the review of Board members' performance was on an informal basis, where renewal or replacement of a member did not necessarily reflect his contributions to-date but was 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 2016, the Board is of the view that the contributions made by each Director and performances of the Board and Board Committees as a whole were satisfactory.

The formal assessment of the review of the Board's performance in FY2017 will be undertaken by the newly established NRC.

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 ongoing 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 decisions or mandates sought by Management are in the form of Board papers and/or Board Committee papers that provide facts, analysis, resources 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 also requested to 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 from time to time to attend such meetings.

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 individually or as a group, may at the Manager's expense seek independent professional advice where necessary to discharge his 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, it 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 Board recently performed a review following the issuance of new MAS directions and guidelines for REIT managers to establish a NRC in accordance with the 2012 Code and a NRC was established on 1 June 2016. From FY2017 onwards, the NRC, in performing the functions of a remuneration committee, will support the Board in the remuneration matters of the Manager in accordance with the NRC's written terms of reference.

The NRC has written terms of reference setting out the scope and authority in performing the functions of a remuneration committee, which include assisting the Board in matters relating to:

- reviewing and recommending a general framework of remuneration for Directors and key management personnel of the Manager;

- reviewing and recommending the specific remuneration packages for each Director and key management personnel; and

- reviewing the Manager's obligations arising in the event of the termination of a director's or executive officer's contract of service and ensure that that such contract of service contains fair and reasonable termination clauses which are not overly generous.

No member of the NRC will be involved in any decision relating to his own remuneration.

As the NRC was established recently on 1 June 2016, for FY2016, the Manager took reference from the remuneration policy adopted by the Sponsors in determining the remuneration of the Board and key executives. The Sponsors participated in the determination of the remuneration of directors and executive officers and reviewed the remuneration policies to ensure that remuneration payable is in line with the objectives of the remuneration policy. The Manager also performed a remuneration survey through an independent advisor, McLagan/AON Hewitt, to assess the competitiveness of the employees' remuneration compared to the market.

The remuneration policy adopted by the Manager enables the Manager to attract, motivate, reward and retain quality employees. Key management personnel remuneration comprises a fixed component and a variable component. The fixed component comprises the base salary and compulsory employer's contribution to the employees' Central Provident Fund. The variable component is in the form of short-term and long-term bonuses. There are no unit-based incentives or awards in place to reward employees as part of the remuneration package.

The compensation structure for the variable component is directly linked to corporate and individual performance, both in terms of financial, non-financial performance as well as the performance of AA REIT through the incorporation of appropriate key performance indicators that are specific, measurable, result-orientated and time-bound. In determining the actual quantum of the variable component of the remuneration to be paid, the Manager would take into account the extent to which the key performance indicators have been met. Some of the key performance indicators of the Manager include distribution growth of AA REIT, occupancy rate of AA REIT's property portfolio and the unit price performance of AA REIT compared to its immediate peers. This will allow alignment of employees' interests with those of AA REIT's Unitholders.

The Chief Executive Officer and Non-Executive Non-Independent Directors are not paid directors' fees by the Manager. Independent Directors are paid fixed basic fees for their Board and Board Committee memberships by the Manager. In determining the quantum of the fees, the Manager took into account factors such as time spent and responsibilities of the Directors. 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. There are no unit-based incentives or awards in place to reward directors as part of the remuneration package.

Directors' fees are paid by the Manager. As at 31 March 2016, the directors' fees paid in cash were as follows:

Directors' fees	**FY2016**	**FY2015**
Board members		
Mr George Wang	–	–
Mr Tan Kai Seng	S$68,214	S$63,525
Mr Norman Ip Ka Cheung	S$64,512	S$57,750
Mr Eugene Paul Lai Chin Look	S$62,012	S$60,250
Mr Simon Laurence Vinson[1]	–	–
Mr Nicholas Paul McGrath	–	–
Ms Moni XinYe An[2]	–	–
Mr Koh Wee Lih	–	–

1 Mr Simon Laurence Vinson resigned as Director on 31 July 2015.
2 Ms Moni XinYe An resigned as Director on 31 July 2015.

The Board is cognisant of the requirements under Principle 9, Guideline 9.1, Guideline 9.2, Guideline 9.3 and Guideline 9.6 of the 2012 Code for listed issuers to make certain remuneration disclosures, inter alia, a breakdown (in percentage or dollar terms) of the Chief Executive Officer's and top five key management personnel's remuneration (in bands of S$250,000) earned through base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives as well as to fully disclose the remuneration of the Chief Executive Officer and the aggregate total remuneration paid to the top five key personnel (who are not directors or the Chief Executive Officer).

However, the Board of the Manager has reviewed, assessed and decided against such disclosures for the following reasons:

- the remuneration of the Directors and employees of the Manager are not paid out of the deposited property of AA REIT (listed issuer). Instead, they are remunerated directly by the Manager, which is a private company. The fees that the Manager receives from AA REIT had been disclosed under the "Interested person/interested party transactions" section of the Annual Report;

- there is no misalignment between the remuneration of the Directors and the key management personnel of the Manager, and the interests of the Unitholders given that their remuneration is not linked to the gross revenue of AA REIT and is paid out of the assets of the Manager and not out of AA REIT; and

- given the confidentiality and sensitivity of remuneration matters, the Board firmly believes that the disclosure of the remuneration of the Chief Executive Officer and the top five key management personnel of the Manager (whether in exact quantum or in bands of S$250,000) would be prejudicial to the interests of AA REIT and its Unitholders. The majority of the current management team has been serving the Manager and AA REIT for a considerable period of time and it is a stable and effective team. It is important for the Manager to retain such talent for the long-term interests of AA REIT and its Unitholders and to ensure the stability and continuity of the business operations with a competent and experienced management team at the helm. In view of the competitive conditions and the specialised skill sets required in the Singapore real estate and Singapore REIT industry, such disclosure of remuneration may potentially result in staff movement. Therefore, the Board believes that not disclosing the remuneration will be in the best interests of AA REIT and the Unitholders and the interests of AA REIT and the Unitholders will not be prejudiced as a result of such non-disclosure.

There were no employees of the Manager who were immediate family members of a Director or the Chief Executive Officer in FY2016 and whose remuneration exceeded S$50,000 during the financial year ended 31 March 2016.

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 SGXNET announcements and media releases.

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

In FY2016, BDO conducted audit reviews on the internal audit plan approved by the ARCC covering financial, operational, compliance and information technology controls using a risk-based auditing approach. 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 "Risk management report" section 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 of AA REIT and its wholly-owned subsidiaries ("Group") and the Trust 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 2016, 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; 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 2016.

Based on the enterprise risk management 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 was 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 2016.

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 is comprised entirely of Non-Executive Independent Directors. The members of the ARCC as at 31 March 2016 are:

Mr Tan Kai Seng	ARCC Chairman
Mr Norman Ip Ka Cheung	ARCC Member
Mr Eugene Paul Lai Chin Look	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
- meeting with the internal and external auditors without the presence of Management, at least once a year.

During FY2016, the ARCC's activities included the following:

- The ARCC performed independent reviews of AA REIT's quarterly and full year financial results before their submission to the Board. In conducting its review of the audited financial statements of AA REIT for FY2016, 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 had 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 of the 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 FY2016 was approximately S$256,000, of which audit fees amounted to approximately S$201,000 and non-audit fees amounted to approximately S$55,000. The non-audit fees paid/payable to the external auditors were related to general tax compliance 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 auditor's work and its 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 of the Management.

- The ARCC reviewed the enterprise risk management 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/interested party 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 in writing of any reportable conduct to the Whistleblower Protection Officer or the Chairman of the ARCC. The email address of the Whistleblower Protection Officer is compliance@aimsampcapital.com.

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

The ARCC members are kept updated of changes to accounting standards and issues which may have a direct impact on the financial statements of AA REIT.

The number of ARCC meetings held and corresponding attendance for the financial year are set out on page 76 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 and on its corporate website at www.aimsampcapital.com.

In order to provide regular updates to Unitholders, the Manager also conducts regular briefings and conference calls for analysts, institutional investors and media representatives which generally coincide with the announcement of AA REIT's results or disclosure of material transactions. During these briefings, the Manager reviews AA REIT's most recent performance or explains the transaction (where applicable), discusses the business outlook and solicits to understand views of Unitholders and to address Unitholders' concerns. Please refer to the "Investor Engagement" section set out on pages 93 to 94 of this Annual Report for more information.

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, comprising substantially its 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 AGM of Unitholders 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. A Unitholder who is a relevant intermediary (including but not limited to nominee companies, custodian banks or Central Provident Fund Board's agent banks), is entitled to appoint more than one proxy to vote on its behalf at the meeting through proxy forms sent in advance, provided that each proxy must be appointed to exercise the rights attached to a different Unit or Units held by such Unitholder, where the number of Units shall be specified.

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 acquisition of Units or changes in the number of Units which he holds or in which he 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 holds or in which he 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 conflicts of interest

The following main principles and procedures have been established to address potential conflicts of interest 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 a majority of the Directors including at least one Independent Director;

(d) Independent Directors constitute at least one-third of the Board;

(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 of the Sponsors and/or their subsidiaries; and

(f) in respect of matters in which a Director or his associate have interest, direct or indirect, such interested Director is required to disclose his 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) the ARCC's approval shall only be given if the transactions are on 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 person/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.

Fees payable to the Manager

The revised Code on Collective Investment Schemes which took effect on 1 January 2016 requires the Manager to disclose the following matters in relation to the Manager's fees payable out of the deposited property of AA REIT:

(a) the methodology for the computation of the fees; and

(b) the justification of how such methodology takes into account the Unitholders' long term interests.

The methodology for the computation of the fees is disclosed on pages 111 to 112 under the "Notes to the Financial Statements" section of this Annual Report.

The management fees are earned by the Manager for the management of AA REIT's portfolio of properties. The various fees earned by the Manager are further elaborated below:

Base fee

The Manager is responsible for the ongoing management of the assets and liabilities of the Trust for the benefit of the Unitholders. Accordingly, the Manager should be fairly compensated for its efforts in the overall management of AA REIT and it should enable the Manager to cover its operational, administrative and compliance overheads incurred in the management of the portfolio. The base management fee is calculated as a percentage of the Deposited Property (as defined in the Trust Deed) of AA REIT as it provides an appropriate metric to determine the resources required for managing the assets. As AA REIT grows its portfolio size, the complexity of management increases and the Manager is expected to expend greater effort in fulfilling its responsibilities.

