ON SOLID GROUND

AIMS AMP CAPITAL INDUSTRIAL REIT Annual Report 2018





AIMS AMP Capital Industrial REIT ("AA REIT" or the "Trust") is a real estate investment trust which has been listed on the Mainboard of the Singapore Exchange Securities Trading Limited ("SGX-ST") since April 2007. The principal investment objective of AA REIT is to invest in a diversified portfolio of income-producing and high quality industrial real estate located throughout Asia Pacific. AA REIT's portfolio includes properties that support warehousing and logistics, business parks, light industries, high-tech and manufacturing activities. As at 31 March 2018, the Trust's total assets under management was S\$1.48 billion. The Trust is rated investment grade BBB- by Standard & Poor's.

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About the Cover

Sacred to indigenous Australians, "Uluru", or "Ayers Rock", is an impressive sandstone monolith believed to have started forming 550 million years ago. The longevity and relevance of this pre-historic wonder alludes to AA REIT's firm foundations.



Like formidable landmarks around the world that have stood the test of time, proving their longevity and significance in human history, AA REIT is founded on a solid investment platform that underpins its stability and resilience even in the face of adverse market conditions.

Supported by a strong portfolio of high-quality industrial assets, proactive asset and lease management, prudent capital management, and a sustainable investment strategy, AA REIT is standing on solid ground, always striving to enhance its capacity 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 incomeproducing industrial real estate throughout Asia Pacific.

The Manager

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

Horseshoe Falls or Canada Falls - Ontario, Canada

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, private equity, venture capital, stock broking and high-tech investment. AIMS is also a strategic investor in the Sydney Stock Exchange.

Since 1999, AIMS has raised more than A\$4.0 billion in funds from the capital markets. AIMS has issued approximately A\$3.0 billion of residential mortgage-backed securities, predominantly rated AAA by both Standard & Poor's and Fitch Ratings and has originated over A\$8.0 billion mortgages.

AIMS has actively introduced a number of international investors into the Australian markets and to-date has attracted in excess of A\$1.0 billion of investment funding into Australia from overseas investors. AIMS is the investment manager for AIMS' funds, which amount to circa A\$2.0 billion.

During the global financial crisis ("GFC"), AIMS expanded its activities and acquired three businesses at a time when many other businesses were experiencing immense difficulties.

Since the GFC in 2009, AIMS has completed total asset acquisition and investment volumes of over A\$2.0 billion.

AIMS' head office is in Sydney 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 Asia across various sectors.

www.aims.com.au

Location

Camera

ighting

About AMP Capital

Mood:

AMP Capital is one of the largest investment managers in the Asia Pacific region. As part of the AMP Group, we share a heritage that spans over 160 years.

Our home strength in Australia and New Zealand has enabled us to grow internationally, and today we have operations established in Dubai, China, Hong Kong, India, Ireland, Japan, Luxembourg, the United Kingdom and the United States. We also collaborate with a network of global investment partners, leveraging our shared capabilities to provide greater access to new investment opportunities.

Our asset class specialists, investment strategists and economists work together with the aim of delivering strong investment outcomes for clients. That is why our clients trust us to invest over A\$187.7 billion (as at 31 December 2017) on their behalf, across a range of single sector and diversified funds.

www.ampcapital.com.au

On Solid Ground Annual Report 2018

Letter to Unitholders



Letter to Unitholders

Dear Unitholders,

On behalf of the Board of Directors of AIMS AMP Capital Industrial REIT Management Limited, as manager of AIMS AMP Capital Industrial REIT ("AA REIT" or the "Trust") (the "Manager"), we are pleased to present to you the annual report of AA REIT for the financial year ended 31 March 2018 ("FY2018").

Celebrating a momentous year

FY2018 was a meaningful year for AA REIT – full of notable milestones.

To navigate the challenging operating conditions, we worked hard to deliver big strides in our strategy to build a higher quality portfolio and strengthen our capital structure.

We successfully completed our first third-party greenfield build-to-suit ("BTS") development at 51 Marsiling Road, and achieved the Temporary Occupation Permit ("TOP") for our redevelopment at 8 Tuas Avenue 20. We also announced our plans to redevelop our property at 3 Tuas Avenue 2 into a modern and versatile ramp-up industrial facility suitable for both production and storage, enhancing the property's flexibility for customisation and leasing.

In FY2018, we also divested AA REIT's smallest asset located at 10 Soon Lee Road as part of a strategic capital recycling strategy, and strengthened our balance sheet with a private placement of 42,145,000 Units in December 2017 that raised approximately \$\$55.0 million ("Private Placement"). The proceeds of the Private Placement were used to partially repay existing debt and enhance financial flexibility. Accordingly, AA REIT today is better positioned for its next stage of growth.

Our ongoing focus on disciplined investment, prudent capital management, and active asset and lease management has been crucial in navigating us through the challenging market conditions in FY2018, and is a clear reflection of the same core values that have helped us to deliver long-term sustainable returns for our partners and Unitholders over

the last decade and more. In recognition of the Manager's track record of asset enhancement and prudent capital management, Standard & Poor's reaffirmed AA REIT's investment grade credit rating of BBB- with a stable outlook in May 2018.

Delivering stable performance

Despite a prolonged weak industrial market in FY2018, we remained steadfast in our strategy and once again delivered stable returns to Unitholders.

Gross revenue in FY2018 was S\$116.9 million and net property income was S\$76.4 million, down marginally by 2.7 per cent and 3.8 per cent respectively from the year before. This was mainly due to lower rental reversions, which were in line with the decline in the Singapore industrial rents¹, and the expiry of the master lease at 3 Tuas Avenue 2, which was partially offset by rental income contributions from 30 Tuas West Road and 8 Tuas Avenue 20.