Performance fee

The performance fee is only payable when the Manager has achieved certain levels of growth in the Distribution per Unit ("DPU") in the current financial year relative to the previous financial year. As the year-on-year growth of the DPU is in line with the interests of the Unitholders, the performance fee will spur the Manager to seek growth opportunities or embark on cost savings initiatives to improve the performance of the Trust. The performance fee is calculated as a percentage of the Deposited Property (as defined in the Trust Deed) of AA REIT as it provides an appropriate metric to determine the resources required for such efforts taken to achieve the growth in DPU and it aligns the interests of the Manager with Unitholders as the Manager is motivated and driven to achieve DPU growth by ensuring the long-term sustainability of the assets through proactive asset management strategies and asset enhancement initiatives. The performance fee is paid annually, in compliance with the Property Funds Appendix.

Acquisition fee and Divestment fee

These fees are essential to incentivise the Manager to continue to deliver long-term sustainable income to Unitholders, source for growth opportunities and yield-accretive acquisitions for the Trust and to efficiently recycle capital through the divestment of under-performing or non-core assets of the Trust. The Manager would have to carry out additional work as well as incur additional resources and time to source for various opportunities before a potential acquisition or divestment opportunity materialises into an eventuality. As such, the Manager should be fairly compensated for the efforts expended, costs incurred as well as time taken for such transactions.

Risk management report

Enterprise Risk Management ("ERM") 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 and controls to safeguard Unitholders' interests and AA REIT's assets and also to 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 FY2016

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 FY2016 include the following but are not limited to:

Market risk

AA REIT faces real estate market risks such as the volatility in rental rates and occupancy rates due to strong competition and soft demand for industrial premises which have an adverse effect on property yields. In order to mitigate such risks, the Manager has established a diversified tenant base, reduced its tenant concentration risk and has in place proactive tenant management strategies. Regular feedback is also obtained from tenants to foster close landlord-tenant relationships. Where the opportunity arises, the Manager also embarks on asset enhancement activities to improve the value, performance and competitiveness of the properties in AA REIT's portfolio.

Investment risk

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. The PIC will then consider the appropriateness of the potential transaction before making a recommendation to the Board. The role of the PIC is set out on page 75 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.

Project management risk

The construction and redevelopment of investment properties usually take 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 are 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 legislations and regulations.

Guidelines are put in place to minimise any potential impact from business interruptions, in the event of emergencies such as haze and pandemic events. The Manager also practises risk transfer by procuring relevant insurance policies to mitigate certain financial losses.

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 ratings.

Cash and fixed deposits are placed with financial institutions which are regulated by MAS. 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 borrowing 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 approach in managing 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 2016, 92.2 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 risk

AA REIT is exposed to fluctuation of the Australian dollar against the Singapore dollar. The Manager's strategy is to achieve a natural hedge through the use of Australian dollar denominated borrowings to fund the Group's interest in the Australian joint venture, thereby mitigating the foreign exchange risk. As at 31 March 2016, the Group's investment in its Australian joint venture is substantially hedged as approximately 81 per cent of the interest in joint venture was funded with Australian dollar denominated borrowings. The level of foreign currency denominated borrowings also effectively hedges more than half of the foreign currency income from Optus Centre.

Regulatory and compliance risks

The Manager, being a capital markets services licence holder, is required to comply with the applicable laws and regulations governing the Trust and the Manager, including the Securities and Futures Act (Chapter 289 of Singapore), 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 Inland Revenue of Authority of Singapore on taxation of AA REIT and its Unitholders. Any changes in these regulations may affect AA REIT's operations and results.

The employees of the Manager keep abreast of changes in legislation and regulations though training and attending talks and briefings. Various internal procedures have been put in place to facilitate staff awareness and ensure compliance to the applicable laws and regulations.

INVESTOR ENGAGEMENT

REITs Symposium 2015 held on 23 May 2015

Commitment to transparency

The Manager believes in building effective and robust investor engagement by facilitating open and transparent two-way communications with investors, analysts, media and the general investment community.

This commitment is governed by a strict disclosure policy which requires the accurate and timely disclosure of all material information relating to AA REIT to these stakeholders, and SGX-ST via SGXNET and on its corporate website at **www.aimsampcapital.com**.

Active multi-channel engagement

The Manager employs a wide array of channels and opportunities to ensure it is effectively communicating, listening and reaching out to current and potential investors, wherever they are.

These channels of engagement include:

- Annual General Meeting ("AGM") held in July each year. In 2015, this was attended by more than 150 Unitholders and proxies. Electronic polling is used to tally results for all resolutions tabled at the meeting.
- Briefings to analysts and institutional investors on quarterly and full year financial results.
- Participating in and presenting at non-deal road shows, investor conferences, seminars and industry events in Asia and globally.
- Daily email alerts for investors which include information on AA REIT's stock price and relevant SGX announcements.
- Proactive media and influencer relations programme engaging relevant business and financial media and influencers, including print, broadcast and social media. In FY2016, this programme included distributing media releases, facilitating interviews with the Manager's Chief Executive Officer, thought leadership articles, property tours as well as traditional and online media monitoring.
- A content rich corporate website, which includes comprehensive background on AA REIT, all assets within its portfolio, the latest news and SGX announcements.
- An active LinkedIn profile run by the Manager to share the latest updates on AA REIT, as well as important industry news and insights.

INVESTOR ENGAGEMENT

Engagement differentiated by a personal touch

The Manager injects a personalised approach throughout its investor engagement programme to actively stimulate and encourage two-way dialogue with investors all year round. This helps the Manager to keep in touch with its investors as well as to better understand and anticipate their needs.

This personal approach includes regular meetings with the Chief Executive Officer and Assistant Fund Manager for current and potential investors, analysts and regular private asset tours. In FY2016, the Manager conducted nine private asset tours for key investors, stakeholders and media personnel.

In FY2016, the Manager also invested in enhancing its digital and social media channels and presence with the launch of a LinkedIn profile, and broader engagement of online financial media and influencers as part of its stakeholder programme.

In line with this open communication policy, the Manager's investor relations team is easily accessible via a dedicated email address **investorrelations@aimsampcapital.com** to respond to any queries and concerns from investors.

Growing analyst coverage

In FY2016, Maybank Kim Eng Research Pte Ltd and Jefferies Singapore Limited initiated research on AA REIT, bringing the total number of research houses and investment banks which issue research on the Trust to five.

Research house / investment bank	Analyst
Jefferies Singapore Limited	Krishna Guha
Macquarie Capital Securities (Singapore) Pte. Limited	Tuck Yin Soong
Maybank Kim Eng Research Pte Ltd	Joshua Tan
RHB Group	Ong Kian Lin / Ivan Looi
Religare Capital Markets Limited	Pang Ti Wee

Investor and media engagement calendar FY2016

1Q FY2016	Macquarie ASEAN Corporate Day and Europe non-deal roadshow FY2015 Results announcement and analyst briefing REITs Symposium Event 2015 2 x Asset Profiling Tours with Media
2Q FY2016	The Pulse of Asia Conference by DBS Vickers Securities 1Q FY2016 Results announcement and analyst briefing 6th AGM S-REITs Corporate Day by RHB Group Macquarie ASEAN Conference Citi REITAS Singapore REITs & Sponsors Forum 2015
3Q FY2016	2Q FY2016 Results announcement and analyst briefing
4Q FY2016	2 x Asset tours with online influencers REITAS REIT Forum 3Q FY2016 Results announcement and analyst briefing

COMMITTED TO GOOD CORPORATE CITIZENSHIP

The Manager is committed to operating responsibly and sustainably, and in FY2016, the Manager has expanded its focus to include Corporate Social Responsibility and Sustainability measures and initiatives for AA REIT.

The Manager has established a Sustainability Steering Committee which reports directly to the Sustainability Council ("Council") which is comprised of the senior management team. Under the guidance of the Board, the Council is responsible for driving sustainability initiatives across the business, ensuring these are measured, and that relevant internal and external stakeholders are held accountable to meet sustainability targets.

Environment

AA REIT is focused on limiting its impact on the environment and is continuously assessing and improving its practices to incorporate green initiatives applicably and sensibly in its ordinary course of business.

The Manager has mandated that all new developments which it undertakes be Building & Construction Authority ("BCA") Green Mark compliant. Currently, one third of AA REIT's Singapore portfolio (by gross floor area) are BCA Green Mark compliant.

AA REIT's 1A International Business Park was awarded a BCA Green Mark Gold rating. The building uses double-glazed low e-glass for curtain walls and all external windows, energy-efficient T5 light fittings, and is made up of environmentally-friendly materials with recycled content.

During FY2016, AA REIT's Optus Centre in Australia also achieved a 5 star NABERS Energy Rating, up from 4.5 stars in the previous year. The improvement in the NABERS Energy Rating was as a result of energy efficiency initiatives undertaken during the year including the replacement of lights in the common areas with energy-saving LED lights.

To further improve its environmental footprint, AA REIT has increased its use of e-tools in stakeholder communications. For the first time in FY2016, Unitholders were given the choice to receive their annual report in e-versions. With the majority of Unitholders adopting this option, paper usage and printing of annual reports were significantly reduced and the Manager expects the adoption rate to increase moving forward.

Back in the office, the Manager actively promotes environmental stewardship through good practices such as placing recycling bins in the office, using eco-friendly products and encouraging double-sided printing.

COMMITTED TO GOOD CORPORATE CITIZENSHIP

Gifts of Joy initiative

Social

The Manager recognises that people are vital to the long-term growth and success of its business and is committed to attracting, retaining, and developing quality talent whilst cultivating a work-life balanced environment.

The Manager invests in training to upskill its people and contributes to their professional and personal development. During the financial year ended 31 March 2016, AA REIT employees underwent an average of 25 training hours per person, more than double the annual internal requirement of ten training hours. The Manager also cultivates a strong culture of providing career progression and promotion from within the organisation. The Manager promotes internal collaboration through regular team workshops, teambuilding events and outings.

As part of the employee wellness programme, the Manager also organises health talks and health screening for its employees.

Governance

The Manager believes that sound corporate governance and accountability are pivotal to the performance of the Trust, which in turn contributes to the long-term interests of Unitholders and builds public trust necessary for the long-term success of the business. The Manager is committed to upholding high standards of corporate governance principles and practices across its operations, as it strives to be recognised as a transparent and responsible company.

This commitment is governed by a robust and comprehensive framework which places integrity and discipline at the forefront of everything we do. The framework guides on areas such as corruption and bribery, conflicts of interest and risk management, and such focus is communicated to our people through regular workshops and training.

For more details, refer to the Corporate Governance section of the Annual Report.