AAREIT achieved distributable income of S\$67.4 million and total distribution per Unit ("DPU") of 10.30 cents for FY2018. DPU was lower compared to the previous year, partly due to the increase in Units from the Private Placement. Excluding the effect of the Private Placement, DPU for FY2018 would be approximately 10.46 cents.

On the leasing front, AA REIT has intensified its efforts to proactively engage and retain quality tenants to mitigate the risk from the oversupply situation and ongoing pressure on industrial rents.

During the year, AA REIT successfully executed 94 new and renewed leases, representing 209,957 square metres or approximately one third of AA REIT's total net lettable area. This commendable effort by the asset and lease management team enabled us to maintain a healthy portfolio occupancy rate of 90.5 per cent², which is higher than the industry average.

Based on JTC's Singapore Industrial Properties Quarterly Market Report (4th Quarter 2017), Singapore's rental index for all industrial space fell by 2.8 per cent in 2017 compared to a year ago.

² Excluding redevelopment of 3 Tuas Avenue 2.

Letter to Unitholders



51 Marsiling Road, Singapore

Building a higher quality and resilient portfolio

The industrial market in Singapore continues to change rapidly. It is our challenge not only to keep up with the changes, but to anticipate and stay ahead of the curve.

To do so, we are constantly looking for ways to optimise and strengthen AA REIT's portfolio in order to achieve long-term value creation for our Unitholders. This dedication to active asset management helps AA REIT maintain a portfolio of quality industrial properties that remain relevant to changing market requirements and tenant needs, while generating sustainable returns to Unitholders.

Testament to this is our initiative to transform the asset at 3 Tuas Avenue 2 into a modern and versatile ramp-up industrial facility¹, thereby making it suitable for both industrial production and storage. Targeted for completion in the second half of 2019, the gross floor area of the asset will increase by 52 per cent to approximately 24,890 square metres, improving the plot ratio from the current 0.92 to the maximum of 1.40.

In FY2018, we have also successfully completed two development projects, adding approximately 25,368.8 square metres of gross floor area to the portfolio. The first was AA REIT's asset at 8 Tuas Avenue 20, which achieved its TOP on 29 August 2017. This redevelopment increased the property's gross floor area by 35.2 per cent, from 10,918.0 square metres to 14,757.8 square metres. As at 31 March 2018, the property was 83.2 per cent occupied and valued at S\$28.0 million. The second, AA REIT's first third-party greenfield BTS manufacturing facility at 51 Marsiling Road, was completed on 27 October 2017 on time and within budget. The facility is now 100.0 per cent leased to leading manufacturer Beyonics International Pte Ltd, for a ten-year term with rent escalations.

In line with our proactive asset management strategy, we consistently review our portfolio for efficiencies and growth opportunities. Our continued assessment led to the divestment of AA REIT's smallest asset located at 10 Soon Lee Road as part of a strategic capital recycling strategy. The property was sold for \$\$8.17 million, achieving a premium of approximately 28 per cent over its last valuation of \$\$6.4 million. The sale of 10 Soon Lee Road will give AA REIT additional financial flexibility to pursue new growth opportunities.

Subject to authorities' approvals.

Letter to Unitholders

Staying prudent in capital and risk management

In FY2018, AA REIT continued its strong track record of prudent and disciplined capital and risk management.

Ahead of the anticipated interest rate hikes in 2018, we have proactively refinanced AA REIT's debt. In April 2018, AA REIT received commitments from a syndicate of financial institutions to refinance its existing secured facilities due in November 2018 and February 2019. With the refinancing, AA REIT's weighted average debt maturity would increase from 1.8 years¹ to approximately 3.3 years on a pro forma basis with no debt due for refinancing until May 2019.

The capital structure of AA REIT remained well-positioned with a reduced overall blended annual funding cost of 3.6 per cent compared to 3.7 per cent a year ago and a well-staggered debt maturity profile with approximately 88.1 per cent of AA REIT's borrowings on fixed rates taking into account the interest rate swaps and fixed rate notes. As at 31 March 2018, AA REIT's aggregate leverage remained healthy at 33.5 per cent, well below the 45 per cent gearing limit allowed by the Monetary Authority of Singapore for real estate investment trusts in Singapore.

Holding ourselves to best practices

Delivering best practices on sustainability matters and sound corporate governance remain strategic priorities for the Board to drive operational excellence for AA REIT. We believe this is integral in bringing long-term sustainable returns to Unitholders, and creating positive value for the communities and environment we operate in.

In line with this, we have stepped up efforts across environment, social and governance ("ESG") aspects in the business.

At present, one third of our Singapore portfolio (by net lettable area) is Building and Construction Authority ("BCA") Green Mark compliant. We are also exploring the feasibility for all future new developments undertaken by AA REIT to achieve BCA Green Mark Gold or higher. With sustainability considerations increasingly being a part of Unitholders' investment evaluations today, we have also stepped up efforts on communicating our sustainability progress to our stakeholders.

In last year's report to Unitholders, we aligned our sustainability report with the internationally-recognised Global Reporting Initiative guidelines. This year, we further enhanced our reporting with clearer targets and measurements set against sustainability practices. The Board and management regularly review and monitor material ESG issues that AA REIT's stakeholders have identified, to prioritise improvements and investments.

Looking ahead

While there has been a pick-up in global growth momentum and an improved economic outlook for Singapore driven by stronger performance in the manufacturing sector, AA REIT continues to face a challenging operating environment in the short term.

The oversupply of industrial space continues to extend into 2018 and may put downward pressure on rentals and occupancy. More time is needed to move the industry back to optimal rental levels even as we see signs of returning industry stabilisation.

Against this backdrop, we need to remain vigilant and nimble. We are focused on managing risks through prudent capital management and remain flexible in our approach in optimising our portfolio so that we can stay competitive and relevant. We continue to believe that our quality portfolio and continued focus on excellent partnerships will anchor AA REIT's strategy as we pursue future opportunities and growth that will help us deliver stable income and sustainable long-term returns for our Unitholders.

In appreciation

On behalf of the Board and management, we would like to thank our Unitholders, business partners, financiers and valued tenants for their trust and support in our management and strategy, and extend our heartfelt appreciation to our directors, management team and staff for their hard work and dedication across the year. We look forward to your continued support as we work to build on our strong foundation and momentum in the new financial year, to bring sustainable and long-term value to our Unitholders.

Yours sincerely,

George Wang Chairman **Koh Wee Lih**Chief Executive Officer

¹ As at 31 March 2018

Financial Highlights

(S\$'million unless otherwise stated)

For the Financial Year ended 31 March	2018	2017	2016
Gross revenue	116.9	120.1	124.4
Net property income	76.4	79.4	82.3
Distributions to Unitholders	67.4	70.5	72.1
Distribution per Unit ("DPU")¹ (cents)	10.30	11.05	11.35

Balance Sheet as at 31 March	2018	2017	2016
Total assets	1,477.6	1,465.5	1,459.4
Total liabilities	538.6	577.0	518.7
Total borrowings	494.9	529.3	473.4
Unitholders' funds	939.0	888.5	940.7
Total Units in issue ² (million)	684.1	639.3	636.6

Key financial ratios as at 31 March	2018	2017	2016
Net asset value per Unit (S\$)	1.373	1.390	1.478
Aggregate leverage ratio ³ (%)	33.5	36.1	32.4
Interest cover ratio ⁴ (times)	4.7	5.0	4.8
Expense ratio ⁵ (%)	1.02	0.97	0.96

DPU for FY2018 was lower compared to FY2017 partly due to the increase in Units arising from the private placement of 42,145,000 Units in December 2017. Excluding the

effects from the private placement, DPU for FY2018 would be approximately 10.46 cents.

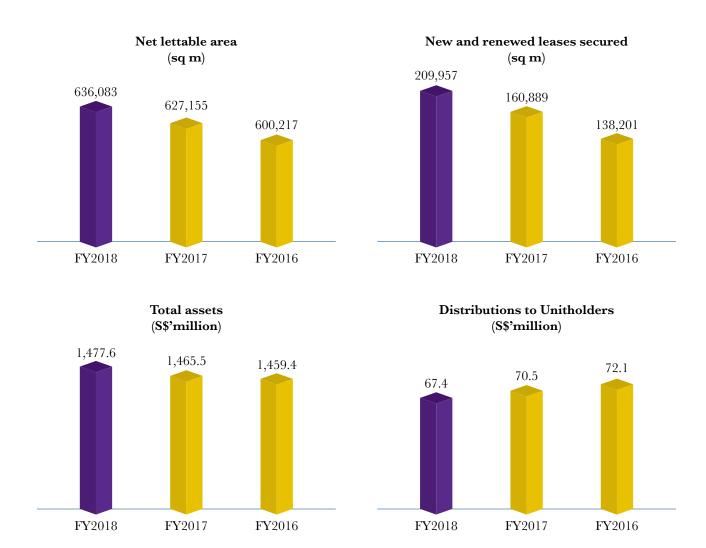
For FY2018, the total Units in issue included 666,737 Units to be issued to the Manager as partial payment of the base fee element of the management fees incurred for the period from 1 January 2018 to 31 March 2018. For FY2017, the total Units in issue included 679,091 Units issued to the Manager on 28 July 2017 as partial payment of the base fee element of the management fees incurred for the period from 1 January 2017 to 31 March 2017. 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 issued on 28 July 2016 to the Manager as partial payment of the base fee element of the management fees incurred for the period from 1 January 2016 to 31 March 2016.

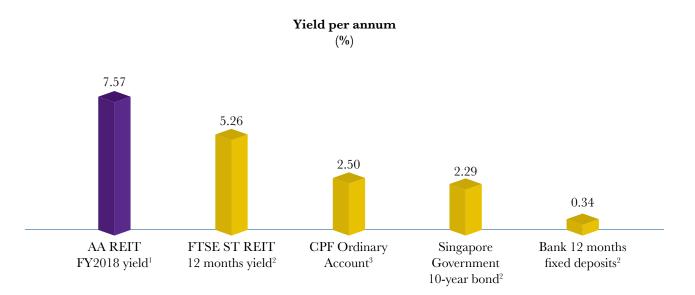
Aggregate leverage ratio is computed as total borrowings as a percentage of total assets.

Bank covenant: minimum of 2.0 times.

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, changes in fair value of financial derivatives, investment properties, investment properties under development and foreign exchange gains/(losses). There were no performance fees in FY2018 and FY2017. The expense ratio, including performance-related fee payable was 1.11 per cent for FY2016.

Key Highlights

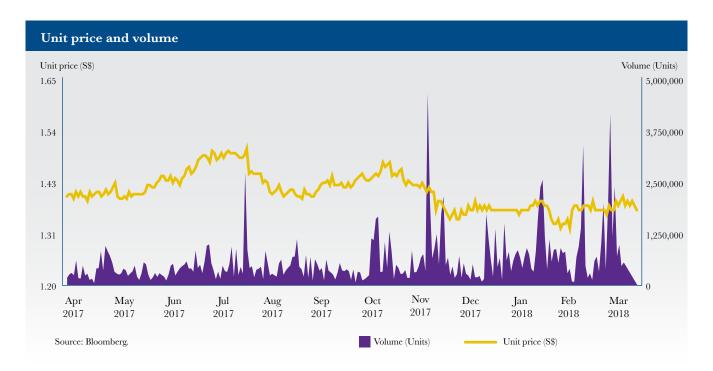




- Based on closing price of \$\$1.36 on 31 March 2018 and actual DPU of 10.30 cents for FY2018.
- Source: Bloomberg data as at March 2018. Prevailing CPF Ordinary Account interest rate.