Giving back to the community

As part of its focus on good corporate citizenship, the Manager is committed to giving back to the community. Last Christmas, the Manager's team participated in CapitaLand Commercial Trust's ("CCT") Gifts of Joy initiative. CCT's Gifts of Joy 2015 invited CCT's tenants and staff to fulfil the wishes of 580 underprivileged children and youths from 18 voluntary welfare organisations. The employees successfully raised a total of S$1,000 to contribute 20 Christmas presents to CCT's Gifts of Joy 2015.

The Manager will also be launching its Blessed for Good ("BFG") initiative soon, which will see its adoption of elderly care centres starting from FY2017. Under the BFG initiative, employees will be given up to two days' leave per year to do voluntary work in its adopted centres.

FINANCIAL STATEMENTS

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REPORT OF THE TRUSTEE

Year ended 31 March 2016

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 101 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
23 May 2016

STATEMENT BY THE MANAGER

Year ended 31 March 2016

In the opinion of the Directors of AIMS AMP Capital Industrial REIT Management Limited, the accompanying financial statements set out on pages 101 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 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 2016, 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 Trust will be able to meet its 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
23 May 2016

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 2016, the statement of total return, distribution statement, statement of movements in unitholders' funds and statement of cash flows of the Group and the statement of total return, distribution statement and statement of movements in unitholders' funds of the Trust for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 101 to 154.

Manager's responsibility for the financial statements

AIMS AMP Capital Industrial REIT Management Limited, the Manager of the Trust (the "Manager") is responsible for the preparation and fair presentation of these financial statements 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 for such internal control as the Manager 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 and fair presentation of financial statements 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, 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, 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 of the Trust as at 31 March 2016 and the total return, distributable income and movements in unitholders' funds and cash flows of the Group and the total return, distributable income and movements in unitholders' funds of the Trust 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.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
23 May 2016

STATEMENTS OF FINANCIAL POSITION

As at 31 March 2016

	Note	Group 2016 $'000	Group 2015 $'000	Trust 2016 $'000	Trust 2015 $'000
Non-current assets					
Investment properties	4	1,172,400	1,233,470	1,172,400	1,233,470
Investment properties under development	5	44,900	–	44,900	–
Subsidiaries	6	–	–	85,200	85,051
Joint venture	7	225,213	204,894	–	–
Trade and other receivables	8	2,719	3,464	2,719	3,464
Derivative financial instruments	9	–	213	–	213
Plant and equipment	10	–	–	–	–
		1,445,232	1,442,041	1,305,219	1,322,198
Current assets					
Trade and other receivables	8	6,731	6,183	5,599	5,775
Cash and cash equivalents	11	7,490	10,111	7,385	9,216
		14,221	16,294	12,984	14,991
Total assets		**1,459,453**	**1,458,335**	**1,318,203**	**1,337,189**
Non-current liabilities					
Trade and other payables	12	9,921	6,276	9,921	6,276
Interest-bearing borrowings	13	371,578	454,237	257,720	338,793
Derivative financial instruments	9	3,528	4,314	396	48
Deferred tax liabilities	14	5,237	1,134	–	–
		390,264	465,961	268,037	345,117
Current liabilities					
Trade and other payables	12	28,430	30,279	27,397	28,999
Interest-bearing borrowings	13	99,906	–	99,906	–
Derivative financial instruments	9	132	–*	132	–*
		128,468	30,279	127,435	28,999
Total liabilities		**518,732**	**496,240**	**395,472**	**374,116**
Net assets		**940,721**	**962,095**	**922,731**	**963,073**
Represented by:					
Unitholders' funds	15	**940,721**	**962,095**	**922,731**	**963,073**
Units in issue and to be issued ('000)	16	636,624	630,927	636,624	630,927
Net asset value per Unit attributable to Unitholders ($)		1.4777	1.5249	1.4494	1.5264

* less than $1,000.

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

STATEMENTS OF TOTAL RETURN

Year ended 31 March 2016

	Note	Group 2016 $'000	Group 2015 $'000	Trust 2016 $'000	Trust 2015 $'000
Gross revenue	17	124,389	115,432	124,389	115,432
Property operating expenses	18	(42,060)	(35,419)	(42,060)	(35,419)
Net property income		82,329	80,013	82,329	80,013
Foreign exchange gain/(loss)		2	(59)	758	4,229
Interest and other income		523	71	681	2,520
Distribution income from a subsidiary		–	–	7,935	5,984
Borrowing costs	19	(20,152)	(22,761)	(14,471)	(16,334)
Manager's management fees					
- Base fees	20	(7,325)	(7,228)	(7,325)	(7,228)
- Performance fees	20	(1,459)	(2,917)	(1,459)	(2,917)
Other trust expenses	21	(1,935)	(2,072)	(1,428)	(1,561)
Non-property expenses		(30,871)	(34,978)	(24,683)	(28,040)
Net income before joint venture's results		51,983	45,047	67,020	64,706
Share of results of joint venture (net of tax)	7	36,769	26,213	–	–
Net income		88,752	71,260	67,020	64,706
Net change in fair value of investment properties and investment properties under development		(42,405)	37,721	(42,405)	37,721
Net change in fair value of derivative financial instruments		(692)	774	(692)	774
Total return before income tax		45,655	109,755	23,923	103,201
Income tax expense	22	(4,846)	(1,693)	(743)	(559)
Total return after income tax		40,809	108,062	23,180	102,642
Earnings per Unit (cents)					
Basic and diluted	23	6.44	17.35		

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

DISTRIBUTION STATEMENTS

Year ended 31 March 2016

	Note	Group 2016 $'000	Group 2015 $'000	Trust 2016 $'000	Trust 2015 $'000
Amount available for distribution to Unitholders at beginning of the year		18,365	15,599	18,365	15,599
Total return before income tax		45,655	109,755	23,923	103,201
Net effect of tax adjustments	A	51,319	(25,565)	42,437	(38,327)
Other adjustments	B	(30,614)	(19,316)	–	–
		66,360	64,874	66,360	64,874
Amount available for distribution to Unitholders from taxable income		84,725	80,473	84,725	80,473
Distribution from tax-exempt income		1,797	751	1,797	751
Capital distribution		3,905	3,565	3,905	3,565
Amount available for distribution to Unitholders		90,427	84,789	90,427	84,789
Distributions to Unitholders during the year:					
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)
2.92 cents per Unit for the period from 1 January 2015 – 31 March 2015		(18,365)	–	(18,365)	–
2.75 cents per Unit for the period from 1 April 2015 – 30 June 2015		(17,441)	–	(17,441)	–
2.80 cents per Unit for the period from 1 July 2015 – 30 September 2015		(17,770)	–	(17,770)	–
2.85 cents per Unit for the period from 1 October 2015 – 31 December 2015		(18,108)	–	(18,108)	–
		(71,684)	(66,424)	(71,684)	(66,424)
Amount available for distribution to Unitholders at end of the year		**18,743**	**18,365**	**18,743**	**18,365**
Number of Units entitled to distributions at end of the year ('000)		635,366	628,935	635,366	628,935
Distribution per Unit (cents)		11.35	11.07	11.35	11.07

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

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

Note A - Net effect of tax adjustments

	Group		Trust	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Amortisation and write-off of borrowing transaction costs	895	2,367	895	2,367
Foreign exchange loss/(gain)	19	51	(737)	(4,237)
Manager's management fees in Units				
- Base fees	1,869	2,717	1,869	2,717
- Performance fees	1,459	2,917	1,459	2,917
Net change in fair value of investment properties and investment properties under development	42,405	(37,721)	42,405	(37,721)
Net change in fair value of derivative financial instruments	692	(774)	692	(774)
Prepayment fee on borrowings	–	66	–	66
Net tax adjustment on foreign sourced income	2,368	3,171	(5,756)	(5,289)
Temporary differences and other tax adjustments	1,612	1,641	1,610	1,627
Net effect of tax adjustments	51,319	(25,565)	42,437	(38,327)

Note B – Other adjustments

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

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

STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS

Year ended 31 March 2016

	Note	Group 2016 $'000	Group 2015 $'000	Trust 2016 $'000	Trust 2015 $'000
Balance at beginning of the year		962,095	911,888	963,073	912,743
Operations					
Total return after income tax		40,809	108,062	23,180	102,642
Foreign currency translation reserve					
Translation differences relating to financial statements of foreign subsidiaries and net investment in foreign operations	15	238	(1,543)	–	–
Hedging reserve					
Effective portion of changes in fair value of cash flow hedges	15	1,101	(4,000)	–	–
Unitholders' contributions					
Issuance of Units (including Units to be issued):					
- Manager's base fees in Units		1,869	2,717	1,869	2,717
- Manager's performance fees in Units		1,459	2,917	1,459	2,917
- Distribution Reinvestment Plan		3,632	8,514	3,632	8,514
- Property Manager's fees in Units		1,232	–	1,232	–
Distributions to Unitholders		(71,684)	(66,424)	(71,684)	(66,424)
Issue expenses	15	(30)	(36)	(30)	(36)
Change in Unitholders' funds resulting from Unitholders' transactions		(63,522)	(52,312)	(63,522)	(52,312)
Total (decrease)/increase in Unitholders' funds		(21,374)	50,207	(40,342)	50,330
Balance at end of the year		940,721	962,095	922,731	963,073

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

PORTFOLIO STATEMENTS

As at 31 March 2016

	Description of property	Location	Term of land lease[1]	Remaining term of land lease[1] (years)
	Group and the Trust			
	Investment properties in Singapore			
1	20 Gul Way	20 Gul Way	35 years	24.8
2	27 Penjuru Lane	27 Penjuru Lane	45 years	33.5
3	8 & 10 Pandan Crescent	8 & 10 Pandan Crescent	92 years and 8 months	52.2
4	NorthTech	29 Woodlands Industrial Park E1	60 years	38.8
5	1A International Business Park	1A International Business Park	52 years	43.2
6	103 Defu Lane 10	103 Defu Lane 10	60 years	27.2
7	Element 14	15 Tai Seng Drive	60 years	35.0
8	10 Changi South Lane	10 Changi South Lane	60 years	40.2
9	1 Bukit Batok Street 22	1 Bukit Batok Street 22	60 years	39.2
10	61 Yishun Industrial Park A	61 Yishun Industrial Park A	60 years	36.4
11	3 Tuas Avenue 2	3 Tuas Avenue 2	73 years	39.0
12	135 Joo Seng Road	135 Joo Seng Road	60 years	38.2
13	3 Toh Tuck Link	3 Toh Tuck Link	60 years	40.6
14	23 Tai Seng Drive	23 Tai Seng Drive	60 years	34.3
15	11 Changi South Street 3	11 Changi South Street 3	60 years	39.0
16	56 Serangoon North Avenue 4	56 Serangoon North Avenue 4	60 years	39.1
17	King Plastic	541 Yishun Industrial Park A	60 years	38.2
18	1 Kallang Way 2A[4]	1 Kallang Way 2A	60 years	39.2
19	2 Ang Mo Kio Street 65	2 Ang Mo Kio Street 65	60 years	31.0
20	7 Clementi Loop	7 Clementi Loop	60 years	37.2
21	Aalst Chocolate Building	26 Tuas Avenue 7	60 years	37.8
22	8 Senoko South Road	8 Senoko South Road	60 years	38.6
23	10 Soon Lee Road	10 Soon Lee Road	60 years	24.9
24	30 & 32 Tuas West Road[5]	30 & 32 Tuas West Road	60 years	39.8
25	8 & 10 Tuas Avenue 20[6]	8 Tuas Avenue 20	57 years and 2 months	34.8
		10 Tuas Avenue 20	60 years	36.5
	Investment properties, at valuation (note 4)			
	Investment properties under development in Singapore			
24	30 & 32 Tuas West Road[5]	30 & 32 Tuas West Road	60 years	39.8
25	8 & 10 Tuas Avenue 20[6]	8 Tuas Avenue 20	57 years and 2 months	34.8
		10 Tuas Avenue 20	60 years	36.5
	Investment properties under development, at valuation (note 5)			
	Portfolio of investment properties and investment properties under development			
	Joint venture (note 7)			
	Investment property in Australia held by a joint venture			
26	Optus Centre[7]	1-5 Lyonpark Road, Macquarie Park, New South Wales	Freehold	N.A.
	Other assets and liabilities (net)			
	Total Unitholders' funds of the Group			