Trading Performance

	31 March 2018	31 March 2017	31 March 2016
Net asset value per Unit (S\$)	1.373	1.390	1.478
Closing price (S\$)	1.360	1.385	1.335
Highest price during financial year (S\$)	1.495	1.485	1.530
Lowest price during financial year $(S\$)$	1.320	1.250	1.270
Total volume traded during financial year ('million Units)	150.3	102.9	118.4
Average daily volume traded during financial year (Units)	606,205	404,986	477,495
Market capitalisation ¹ (S\$'million)	929.5	884.5	848.2



Total returns	°/ ₀
Since listing on 19 April 2007 to 31 March 2018	5.57
From 1 April 2017 to 31 March 2018 (one-year)	5.77
From 1 April 2015 to 31 March 2018 (three-year)	4.92

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; and
 - ii. On the day the distributions were paid out.

 $^{^{1}\}quad \text{Based on closing price per Unit of } \$\$1.360 \text{ on } \$1 \text{ March } 2018, \$\$1.385 \text{ on } \$1 \text{ March } 2017 \text{ and } \$\$1.335 \text{ on } \$1 \text{ March } 2016.$

12 April 2017

Standard & Poor's ("S&P") reaffirmed BBB- investment grade rating

S&P reaffirmed AA REIT's investment grade rating of BBB- with a stable outlook. The stable rating reflected S&P's expectations that AA REIT will continue to generate steady cash flows.

27 April 2017

Refinanced revolving credit facility and Australian dollar term loan

Announced that AA REIT received commitment from a syndicate of financial institutions to refinance its existing revolving credit facility and Australian dollar term loan due in November 2017. Post refinancing, the weighted average debt maturity will increase to 2.7 years (on a pro forma basis as at 31 March 2017) from 2.3 years and there will be no debt due until November 2018.

4Q FY2017 and FY2017 financial results

Announced financial results for the financial year ended 31 March 2017 achieving 0.4 per cent quarter-on-quarter ("q-o-q") increase in distribution per Unit ("DPU") to 2.78 cents. This brought the total DPU for FY2017 to 11.05 cents, with total distributable income for the full year of S\$70.5 million.

22 May 2017

New appointments

Announced that Ms Stella Yeak Shuk Phin was appointed as Vice President, Finance and will also assume the role of Joint Company Secretary together with our Legal & Compliance Manager, Ms Teow Xueting, Tanya with effect from 31 May 2017.



27 July 2017

1Q FY2018 financial results

Announced financial results for the first quarter ended 30 June 2017 delivering a DPU of 2.50 cents. Gross revenue and net property income remained stable compared to the preceding quarter amidst challenging market conditions.

Poll results of the 8th Annual General Meeting ("AGM")

Announced that all three resolutions, as set out in the notice of AGM dated 21 June 2017, were duly passed at the AGM on 27 July 2017.



8 Tuas Avenue 20, Singapore

30 August 2017

Temporary Occupation Permit ("TOP") for 8 Tuas Avenue 20 redevelopment

Announced that the redevelopment at 8 Tuas Avenue 20 had achieved TOP on 29 August 2017. Following the redevelopment, the gross floor area ("GFA") increased by 35.2 per cent, from 10,918.0 square meters ("sq m") to 14,757.8 sq m.

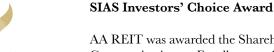
AA REIT subsequently secured its first tenant at the property on 4 September 2017.

September 2017



International ARC Award

AA REIT was awarded the Traditional Annual Report (REIT): Commercial/Industrial/Office Award (Honors) at the 2017 International ARC Awards. With the central theme of craftmanship, our 2017 Annual Report highlights AA REIT's commitment to excellence and delivering value to our Unitholders.



SIAS INVESTORS' CHOICE AWARDS 2017

AA REIT was awarded the Shareholder Communications Excellence Award (Mid Cap) by the Securities Investors Association (Singapore) ("SIAS") at the SIAS 18th Investors' Choice Awards 2017 in recognition of its adoption of good corporate governance and investor relations practices.

26 October 2017

$2Q\ FY2018$ and 1H FY2018 financial results

Announced a 2.0 per cent q-o-q increase in DPU to 2.55 cents for the quarter ended 30 September 2017. Gross revenue rose by 1.5 per cent to \$\$60.0 million, while net property income remained stable at \$\$39.5 million for the first half of FY2018 compared to the same period in the preceding year.

30 October 2017

TOP for greenfield build-to-suit ("BTS") development at 51 Marsiling Road

Announced that AA REIT's inaugural greenfield BTS development at 51 Marsiling Road achieved TOP on 27 October 2017. The entire property is fully leased to a leading manufacturer, Beyonics International Pte Ltd, for a term of ten years with rent escalations, providing an estimated net property income of S\$3.5 million in the first year (after fitting-out period).



51 Marsiling Road, Singapore



21 November 2017

Private placement of new Units

Launched a private placement on 21 November 2017 and raised gross proceeds of approximately \$\$55.0 million. The placement saw strong demand which enabled AA REIT to exercise the upsize option and increase the offer size from \$\$50.0 million to \$\$55.0 million. The new Units were fixed at an issue price of \$\$1.305 per new Unit and 42,145,000 new Units were issued on 1 December 2017.

December 2017

The Asset Corporate Award

In recognition of its continued commitment to uphold high standards of corporate governance, corporate social responsibility, environmental responsibility and investor relations, AA REIT was awarded Gold Award at The Asset Corporate Awards 2017.



Divestment of 10 Soon Lee Road for \$\$8.17 million

Announced the sale of 10 Soon Lee Road, Singapore for S\$8.17 million. The sale price was approximately 28 per cent over its last valuation of S\$6.4 million.

The divestment of the property was completed on 29 March 2018.



10 Soon Lee Road, Singapore

1 February 2018

3Q FY2018 financial results

Announced a 2.7 per cent increase in DPU from the preceding quarter to 2.62 cents for the quarter ended 31 December 2017.





3 Tuas Avenue 2, Singapore

25 April 2018

AA REIT unveiled plans to transform 3 Tuas Avenue 2

Announced AA REIT's sixth development, a \$\$48.2 million project (including land cost) at 3 Tuas Avenue 2. Upon completion, GFA will increase by around 52.0 per cent to approximately 24,890 sq m, improving the plot ratio from 0.92 to the maximum of 1.40.

4Q FY2018 and FY2018 financial results

Announced financial results for the financial year ended 31 March 2018, which saw a stable DPU of 2.63 cents for the quarter. The total DPU and total distributable income for FY2018 stood at 10.30 cents and S\$67.4 million respectively.

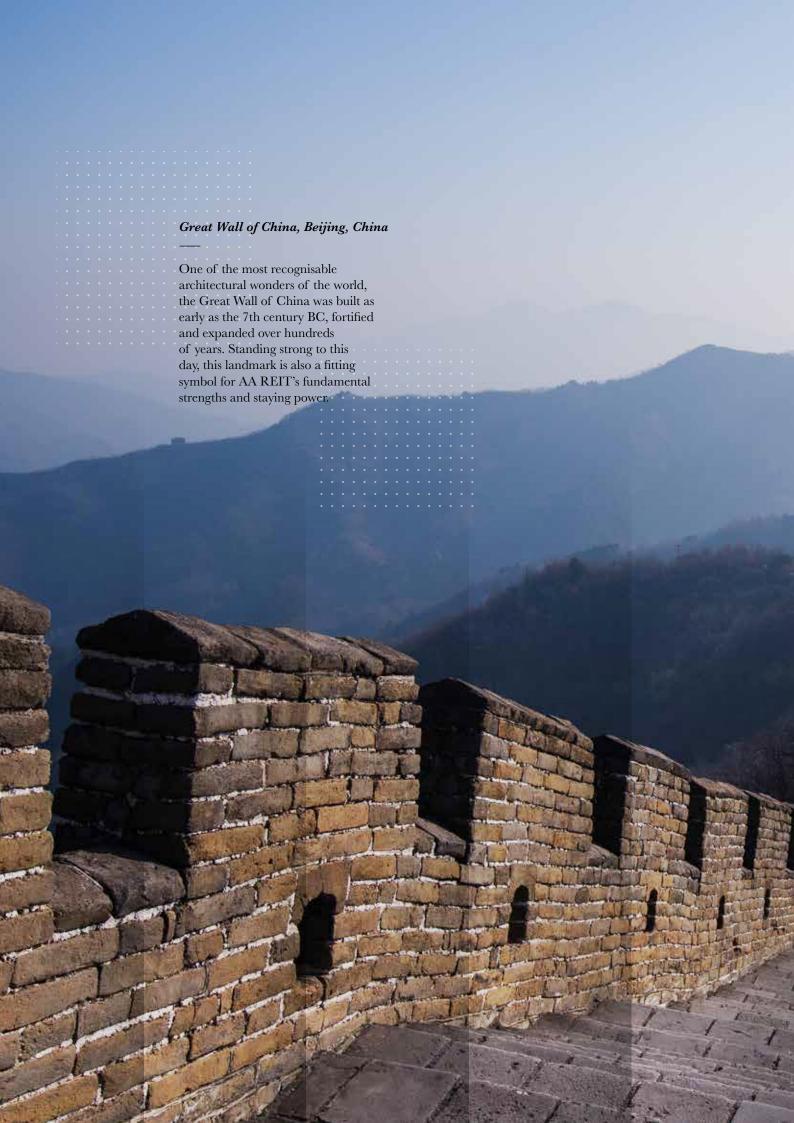
Refinanced AA REIT's secured facilities

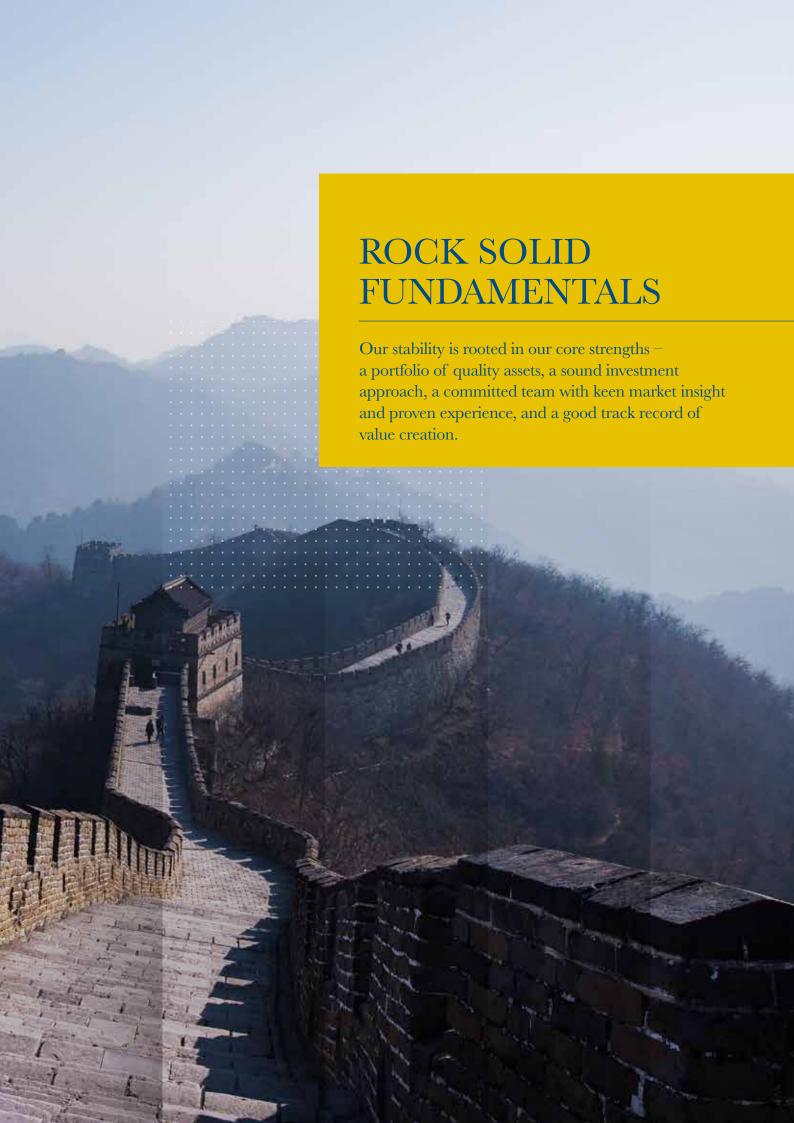
Announced that AA REIT received commitments from a syndicate of financial institutions to refinance its existing secured facilities due in November 2018 and February 2019. Post refinancing, the weighted average debt maturity (on a proforma basis as at 31 March 2018) will increase to 3.3 years with no debt due for refinancing until May 2019.