[1] Includes the period covered by the relevant options to renew.
[2] The occupancy rates shown are on committed basis.
[3] The carrying value of investment properties and investment properties under development are stated at valuation.
[4] In 2015, the occupancy rates of 1 Kallang Way 2A excluded the net lettable areas which were undergoing asset enhancement works.

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

Existing use	Occupancy rate[2] 2016 %	Occupancy rate[2] 2015 %	Carrying value[3] 2016 $'000	Carrying value[3] 2015 $'000	Group percentage of total Unitholders' funds 2016 %	Group percentage of total Unitholders' funds 2015 %	Trust percentage of total Unitholders' funds 2016 %	Trust percentage of total Unitholders' funds 2015 %
Ramp-up Warehouse	100	100	286,000	303,600	30.4	31.5	31.0	31.5
Ramp-up Warehouse	87	100	177,000	182,000	18.8	18.9	19.2	18.9
Cargo Lift Warehouse	91	98	157,100	156,100	16.7	16.2	17.0	16.2
Hi-Tech	96	96	95,000	89,000	10.1	9.3	10.3	9.2
Business Park	100	100	88,700	86,700	9.4	9.0	9.6	9.0
Cargo Lift Warehouse	100	100	37,000	41,000	4.0	4.3	4.0	4.3
Industrial	91	100	36,400	36,600	3.9	3.8	3.9	3.8
Cargo Lift Warehouse	84	84	29,600	31,200	3.2	3.2	3.2	3.2
Industrial	78	95	25,600	26,300	2.7	2.7	2.8	2.7
Industrial	97	88	24,500	25,100	2.6	2.6	2.7	2.6
Manufacturing	100	100	22,800	24,800	2.4	2.6	2.5	2.6
Industrial	77	93	22,700	23,300	2.4	2.4	2.5	2.4
Cargo Lift Warehouse	100	100	22,600	22,850	2.4	2.4	2.5	2.4
Industrial	95	95	21,000	22,700	2.2	2.4	2.3	2.4
Cargo Lift Warehouse	47	75	20,900	22,000	2.2	2.3	2.3	2.3
Cargo Lift Warehouse	88	90	20,000	19,600	2.1	2.0	2.2	2.0
Manufacturing	100	100	16,000	15,900	1.7	1.7	1.7	1.7
Industrial	96	14	13,800	13,500	1.5	1.4	1.5	1.4
Manufacturing	100	100	13,300	13,600	1.4	1.4	1.4	1.4
Cargo Lift Warehouse	94	81	11,800	13,600	1.3	1.4	1.3	1.4
Manufacturing	100	100	11,500	11,420	1.2	1.2	1.2	1.2
Manufacturing	100	100	11,400	13,400	1.2	1.4	1.2	1.4
Industrial	72	91	7,700	8,400	0.8	0.9	0.8	0.9
Cargo Lift Warehouse	N.A.	33	–	14,100	–	1.5	–	1.5
Cargo Lift Warehouse	N.A.	100	–	16,700	–	1.7	–	1.7
			1,172,400	1,233,470	124.6	128.2	127.1	128.1
–	N.A.	N.A.	36,200	–	3.9	–	3.9	–
–	N.A.	N.A.	8,700	–	0.9	–	0.9	–
			44,900	–	4.8	–	4.8	–
			1,217,300	1,233,470	129.4	128.2		
			225,213	204,894	23.9	21.3		
Business Park	100	100						
			(501,792)	(476,269)	(53.3)	(49.5)		
			940,721	962,095	100.0	100.0		

5 On 3 September 2015, the Group started the redevelopment of 30 & 32 Tuas West Road and transferred it to "Investment properties under development".
6 The Group intends to redevelop the property at 8 & 10 Tuas Avenue 20 and transferred it to "Investment properties under development".
7 The Group has a 49.0% (2015: 49.0%) interest in Optus Centre. As at 31 March 2016, the property was valued at AUD445.0 million (equivalent to approximately $459.9 million) (31 March 2015: AUD398.0 million (equivalent to approximately $417.7 million)).

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

PORTFOLIO STATEMENTS

As at 31 March 2016

	Description of property	Carrying value 2016 $'000	Carrying value 2015 $'000	Trust percentage of total Unitholders' funds 2016 %	Trust percentage of total Unitholders' funds 2015 %
	Trust				
1-25	**Investment properties, at valuation (pages 106 - 107)**	1,172,400	1,233,470	127.1	128.1
	Investment properties under development, at valuation (pages 106 - 107)	44,900	–	4.8	–
		1,217,300	1,233,470	131.9	128.1
	Other assets and liabilities (net)	(294,569)	(270,397)	(31.9)	(28.1)
	Total Unitholders' funds of the Trust	922,731	963,073	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 2016 and 31 March 2015 related wholly to investing in real estate in the industrial sector.

As at 31 March 2016, the investment properties and investment properties under development were valued by CBRE Pte. Ltd. or Savills Valuation And Professional Services (S) Pte Ltd. (2015: 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 CBRE Valuations Pty Limited as at 31 March 2016 (2015: Savills Valuations Pty Ltd as at 31 December 2014 and the valuation was adopted by the Directors as at 31 March 2015).

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 2016, the investment properties under development were valued based on the residual method. Refer to notes 4 and 5 of the financial statements for details of the valuation techniques.

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

Year ended 31 March 2016

	Group 2016 $'000	Group 2015 $'000
Cash flows from operating activities		
Total return after income tax	40,809	108,062
Adjustments for:		
Share of results of joint venture (net of tax)	(36,769)	(26,213)
Borrowing costs	20,152	22,761
Depreciation	–	26
Foreign exchange (gain)/loss	(2)	59
Manager's base fees in Units	1,869	2,717
Manager's performance fees in Units	1,459	2,917
Net change in fair value of derivative financial instruments	692	(774)
Net change in fair value of investment properties and investment properties under development	42,405	(37,721)
Income tax expense	4,846	1,693
Operating income before working capital changes	**75,461**	**73,527**
Changes in working capital		
Trade and other receivables	147	2,150
Trade and other payables	(237)	395
Income tax paid	(743)	(559)
Net cash from operating activities	**74,628**	**75,513**
Cash flows from investing activities		
Capital expenditure on investment properties and investment properties under development	(22,699)	(49,214)
Proceeds from divestment of investment property[1]	–	98
Investment in a joint venture	(432)	(909)
Distributions from a joint venture	14,329	14,211
Net cash used in investing activities	**(8,802)**	**(35,814)**
Cash flows from financing activities		
Borrowing costs paid	(19,332)	(22,687)
Distributions to Unitholders	(68,043)	(57,875)
Proceeds from interest-bearing borrowings	21,760	247,467
Repayments of interest-bearing borrowings	(2,760)	(215,889)
Issue expenses paid	(30)	(2,334)
Net cash used in financing activities	**(68,405)**	**(51,318)**
Net decrease in cash and cash equivalents	**(2,579)**	**(11,619)**
Cash and cash equivalents at beginning of the year	**10,111**	**21,809**
Effect of exchange rate fluctuations on cash held	(42)	(79)
Cash and cash equivalents at end of the year	**7,490**	**10,111**

[1] 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.

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

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 2,463,314 (2015: 5,904,699) new Units amounting to $3.6 million (2015: $8.5 million) as partial payment of the distributions, pursuant to the Trust's Distribution Reinvestment Plan.

(ii) During the financial year, the Trust issued an aggregate of 1,151,826 (2015: 1,873,632) new Units amounting to $1.7 million (2015: $2.7 million) as partial payment for the base fee element of the Manager's management fees incurred.

(iii) During the financial year, the Trust issued an aggregate of 1,991,579 new Units (2015: Nil) amounting to $2.9 million (2015: Nil) as payment for the performance component of the Manager's management fees for the financial year ended 31 March 2015.

(iv) During the financial year, the Trust issued an aggregate of 824,373 (2015: Nil) new Units amounting to $1.2 million (2015: Nil) 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 two properties, namely 20 Gul Way and 29 Woodlands Industrial Park E1.

Refer to note 16 of the financial statements.

The accompanying notes form an integral part of these 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 23 May 2016.

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

The Manager is entitled to receive base fee, performance fee, acquisition fee and divestment fee, respectively as follows:

Base fee

Under clause 14.1.1 of the Trust Deed, 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 fee is payable in the form of cash and/or Units as the Manager may elect. In accordance with clauses 14.1.4 (i) and (ii) of the Trust Deed, 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; and 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.

1 GENERAL (continued)

1.2 Manager's fees (continued)

Performance fee

Under clause 14.1.2 of the Trust Deed, 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) 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%. In accordance with clause 14.1.4 (iii) of the Trust Deed, the payment of the performance fee, whether in the form of cash or Units, shall be made out of the Deposited Property within 60 days of the last day of every financial year in arrears.

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

Under clause 14.2 of the Trust Deed, 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; and
  (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; and
(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 equivalent to:

(a) 3.0% of the construction costs where the construction costs are $2.0 million or less;
(b) 2.0% of the construction costs where the construction costs exceed $2.0 million but do not exceed $20.0 million;
(c) 1.5% of the construction costs where the construction costs exceed $20.0 million but do not exceed $50.0 million; and
(d) a fee to be mutually agreed by the parties where the construction costs exceed $50.0 million.