14 May 2018

S&P reaffirmed BBBinvestment grade rating

S&P reaffirmed AA REIT's investment grade credit rating of BBB- with a stable outlook. The stable outlook reflected S&P's expectation that AA REIT will continue to generate steady cash flows and successfully execute its asset enhancement initiatives over the next 24 months.





Board of Directors of the Manager



George Wang

Norman Ip Ka Cheung Eugene Paul Lai Chin Look

Peter Michael Heng Nicholas Paul McGrath

Koh Wee Lih

Board of Directors of the Manager

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.

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 mortgage lending, securitisation, investment banking, funds management, property investment, private equity, venture capital, stock broking and high-tech investment and a strategic investor in Sydney Stock Exchange. Mr Wang is also the Deputy Chairman of Sydney Stock Exchange. Mr Wang is 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 programs.

Norman Ip Ka Cheung

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

Mr Ip was appointed as a Director on 31 March 2010, and as the Lead Independent Director and the Chairman of the Audit, Risk and Compliance Committee on 31 March 2017.

Mr Ip is a Chartered Accountant by training and has over 36 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 an Independent Director of Great Eastern Holdings Limited and is a director of its principal subsidiaries, including The Great Eastern Life Assurance Company Limited, The Overseas Assurance Corporation Limited, Lion Global Investors Limited, Great Eastern Life Assurance (Malaysia) Berhad, Overseas Assurance Corporation (Malaysia) Berhad and Great Eastern Takaful Bhd. Currently, he is also the senior advisor to United Engineers Limited. In addition, he 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 Chairman of the Nominating and Remuneration Committee

Mr Lai was appointed as a Director on 26 February 2010 and was appointed as the Chairman of the Nominating and Remuneration Committee on 31 March 2017.

Mr Lai began his career as an attorney in New York and in Singapore and has a wealth of experience of over 30 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.

Board of Directors of the Manager

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 the Securities Industry Council.

Mr Lai holds a LL.B from The London School of Economics and Political Science, where he graduated with First Class Honors, and a LL.M from Harvard Law School.

Peter Michael Heng

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

Mr Heng was appointed as a Director on 31 March 2017.

Mr Heng has over 31 years of investment management experience. Before this appointment, Mr Heng held the position of Senior Vice President and Chief Investment Officer at NTUC Income Co-operative from 2009 until his retirement in 2015. Prior to that, Mr Heng served as the Chief Investment Officer of Manulife Asset Management (Singapore) Pte. Ltd. and Straits Lion Asset Management Ltd.

Mr Heng holds a Bachelor of Science (Economics) from the London School of Economics and Political Science.

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\$5.6 billion prime commercial office fund with assets located in Sydney, Melbourne and Perth.

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 \$\$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 18 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.

Mr McGrath 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 22 years of experience in investment, corporate finance and asset management, of which more than 14 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 of the Manager



Koh Wee Lih



Toh Lay Gan



Stella Yeak



Heng Khiam Yeong

Senior Management of the Manager

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.

Stella Yeak

Vice President, Finance and Joint Company Secretary

Ms Yeak has been with the Manager since February 2013 and has over 19 years of experience in group financial and management reporting, budget and forecasting, financial controls, audit, taxation and compliance with regional exposure in South East Asia, North Asia and Australia, of which more than 14 years are in the real estate industry.

Following her appointment as the Vice President, Finance and Joint Company Secretary of the Manager on 31 May 2017, Ms Yeak is responsible for the financial accounting and reporting, capital management, taxation, compliance as well as corporate secretarial matters of AA REIT.

Ms Yeak holds a Bachelor of Accountancy (Honours) from the Nanyang Technological University of Singapore. She is a Chartered Accountant with the Institute of Singapore Chartered Accountants and a Certified Practising Accountant with CPA Australia.

Toh Lay Gan

Vice President, Asset Management

Ms Toh has been with the Manager since March 2015 and has over 22 years of experience in the real estate industry and expertise in asset and lease management.

As the Vice President, Asset Management of the Manager, Ms Toh is responsible for the asset and lease management of AA REIT's portfolio.

Prior to joining the Manager, she was the Head of Portfolio and Asset Management with Ascendas Land (S) Pte Ltd. She also held various roles in the Ascendas Group heading the asset management / leasing teams of different property clusters. Ms Toh was credited particularly for her involvement in the successful launch of Ascendas REIT in 2002. Prior to joining Ascendas, she was with DTZ Leung and Far East Organization where she specialised in valuation and marketing of industrial properties respectively.

Ms Toh holds a Bachelor of Science (Honours) in Estate Management from National University of Singapore.

Heng Khiam Yeong

Vice President, Development & Facility Management

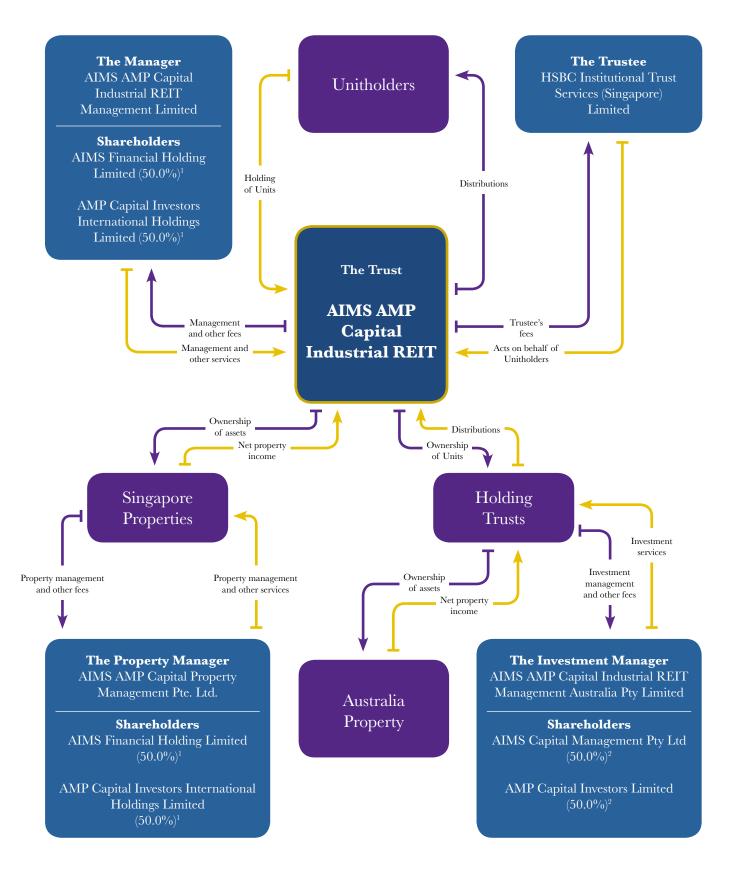
Mr Heng joined the Manager in January 2018 and has over 19 years of experience in real estate development spanning across architectural, consultancy, project management, migration management and contract administration in both green and brown field projects.

As the Vice President, Development & Facility Management of the Manager, Mr Heng is responsible for the facility management of AA REIT's portfolio and oversees all development and/or asset enhancement initiatives.

Prior to joining the Manager, he was the Senior Associate Director at Davis Langdon KPK, an AECOM Company. He was responsible for providing project management consultancy services in Singapore and reported directly to the Executive Director of Construction Services. He was also AECOM's local and regional point of contact for several key clients.

Mr Heng holds a Bachelor of Arts (Architectural Studies) from National University of Singapore and a Bachelor of Architecture from Deakin University, Australia.

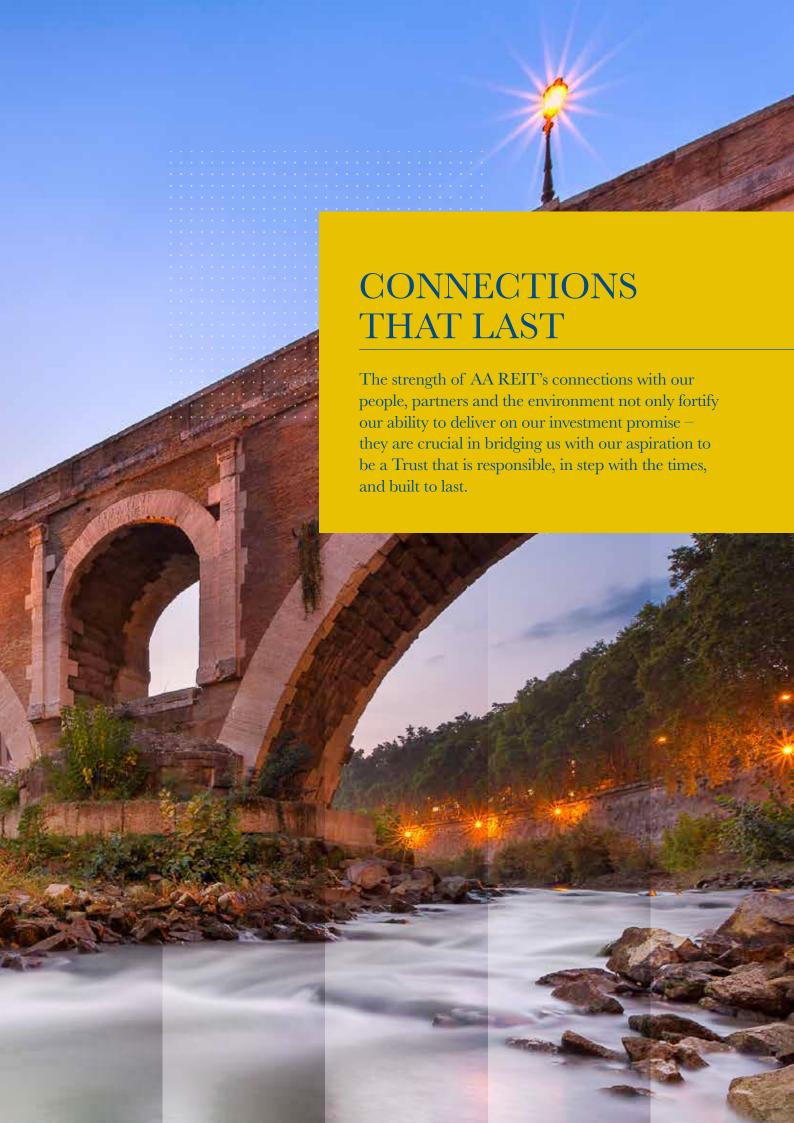
Structure of AIMS AMP Capital Industrial REIT



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.