(v) A property tax service 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 fee shall be determined as follows:

(a) 7.5% of the property tax savings where the proposed property annual value is $1.0 million or less;
(b) 5.5% of the property tax savings where the proposed property annual value exceeds $1.0 million but does not exceed $5.0 million; and
(c) 5.0% of the property tax savings where the proposed property annual value exceeds $5.0 million.

The above fee is a lump sum fixed fee based on the property tax savings calculated on a 12-month period.

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 BASIS OF PREPARATION (continued)

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:

- Note 4 : Valuation of investment properties
- Note 5 : Valuation of investment properties under development
- 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.

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 fall into 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:

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

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

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 statement of financial position at cost less accumulated impairment losses.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

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 its 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.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Plant and equipment (continued)

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.

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).

Cash and cash equivalents comprise cash balances and short-term deposits with maturities of three months or less that are subject to an insignificant risk of changes in their fair value.

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.

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, and trade and other payables (excluding rental received in advance).

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.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 Financial instruments (continued)

Derivative financial instruments, including hedge accounting (continued)

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.

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 the statement of total return. 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 its 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 CGUs.

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.

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 SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

3.11 Income tax expense

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in the statement 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.

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 regrossed 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 Singapore 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.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.11 Income tax expense (continued)

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 Singapore 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 originate 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.

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 including the 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 and other 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 2015, and have not been applied in preparing these financial statements. The Group is currently assessing the potential impact of adopting these new standards and interpretations, on the financial statements of the Group and the Trust.

These new standards include, among others, FRS 115 *Revenue from Contracts with Customers* and FRS 109 *Financial Instruments* which are mandatory for adoption by the Group on 1 January 2018.

- FRS 115 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met. When effective, FRS 115 replaces existing revenue recognition guidance, including FRS 18 *Revenue*, FRS 11 *Construction Contracts*, INT FRS 113 *Customer Loyalty Programmes*, INT FRS 115 *Agreements for Construction of Real Estate*, INT FRS 118 *Transfers of Assets from Customers* and INT FRS 31 *Revenue – Barter Transactions Involving Advertising Services*.

- FRS 109 replaces most of the existing guidance in FRS 39 *Financial Instruments: Recognition and Measurement*. It includes revised guidance on classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements.

As FRS 115 and FRS 109, when effective, will change the existing accounting standards and guidance applied by the Group and the Trust in accounting for revenue and financial instruments, these standards are expected to be relevant to the Group and the Trust. The Group does not plan to adopt these standards early.

The Accounting Standards Council (ASC) announced on 29 May 2014 that Singapore-incorporated companies listed on the Singapore Exchange (SGX) will apply a new financial reporting framework identical to the International Financial Reporting Standards ("IFRS") for financial year ending 31 December 2018 onwards. Singapore-incorporated companies listed on SGX will have to assess the impact of IFRS 1: First-time adoption of IFRS when transitioning to the new reporting framework. The Group is currently assessing the impact of transitioning to the new reporting framework on its financial statements.

4 INVESTMENT PROPERTIES

	Note	Group and Trust 2016 $'000	Group and Trust 2015 $'000
At 1 April		1,233,470	1,085,500
Capital expenditure capitalised		4,870	2,791
Divestment of investment property		–	(98)
Net change in fair value of investment properties (unrealised) recognised in the statement of total return		(40,320)	12,777
Transfer (to)/from investment properties under development	5	(25,620)	132,500
At 31 March		1,172,400	1,233,470

At the reporting date, 12 investment properties of the Group and the Trust with carrying amount totalling $673,200,000 (2015: $704,370,000) had been pledged as security for interest-bearing borrowings (note 13).

Fair value hierarchy

Investment properties with fair value of $1,172,400,000 (2015: $1,233,470,000) as at 31 March 2016, were measured by independent professional valuers who have the appropriate recognised professional qualifications and recent experience in the location and category of properties being valued.

The fair value measurement for investment properties has been categorised as Level 3 fair values based on inputs to the valuation techniques used (see note 2.4).

Level 3 fair value measurements

(i) Reconciliation of movements in Level 3 fair value measurement

The reconciliation of Level 3 fair value measurements for investment properties is presented in the table above.

(ii) Valuation techniques

Investment properties are stated at fair value based on valuations performed by independent professional valuers, CBRE Pte. Ltd. or Savills Valuation And Professional Services (S) Pte Ltd on 31 March 2016 (2015: Colliers International Consultancy & Valuation (Singapore) Pte Ltd or Knight Frank Pte Ltd on 31 March 2015). 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 the valuers 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 is used as a secondary method and is a comparative analysis which considers the relativity of various aspects of the property including (not necessarily 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	• Discount rate of 7.75% to 8.00% (2015: 8.00% to 8.25%)	The estimated fair value would increase (decrease) if discount rate was lower (higher).
	• Terminal capitalisation rate of 6.50% to 7.50% (2015: 6.50% to 7.50%)	The estimated fair value would increase (decrease) if terminal capitalisation rate was lower (higher).
Capitalisation method	• Capitalisation rate of 6.25% to 7.00% (2015: 6.25% to 7.25%)	The estimated fair value would increase (decrease) if capitalisation rate was lower (higher).

5 INVESTMENT PROPERTIES UNDER DEVELOPMENT

	Note	Group and Trust 2016 $'000	2015 $'000
At 1 April		–	72,000
Development expenditure capitalised		21,365	35,556
Net change in fair value of investment properties under development (unrealised) recognised in statement of total return		(2,085)	24,944
Transfer from/(to) investment properties	4	25,620	(132,500)
At 31 March		44,900	–

Included in development expenditure capitalised is $187,720 (2015: $689,372) of borrowing costs capitalised during the year.

5 INVESTMENT PROPERTIES UNDER DEVELOPMENT (continued)

Fair value hierarchy

Investment properties under development with fair value of $44,900,000 as at 31 March 2016 were measured by an independent professional valuer, Savills Valuation And Professional Services (S) Pte Ltd, who has the appropriate recognised professional qualifications and recent experience in the location and category of properties being valued.

The fair value measurement for investment properties under development as at 31 March 2016 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 movements in Level 3 fair value measurement

The reconciliation of Level 3 fair value measurements for investment properties under development is presented in the table above.

(ii) Valuation techniques

In determining the fair value of investment property under development, the valuers have adopted the residual method whereby the estimated development costs to be incurred and developer's profit are deducted from the gross development value to arrive at the residual value. 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 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 method	Discounted cash flows analysis • 2016 discount rate of 8.00%	The estimated fair value would increase (decrease) if discount rate was lower (higher).
	• 2016 terminal capitalisation rate of 6.75% to 7.00%	The estimated fair value would increase (decrease) if terminal capitalisation rate was lower (higher).
	Capitalisation methods • 2016 capitalisation rate of 6.50% to 6.75%	The estimated fair value would increase (decrease) if capitalisation rate was lower (higher).
	• Estimated development costs to be incurred	The estimated fair value would increase (decrease) if estimated development costs to be incurred were lower (higher).

6 SUBSIDIARIES

	Trust 2016 $'000	Trust 2015 $'000
Unquoted equity, at cost	85,200	56,105
Loan to a subsidiary	–	28,946
	85,200	85,051

The loan to a subsidiary was non-trade in nature, unsecured and bore an effective interest rate of 8.0% (2015: 8.0%) per annum. The loan was converted into equity investment in the subsidiary during the year.

Details of the subsidiaries are as follows:

	Country of incorporation or constitution/ Principal place of business	Effective equity interest held by the Group 2016 %	Effective equity interest held by the Group 2015 %
Subsidiaries of the Trust			
AACI REIT MTN Pte. Ltd.[1]	Singapore	100.0	100.0
AACI REIT Opera Pte. Ltd.[2]	Singapore	100.0	100.0
AIMS AMP Capital Industrial REIT (Australia) Trust[3]	Australia	100.0	100.0
AA REIT Macquarie Park Investment Trust[4]	Australia	100.0	100.0

1 Audited by KPMG LLP Singapore.
2 Dormant and not required to be audited.
3 Not required to be audited by the laws of the country of its constitution.
4 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.

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 2016 $'000	Group 2015 $'000
Joint venture	225,213	204,894

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 2016 %	Effective equity interest held by the Group 2015 %
Macquarie Park Trust ("MPT")[1]	Australia	Investment in real estate	49.0	49.0

[1] 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.

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:

	2016 $'000	2015 $'000
Assets and liabilities		
Non-current assets[a]	225,353	204,677
Current assets[b]	3,641	2,719
Total assets	228,994	207,396
Current liabilities[c]	3,781	2,502
Total liabilities	3,781	2,502
Results		
Revenue	16,587	18,435
Expenses	(2,276)	(2,482)
Net change in fair value of investment property	22,458	10,426
Total return for the year	36,769	26,379

[a] Represents value of Optus Centre, Macquarie Park, New South Wales, Australia. The independent valuation of the property was carried out by CBRE Valuations Pty Limited as at 31 March 2016 and the property was valued at AUD445.0 million (equivalent to approximately $459.9 million) (31 March 2015: AUD398.0 million (equivalent to approximately $417.7 million)).

[b] Includes cash at banks and in hand of $3.2 million (2015: $2.4 million).

[c] Comprises trade and other payables, current tax payable and provisions.

	2016 $'000	2015 $'000
Group's interest in net assets of joint venture at beginning of the year	204,894	215,186
Investment during the year	432	668
Share of results of joint venture (net of tax)		
- Group's share of profit from continuing operations (including share of net change in fair value of investment property)	36,769	26,379
- Write-off of acquisition costs	–	(166)
	36,769	26,213
Distributions received/receivable	(14,280)	(15,464)
Foreign currency translation movements	(2,602)	(21,709)
Carrying amount of interest in joint venture at the end of the year	225,213	204,894

8 TRADE AND OTHER RECEIVABLES

	Group		Trust	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Trade receivables	3,746	2,615	3,746	2,615
Impairment losses	(392)	(821)	(392)	(821)
Net trade receivables	3,354	1,794	3,354	1,794
Deposits	68	71	68	71
Distribution receivable from a subsidiary	–	–	77	832
Distribution receivable from a joint venture	1,201	1,233	–	–
Other receivables	87	762	87	762
Loans and receivables	4,710	3,860	3,586	3,459
Prepayments	4,740	5,787	4,732	5,780
	9,450	9,647	8,318	9,239
Non-current	2,719	3,464	2,719	3,464
Current	6,731	6,183	5,599	5,775
	9,450	9,647	8,318	9,239

The ageing of the loans and receivables at the reporting date was as follows:

	Group Gross		Trust Gross		Group and Trust Impairment loss	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Not past due	1,540	1,765	416	1,364	–	–
Past due 1 – 30 days	1,136	159	1,136	159	–	–
Past due 31 – 90 days	318	101	318	101	–	–
Past due more than 90 days	2,108	2,656	2,108	2,656	392	821
	5,102	4,681	3,978	4,280	392	821

8 TRADE AND OTHER RECEIVABLES (continued)

The movement in impairment losses in respect of loans and receivables during the year was as follows:

	Group and Trust	
	2016	2015
	$'000	$'000
At 1 April	821	507
Impairment loss (written back)/recognised (net)	(241)	369
Amounts written off	(188)	(55)
At 31 March	392	821

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.

9 DERIVATIVE FINANCIAL INSTRUMENTS

	Group		Trust	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Non-current assets				
Interest rate swaps	–	213	–	213
Non-current liabilities				
Interest rate swaps	(3,528)	(4,314)	(396)	(48)
Current liabilities				
Interest rate swaps	(132)	–*	(132)	–*

* 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 2016, the Group had interest rate swap contracts with tenors between three and seven years with total notional amounts of $75.0 million and AUD175.8 million, equivalent to approximately $181.7 million (2015: $98.0 million and AUD110.7 million, equivalent to approximately $116.1 million). Under the contracts, the Group pays fixed interest rates of 1.500% to 3.825% (2015: 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 $114.4 million) (2015: AUD110.7 million, equivalent to approximately $116.1 million) as hedging instruments in a cash flow hedge to hedge against variable interest payment arising from the AUD110.7 million (equivalent to approximately $114.4 million) (2015: AUD110.7 million, equivalent to approximately $116.1 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.

The following are the expected contractual undiscounted cash inflows/(outflows) of derivative financial instruments:

			Contractual cash flows		
	Carrying amount $'000	Total $'000	Less than 1 year $'000	1 to 5 years $'000	More than 5 years $'000
Group					
2016					
Non-current liabilities					
Interest rate swaps	(3,528)	(3,685)	(1,354)	(2,331)	–
Current liabilities					
Interest rate swaps	(132)	(110)	(110)	–	–
	(3,660)	(3,795)	(1,464)	(2,331)	–
2015					
Non-current assets					
Interest rate swaps	213	571	223	348	–
Non-current liabilities					
Interest rate swaps	(4,314)	(4,750)	(1,358)	(3,392)	–
Current liabilities					
Interest rate swaps	–*	–*	–*	–	–
	(4,101)	(4,179)	(1,135)	(3,044)	–
Trust					
2016					
Non-current liabilities					
Interest rate swaps	(396)	(317)	(338)	21	–
Current liabilities					
Interest rate swaps	(132)	(110)	(110)	–	–
	(528)	(427)	(448)	21	–
2015					
Non-current assets					
Interest rate swaps	213	571	223	348	–
Non-current liabilities					
Interest rate swaps	(48)	(213)	(147)	(66)	–
Current liabilities					
Interest rate swaps	–*	–*	–*	–	–
	165	358	76	282	–

* less than $1,000.

10 PLANT AND EQUIPMENT

	Group and Trust Plant and machinery $'000
Cost	
At 1 April 2014, 31 March 2015 and 31 March 2016	167
Accumulated depreciation	
At 1 April 2014	141
Depreciation for the year	26
At 31 March 2015	167
Depreciation for the year	–
At 31 March 2016	167
Carrying amounts	
At 1 April 2014	26
At 31 March 2015 and 31 March 2016	–

11 CASH AND CASH EQUIVALENTS

	Group		Trust	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Cash at banks and in hand	4,583	9,250	4,478	8,355
Fixed deposits with financial institutions	2,907	861	2,907	861
	7,490	10,111	7,385	9,216

12 TRADE AND OTHER PAYABLES

	Group		Trust	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Trade payables and accrued expenses	13,326	9,289	13,170	9,128
Trade amounts due to:				
- the Manager	1,203	1,803	1,203	1,803
- the Property Manager	335	1,731	335	1,731
- the Trustee	45	44	45	44
- subsidiary	–	–	7	5
- entities controlled by corporate shareholders of the Manager	145	353	–	–
Goods and services tax payable	742	1,375	789	1,375
Rental received in advance	1,885	279	1,885	279
Rental and security deposits	11,139	11,347	11,139	11,347
Retention sums for development costs	3,408	7,277	3,408	7,277
Accrued development costs	3,122	–	3,122	–
Interest payable	3,001	3,057	2,215	2,286
	38,351	36,555	37,318	35,275
Non-current	9,921	6,276	9,921	6,276
Current	28,430	30,279	27,397	28,999
	38,351	36,555	37,318	35,275

13 INTEREST-BEARING BORROWINGS

	Group 2016 $'000	Group 2015 $'000	Trust 2016 $'000	Trust 2015 $'000
Non-current				
Secured				
Term loans	274,417	277,234	160,056	161,100
Revolving credit facility	19,000	–	19,000	–
	293,417	277,234	179,056	161,100
Unsecured				
Medium term notes	80,000	180,000	80,000	180,000
	373,417	457,234	259,056	341,100
Less: Unamortised borrowing transaction costs	(1,839)	(2,997)	(1,336)	(2,307)
	371,578	454,237	257,720	338,793
Current				
Unsecured				
Medium term notes	100,000	–	100,000	–
Less: Unamortised borrowing transaction costs	(94)	–	(94)	–
	99,906	–	99,906	–
Total	471,484	454,237	357,626	338,793

As at 31 March 2016, 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 (2015: 12 investment properties) with carrying amount totalling $673,200,000 (2015: $704,370,000) of the Trust in Singapore; and

(ii) assignment of rights, title and interest in leases, insurances, rental and sales 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.

13 INTEREST-BEARING BORROWINGS (continued)

(c) Unsecured medium term notes

On 25 July 2012, the Trust, through AACI 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.

Terms and debt repayment schedule

Terms and conditions of the interest-bearing borrowings are as follows:

	Nominal interest rate %	Date of maturity	Group Face value $'000	Group Carrying amount $'000	Trust Face value $'000	Trust Carrying amount $'000
2016						
SGD fixed rate medium term notes	4.90	August 2016	100,000	99,906	100,000	99,906
SGD fixed rate medium term notes	3.80	May 2019	50,000	49,788	50,000	49,788
SGD fixed rate medium term notes	4.35	December 2019	30,000	29,867	30,000	29,867
SGD floating rate term loan	SOR[1] + margin	November 2018	90,000	89,656	90,000	89,656
SGD floating rate term loan	SOR[1] + margin	November 2018	2,739	2,605	2,739	2,605
SGD floating rate revolving credit facility	SOR[1] + margin	November 2017	19,000	18,683	19,000	18,683
AUD floating rate term loan	BBSY[2] + margin	November 2017	67,317	67,121	67,317	67,121
AUD floating rate term loan	BBSY[2] + margin	February 2019	114,361	113,858	–	–
			473,417	471,484	359,056	357,626
2015						
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[1] + margin	November 2018	90,000	89,009	90,000	89,009
SGD floating rate term loan	SOR[1] + margin	November 2018	2,739	2,553	2,739	2,553
AUD floating rate term loan	BBSY[2] + margin	November 2017	68,361	68,044	68,361	68,044
AUD floating rate term loan	BBSY[2] + margin	February 2019	116,134	115,444	–	–
			457,234	454,237	341,100	338,793

[1] Swap Offer Rate.
[2] Bank Bill Swap Bid Rate.

The following are the expected contractual undiscounted cash inflows/(outflows) of financial liabilities, including interest payments:

	Carrying amount $'000	Total $'000	Contractual cash flows Less than 1 year $'000	1 to 5 years $'000	More than 5 years $'000
Group					
2016					
Medium term notes	179,561	(192,494)	(103,837)	(88,657)	–
Term loans	273,240	(298,400)	(8,668)	(289,732)	–
Revolving credit facility	18,683	(19,785)	(425)	(19,360)	–
Trade and other payables*	36,466	(36,466)	(26,546)	(8,411)	(1,509)
	507,950	(547,145)	(139,476)	(406,160)	(1,509)
2015					
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)
Trust					
2016					
Medium term notes	179,561	(192,494)	(103,837)	(88,657)	–
Term loans	159,382	(170,854)	(4,167)	(166,687)	–
Revolving credit facility	18,683	(19,785)	(425)	(19,360)	–
Trade and other payables*	35,433	(35,433)	(25,513)	(8,411)	(1,509)
	393,059	(418,566)	(133,942)	(283,115)	(1,509)
2015					
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)

* 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.

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 2015 $'000	Recognised in statements of total return (note 22) $'000	At 31 March 2016 $'000
Group					
Deferred tax liabilities					
Tax on unrealised profits of subsidiaries	–	1,134	1,134	4,103	5,237

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.

16 UNITS IN ISSUE AND TO BE ISSUED

	Note	Group and Trust 2016 '000	2015 '000
Units in issue at beginning of the year		628,935	621,156
Issue of new Units:			
Units issued pursuant to Distribution Reinvestment Plan	(a)	2,463	5,905
Units issued as payment of Manager's base fees	(b)	1,152	1,874
Units issued as payment of Manager's performance fees	(c)	1,992	–
Units issued as payment of Property Manager's fees	(d)	824	–
Units in issue at end of the year		635,366	628,935
Units to be issued:			
Manager's performance fees		1,090	1,992
Manager's base fees		168	–
Total Units in issue and to be issued at end of the year		636,624	630,927

(a) During the financial year ended 31 March 2016, there were the following issuances of Units pursuant to the Trust's DRP:

(i) 2,029,288 new Units on 24 June 2015 at an issue price of $1.4804 per Unit. The new Units were issued to eligible Unitholders who elected to participate in the Trust's DRP in respect of the 4Q FY2015 distribution; and

(ii) 434,026 new Units on 23 September 2015 at an issue price of $1.4402 per Unit. The new Units were issued to eligible Unitholders who elected to participate in the Trust's DRP in respect of the 1Q FY2016 distribution.

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.

(b) During the financial year ended 31 March 2016, there were the following issuances of Units to the Manager:

(i) 427,667 new Units on 13 July 2015 at an average issue price of $1.4944 per Unit as partial payment of the base fee element of the Manager's management fees incurred for the period from 1 January 2015 to 30 June 2015; and

(ii) 724,159 new Units on 29 January 2016 at an average issue price of $1.3971 per Unit as partial payment of the base fee element of the Manager's management fees incurred for the period from 1 July 2015 to 31 December 2015.

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 $1.4329 per Unit as partial payment of the base fee element of the Manager's management fees 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 $1.4546 per Unit as partial payment of the base fee element of the Manager's management fees incurred for the period from 1 July 2014 to 31 December 2014.

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 25 May 2015, the Trust issued 1,991,579 new Units at an issue price of $1.4645 per Unit as payment of the performance component of the Manager's management fees for the year ended 31 March 2015.

(d) On 26 May 2015, the Trust issued 824,373 new Units at an issue price of $1.4949 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 and 29 Woodlands Industrial Park E1.

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.

17 GROSS REVENUE

	Group and Trust 2016 $'000	Group and Trust 2015 $'000
Property rental income	94,236	89,497
Service charge, land rent and property tax	19,545	18,530
Other property expenses recoverable from tenants and other property income	10,608	7,405
	124,389	115,432

18 PROPERTY OPERATING EXPENSES

	Group and Trust 2016 $'000	Group and Trust 2015 $'000
Land rent	9,165	8,594
Property and lease management fees	2,845	2,711
Property tax	11,549	9,477
Other operating expenses	18,501	14,637
	42,060	35,419

19 BORROWING COSTS

	Group		Trust	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Interest expense	18,528	19,738	13,064	13,558
Amortisation of borrowing transaction costs	1,112	2,614	895	2,367
Others	512	409	512	409
	20,152	22,761	14,471	16,334

20 MANAGER'S MANAGEMENT FEES

	Group and Trust 2016 $'000	Group and Trust 2015 $'000
Base fees		
- Paid/payable in cash	5,456	4,511
- Paid/payable in Units	1,869	2,717
	7,325	7,228
Performance fees paid/payable in Units	1,459	2,917

21 OTHER TRUST EXPENSES

	Group		Trust	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Audit fees paid/payable to:				
- auditors of the Trust	183	184	175	175
- other auditors	18	20	–	–
Non-audit fees paid/payable to auditors of the Trust:				
- current year	55	92	52	89
- prior year	–	15	–	15
Trustees' fees	403	412	267	266
Valuation fees	123	215	123	215
Professional fees	7	(72)	7	(72)
Non-deal road show expenses	74	42	74	42
Other expenses	1,072	1,164	730	831
	1,935	2,072	1,428	1,561

22 INCOME TAX EXPENSE

	Group		Trust	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Singapore current tax	–*	–*	–	–
Overseas deferred tax	4,103	1,134	–	–
Overseas withholding tax	743	559	743	559
Total tax expense	4,846	1,693	743	559

* less than $1,000.

Reconciliation of effective tax rate:

	Group		Trust	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Total return before income tax	45,655	109,755	23,923	103,201
Tax calculated using Singapore tax rate of 17% (2015: 17%)	7,761	18,658	4,067	17,544
Non-tax chargeable items	(84)	(6,557)	(84)	(6,557)
Non-tax deductible items	8,369	1,744	8,369	1,744
Tax transparency	(11,282)	(11,102)	(11,282)	(11,102)
Foreign-sourced income	(4,764)	(2,743)	(1,070)	(1,629)
Tax on unrealised profits of subsidiaries	4,103	1,134	–	–
Overseas withholding tax	743	559	743	559
	4,846	1,693	743	559

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 2016 $'000	Group 2015 $'000
Total return after income tax	40,809	108,062

	Trust Number of Units 2016 '000	Trust Number of Units 2015 '000
Units in issue at beginning of the year	628,935	621,156
Effect of Units issued/issuable relating to:		
- Distribution Reinvestment Plan	1,790	1,320
- Manager's base fees	433	499
- Manager's performance fees	1,701	6
- Property Manager's fees	700	–
Weighted average number of Units at end of the year	633,559	622,981

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.

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 2016 $'000	Group and Trust 2015 $'000
Within 1 year	87,045	87,401
After 1 year but within 5 years	142,558	152,212
After 5 years	12,572	24,023
	242,175	263,636

(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 $7,486,000 (2015: $7,350,000), $1,422,000 (2015: $1,383,000) and $431,000 (2015: $401,000) respectively, in relation to 23 (2015: 23) properties for the financial year ended 31 March 2016 (including amounts that have been directly recharged to tenants).

(c) Capital commitments

	Group and Trust	
	2016	2015
	$'000	$'000
Capital expenditure commitments contracted but not provided for	18,268	–

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	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
The Manager				
Manager's management fees				
Base fees	7,325	7,228	7,325	7,228
Performance fees	1,459	2,917	1,459	2,917
Entities controlled by corporate shareholders of the Manager				
Debt advisory fees	–	250	–	250
Trustees' fees	125	135	–	–
Investment management fees	305	359	–	–
The Property Manager				
Property management fees	1,888	1,790	1,888	1,790
Lease management fees	944	895	944	895
Marketing services commissions	1,601	2,797	1,601	2,797
Project management fees	456	953	456	953
The Trustee				
Trustee's fees	267	266	267	266
Subsidiaries				
Distribution income	–	–	7,935	5,984
Interest income	–	–	189	2,476
Interest expense	–	–	8,127	7,845
Service fee expense	–	–	55	53

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 45.0% of the fund's deposited property. As at 31 March 2016, the Aggregate Leverage of the Group was 32.4% (2015: 31.4%) and had complied with the Aggregate Leverage limit during the financial year.

The Group's corporate rating with Standard and Poor's as at the date of this report is investment grade BBB-.

There were no changes in the Group's approach to capital management during the financial year.

Risk management framework

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 2016, $2,180,000 of net trade receivables related to two tenants (2015: $1,728,000 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 2016, the Group has unutilised credit facilities amounting to $133.3 million (2015: $153.2 million).

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 2016, the Group had interest rate swap contracts with total notional amounts of $75.0 million and AUD175.8 million (2015: $98.0 million and AUD110.7 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	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Fixed rate instruments				
Loan to a subsidiary	–	–	–	28,946
Financial liabilities	(180,000)	(180,000)	(180,000)	(180,000)
Interest rate swaps	(256,678)	(214,134)	(142,317)	(98,000)
	(436,678)	(394,134)	(322,317)	(249,054)

26 FINANCIAL RISK MANAGEMENT (continued)

Risk management framework (continued)

(c) Market risk (continued)

(i) Interest rate risk (continued)

Exposure to interest rate risk (continued)

	Group Nominal amount		Trust Nominal amount	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Variable rate instruments				
Financial liabilities	(293,417)	(277,234)	(179,056)	(161,100)
Interest rate swaps	256,678	214,134	142,317	98,000
	(36,739)	(63,100)	(36,739)	(63,100)

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 $367,000 (2015: Group and Trust by $631,000). This analysis assumes that all other variables remain constant.

(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 2016, the Group's investment in its Australian joint venture is hedged as approximately 81% 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 2016 and 31 March 2015 were as follows:

	Group		Trust	
	Australian Dollar 2016 $'000	Australian Dollar 2015 $'000	Australian Dollar 2016 $'000	Australian Dollar 2015 $'000
Joint venture	225,213	204,894	–	–
Loan to a subsidiary	–	–	–	28,946
Cash and cash equivalents	802	1,746	707	862
Trade and other receivables	–	–	77	832
Trade and other payables	(328)	(348)	(328)	(348)
Derivative financial instruments	(227)	–	(227)	–
Interest-bearing borrowings	(181,678)	(184,495)	(67,317)	(68,361)
Net exposure	43,782	21,797	(67,088)	(38,069)

Sensitivity analysis

A strengthening/weakening of the Australian dollar, as indicated below, against the Singapore dollar at 31 March 2016 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.

	Statements of total return $'000	Unitholders' funds $'000
Group		
2016		
Australian dollar (5% strengthening)	12	2,177
Australian dollar (5% weakening)	(12)	(2,177)
Group		
2015		
Australian dollar (5% strengthening)	70	1,020
Australian dollar (5% weakening)	(70)	(1,020)
Trust		
2016		
Australian dollar (5% strengthening)	(3,354)	–
Australian dollar (5% weakening)	3,354	–
Trust		
2015		
Australian dollar (5% strengthening)	(1,903)	–
Australian dollar (5% weakening)	1,903	–

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			
	Note	Loans and receivables $'000	Designated at fair value $'000	Fair value – Hedging instruments $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group										
2016										
Financial assets not measured at fair value										
Loans and receivables	8	4,710	–	–	–	4,710				
Cash and cash equivalents	11	7,490	–	–	–	7,490				
		12,200	–	–	–	12,200				
Financial liabilities measured at fair value										
Derivative financial liabilities	9	–	(528)	(3,132)	–	(3,660)	–	(3,660)	–	(3,660)
Financial liabilities not measured at fair value										
Trade and other payables*	12	–	–	–	(36,466)	(36,466)	–	–	(35,589)	(35,589)
Interest-bearing borrowings	13	–	–	–	(471,484)	(471,484)	–	(472,146)	–	(472,146)
		–	–	–	(507,950)	(507,950)				

* Excluding rental received in advance.

26 FINANCIAL RISK MANAGEMENT (continued)

Classification and fair value of financial instruments (continued)

	Note	Carrying amount					Fair value			
		Loans and receivables $'000	Designated at fair value $'000	Fair value – Hedging instruments $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group										
2015										
Financial assets measured at fair value										
Derivative financial assets	9	–	213	–	–	213	–	213	–	213
Financial assets not measured at fair value										
Loans and receivables	8	3,860	–	–	–	3,860				
Cash and cash equivalents	11	10,111	–	–	–	10,111				
		13,971	–	–	–	13,971				
Financial liabilities measured at fair value										
Derivative financial liabilities	9	–	(48)	(4,266)	–	(4,314)	–	(4,314)	–	(4,314)
Financial liabilities not measured at fair value										
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.

26 FINANCIAL RISK MANAGEMENT (continued)

Classification and fair value of financial instruments (continued)

		Carrying amount					Fair value			
	Note	Loans and receivables $'000	Designated at fair value $'000	Fair value – Hedging instruments $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Trust										
2016										
Financial assets not measured at fair value										
Loans and receivables	8	3,586	–	–	–	3,586				
Cash and cash equivalents	11	7,385	–	–	–	7,385				
		10,971	–	–	–	10,971				
Financial liabilities measured at fair value										
Derivative financial liabilities	9	–	(528)	–	–	(528)	–	(528)	–	(528)
Financial liabilities not measured at fair value										
Trade and other payables*	12	–	–	–	(35,433)	(35,433)	–	–	(34,557)	(34,557)
Interest-bearing borrowings	13	–	–	–	(357,626)	(357,626)	–	(358,288)	–	(358,288)
		–	–	–	(393,059)	(393,059)				

* Excluding rental received in advance.

26 FINANCIAL RISK MANAGEMENT (continued)

Classification and fair value of financial instruments (continued)

		Carrying amount					Fair value			
	Note	Loans and receivables $'000	Designated at fair value $'000	Fair value – Hedging instruments $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Trust										
2015										
Financial assets measured at fair value										
Derivative financial assets	9	–	213	–	–	213	–	213	–	213
Financial assets not measured at fair value										
Loans and receivables	8	3,459	–	–	–	3,459				
Cash and cash equivalents	11	9,216	–	–	–	9,216				
		12,675	–	–	–	12,675				
Financial liabilities measured at fair value										
Derivative financial liabilities	9	–	(48)	–	–	(48)	–	(48)	–	(48)
Financial liabilities not measured at fair value										
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.

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	
	2016	2015
	%	%
Other financial liabilities	3.45	3.98

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*.

Information about reportable segments

	Singapore $'000	Australia $'000	Total $'000
2016			
Revenue and expenses			
Gross revenue	124,389	–	124,389
Property operating expenses	(42,060)	–	(42,060)
Net property income	82,329	–	82,329
Share of results of joint venture (net of tax)	–	36,769[1]	36,769
Net change in fair value of investment properties and investment properties under development	(42,405)	–	(42,405)
Net change in fair value of financial derivatives	(465)	(227)	(692)
			76,001
Unallocated items:			
Foreign exchange gain			2
Interest and other income			523
Borrowing costs			(20,152)
Trust expenses			(10,719)
Total return before income tax			45,655
Income tax expense			(4,846)
Total return after income tax			40,809
Non-current assets[2]	1,220,019	225,213	1,445,232
Other segment items:			
Joint venture	–	225,213	225,213
Capital expenditure[3]	(26,235)	–	(26,235)
2015			
Revenue and expenses			
Gross revenue	115,432	–	115,432
Property operating expenses	(35,419)	–	(35,419)
Net property income	80,013	–	80,013
Share of results of joint venture (net of tax)	–	26,213[1]	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)
Total return before income tax			109,755
Income tax expense			(1,693)
Total return after income tax			108,062
Non-current assets[2]	1,236,934	204,894	1,441,828
Other segment items:			
Joint venture	–	204,894	204,894
Depreciation	(26)	–	(26)
Capital expenditure[3]	(38,347)	–	(38,347)

1 Included in the share of results of joint venture (net of tax) is the share of revaluation surplus recognised on the valuation of Optus Centre of $22.5 million (2015: $10.4 million).
2 Excluding financial instruments.
3 Capital expenditure consists of additions of investment properties and investment properties under development.

27 SEGMENT REPORTING (continued)

Information about reportable segments (continued)

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 $23,721,000 (2015: $19,580,000 rental income from one major tenant) of the Group's property rental income.

28 FINANCIAL RATIOS

	Group	
	2016	2015
	%	%
Expenses to weighted average net assets[1]		
- Expense ratio excluding performance-related fee	0.96	0.98
- Expense ratio including performance-related fee	1.11	1.29
Portfolio turnover rate[2]	–	–

[1] 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, investment properties, investment properties under development and foreign exchange gains/(losses).

[2] 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 EVENTS

On 14 April 2016, the Manager announced plans to redevelop 8 & 10 Tuas Avenue 20 under its ongoing asset enhancement strategy. This redevelopment will transform two adjoining two-storey detached industrial spaces at 8 & 10 Tuas Avenue 20 into a versatile industrial facility with ramp and cargo lift access.

On 27 April 2016, the Manager announced a distribution of 2.95 cents per Unit, amounting to $18,743,000 in respect of the period from 1 January 2016 to 31 March 2016.

STATISTICS OF UNITHOLDERS

Statistics of Unitholders as at 23 May 2016

Issued and fully paid Units

635,366,206 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	365	5.00	12,155	0.00
100 - 1,000	1,176	16.11	670,933	0.11
1,001 - 10,000	3,729	51.07	17,934,159	2.82
10,001 - 1,000,000	2,009	27.52	84,428,935	13.29
1,000,001 and above	22	0.30	532,320,024	83.78
Total	**7,301**	**100.00**	**635,366,206**	**100.00**

Top 20 Unitholders

As listed in the Register of Unitholders

No.	Name	Number of Units	%
1	HSBC (Singapore) Nominees Pte Ltd	142,534,435	22.43
2	DBS Nominees (Private) Limited	100,720,401	15.85
3	DBSN Services Pte. Ltd.	60,829,667	9.57
4	Raffles Nominees (Pte) Limited	54,666,037	8.60
5	Citibank Nominees Singapore Pte Ltd	46,245,052	7.28
6	AIMS Financial Holding Limited	43,692,134	6.88
7	BNP Paribas Securities Services Singapore Branch	37,292,557	5.87
8	United Overseas Bank Nominees (Private) Limited	7,279,593	1.15
9	Bank of Singapore Nominees Pte. Ltd.	6,492,924	1.02
10	ABN AMRO Nominees Singapore Pte Ltd	5,810,607	0.91
11	DB Nominees (Singapore) Pte Ltd	4,485,005	0.71
12	Maybank Kim Eng Securities Pte. Ltd.	3,158,450	0.50
13	DBS Vickers Securities (Singapore) Pte Ltd	3,003,516	0.47
14	BNP Paribas Nominees Singapore Pte Ltd	2,501,090	0.39
15	OCBC Nominees Singapore Private Limited	2,154,724	0.34
16	OCBC Securities Private Limited	2,014,204	0.32
17	CIMB Securities (Singapore) Pte. Ltd.	1,990,337	0.31
18	UOB Kay Hian Private Limited	1,881,768	0.30
19	Nomura Singapore Limited	1,522,000	0.24
20	Ng Chung Ming	1,495,035	0.24
	Total	**529,769,536**	**83.38**

STATISTICS OF UNITHOLDERS

Substantial Unitholders as at 23 May 2016

As listed in the Register of Substantial Unitholders maintained by the Manager

Name	Number of Units Direct interest	Deemed interest	Total interest	% of total issued Units
Dragon Pacific Assets Limited	71,665,601	–	71,665,601	11.28
AMP Limited[1]	–	60,542,804	60,542,804	9.53
AMP Group Holdings Limited[1]	–	60,542,804	60,542,804	9.53
AMP Holdings Limited[1]	–	60,542,804	60,542,804	9.53
AMP Capital Holdings Limited[1]	–	60,542,804	60,542,804	9.53
AMP Capital Finance Limited	33,084,487	–	33,084,487	5.21
APG Algemene Pensioen Groep N.V.	55,613,842	–	55,613,842	8.75
Mr George Wang[2]	–	48,564,357	48,564,357	7.64
AIMS Capital Holdings Pty Ltd[2]	–	48,564,357	48,564,357	7.64
AIMS Group Holding Pty Ltd[2]	–	48,564,357	48,564,357	7.64
AIMS Capital Management Pty Ltd[3]	–	44,416,293	44,416,293	6.99
AIMS Financial Holding Limited[4]	43,692,134	724,159	44,416,293	6.99
Mr Chan Wai Kheong[5]	8,843,495	24,556,042	33,399,537	5.26

1 Deemed to have an interest in Units held by AMP Capital Finance Limited, 26,734,158 Units held by a fund managed by AMP Capital Investors Limited and 724,159 Units held by AIMS AMP Capital Industrial REIT Management Limited (the "Manager").
2 Deemed to have an interest in Units held by AIMS Financial Holding Limited ("AFHL"), 4,148,064 Units held by a fund managed by AIMS Fund Management Limited ("AFML") and 724,159 Units held by the Manager.
3 Deemed to have an interest in Units held by AFHL and 724,159 Units held by the Manager.
4 Deemed to have an interest in Units held by the Manager.
5 Deemed to have an interest in Units held by Splendid Asia Macro Fund.

Unitholdings of Directors of the Manager as at 21 April 2016

As listed in the Register of Directors' Unitholdings maintained by the Manager

Name	Number of Units Direct interest	Deemed interest	Total interest	% of total issued Units
Mr George Wang[6]	–	48,564,357	48,564,357	7.64
Mr Norman Ip Ka Cheung	158,625	–	158,625	0.02
Mr Nicholas Paul McGrath	47,175	–	47,175	0.01

6 Deemed to have an interest in Units held by AFHL, Units held by a fund managed by AFML and Units held by the Manager.

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 23 May 2016, approximately 82.9 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 person/ interested party transactions

The transactions entered into with interested persons/interested 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 person/ interested party transactions during the financial year under review (excluding transactions less than S$100,000) S$'000	Aggregate value of all interested person/ interested party transactions conducted under Unitholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000) S$'000
AIMS AMP Capital Industrial REIT Management Limited		
Manager's management fees		
- Base fees	7,325	–
- Performance fees	1,459	–
AIMS AMP Capital Property Management Pte. Ltd.		
- Property management fees	1,888	–
- Lease management fees	944	–
- Marketing services commissions	1,601	–
- Project management fees	456	–
AIMS AMP Capital Industrial REIT Management Australia Pty Limited		
- Investment management fees	305	–
HSBC Institutional Trust Services (Singapore) Limited		
- Trustee's fees	267	–

The Trust has not obtained a Unitholders' mandate pursuant to Rule 920 of the Listing Manual for Interested Person Transactions.

Please also refer to note 25 "Significant Related Party Transactions" in the Notes to 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 person/interested party transactions (excluding transactions of less than S$100,000 each) entered into up to and including 31 March 2016.

Operating expenses and taxation

In accordance with the disclosure requirements under paragraph 11.1 item (i) of Property Funds Appendix under the Code on Collective Investment Schemes, the total operating expenses of AA REIT (comprising property expenses, trust expenses and all fees paid to the Manager and interested parties) was S$52.8 million, which is approximately 5.6 per cent of its net asset value as at 31 March 2016. Taxation including provision for deferred tax liabilities for the Trust's investment in Australia was S$4.8 million.

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CORPORATE DIRECTORY

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Directors of the Manager
Mr George Wang (Chairman)
Mr Tan Kai Seng
Mr Norman Ip Ka Cheung
Mr Eugene Paul Lai Chin Look
Mr Nicholas Paul McGrath
Mr Koh Wee Lih

Audit, Risk and Compliance Committee
Mr Tan Kai Seng (Chairman)
Mr Norman Ip Ka Cheung
Mr Eugene Paul Lai Chin Look

Nominating and Remuneration Committee
Mr Norman Ip Ka Cheung (Chairman)
Mr Tan Kai Seng
Mr Eugene Paul Lai Chin Look
Mr George Wang
Mr Nicholas Paul McGrath

Company Secretary
Ms Yap Siew Buay Regina

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(As Manager of AIMS AMP Capital Industrial REIT)
Company Registration No. 200615904N

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