Investor Engagement



4th Edition REITS Asia Pacific 2017 roundtable on 4 August 2017

Commitment to transparency

AIMS AMP Capital Industrial REIT Management Limited, as manager of AA REIT (the "Manager") takes a proactive approach in investor engagement, and is committed¹ to timely, transparent and open two-way communications with Unitholders, potential investors, analysts, media and the wider investment community.

Important and material announcements including AA REIT's performance, corporate developments, strategies and initiatives are communicated in the first instance with Singapore Exchange Securities Trading Limited ("SGX-ST") via SGXNET and through AA REIT's corporate website, with push notifications delivered to subscribers of AA REIT's news alert services. These updates are also then shared through multiple channels including print and online platforms, roadshows, meetings and seminars.

Proactive communication with stakeholders

The Manager is focused on holding active dialogues with key stakeholders to articulate its strategy and direction, and alleviate concerns especially amidst the challenging industrial market faced in the past financial year.

To do so, the Manager held numerous investor and analyst meetings both locally and in the region during the financial year. The Manager also actively participated in REIT sharing sessions organised by Singapore Exchange Limited ("SGX") and the REIT Association of Singapore ("REITAS"),

to engage retail investors. At these sessions, participants have the opportunity to raise questions, provide their feedback and interact with the Manager's senior management.

Additionally, the Manager uses various communication channels and platforms to effectively reach out to, connect and engage with existing and potential investors. These include:

- Annual General Meeting ("AGM") usually held in July each year. In 2017, more than 150 Unitholders and proxies attended the AGM. All resolutions were conducted by poll via electronic polling system for speed, accuracy and transparency.
- Briefings for analysts and institutional investors on quarterly and full year financial results.
- Participation and presentations at non-deal roadshows ("NDR"), investor conferences, seminars, and industry events held in Bangkok, Hong Kong, Singapore, Seoul and Tokyo.
- One-on-one meetings with current and potential institutional investors to introduce or provide updates on AA REIT.
- Property tours for media, analysts and investors to provide greater insight into AA REIT's quality portfolio and operations.
- Daily email alerts for investors which include information on AA REIT's stock price and relevant SGXNET announcements. To subscribe to the services, investors can log on to AA REIT's website at www.aimsampcapital.com and sign up for the Investor Email Alert.

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 stakeholders and SGX-ST via SGXNET and on its corporate website at www.aimsampcapital.com

Investor Engagement

- Proactive media and influencer relations programme engaging relevant business and financial media and influencers, including print, broadcast, and social media.
 The programme includes 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 a comprehensive background about AA REIT, all assets within its portfolio, and the latest corporate developments and SGXNET announcements.
- An active LinkedIn profile¹ managed by the Manager to share the latest updates on AA REIT, as well as important industry news and insights.

The Manager is committed to providing investors with various lines of communication to which they can direct their queries and concerns. The investor relations team is readily accessible via a dedicated email address at investorrelations@aimsampcapital.com. Investors are encouraged to subscribe to AA REIT's email distribution list to receive latest updates and news on/from the Manager.

Macquarie Capital Securities (Singapore) Pte. Limited and Maybank Kim Eng Research Pte Ltd currently issue research reports on AA REIT.

Acclaimed for effective stakeholder engagement

As a testament to the Manager's transparent approach and active engagement with investors, analysts, media and the general investment community, AA REIT was awarded the Traditional Annual Report Award (Honors) at the 2017 International ARC Awards. With the central theme of craftsmanship, our 2017 Annual Report highlights AA REIT's commitment to excellence and delivering value to our Unitholders.

In addition, in recognition of the Manager's continued commitment to uphold high standards of corporate governance, corporate social responsibility, environmental responsibility and investor relations, AA REIT was awarded the Gold Award at The Asset Corporate Awards 2017 and Shareholder Communications Excellence Award (Mid Cap) at the 18th Investors' Choice Awards 2017 by Securities Investors Association (Singapore).

1Q FY2018

- FY2017 results announcement and analyst briefing
- Religare lunchtime presentation to remisiers and brokers
- Singapore, Hong Kong, Malaysia and Taiwan NDR

2Q FY2018

- 1Q FY2018 results announcement and analyst briefing
- 8th AGM
- SGX MKE Singapore Corporate Day in Bangkok, Thailand
- Macquarie ASEAN Conference 2017
- SGX, Citi and REITAS C-Suite Singapore REITs & Sponsors Corporate Day 2017
- 4th Edition REITS Asia Pacific 2017 roundtable

3Q FY2018

- 2Q FY2018 results announcement and analyst briefing
- SGX REITAS Webinar Series
- Sell-Side Analysts' Property Tour
- Singapore, Hong Kong and Japan NDR

4Q FY2018

- 3Q FY2018 results announcement and analyst briefing
- SGX, DBS and REITAS S-REITs Singapore Corporate Day in Seoul, Korea
- SGX, DBS and REITAS S-REITs Singapore Corporate Day in Tokyo, Japan

¹ https://www.linkedin.com/company/aims-amp-capital-industrial-reit

Our role

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 ("SGX-ST"). AA REIT is externally managed by AIMS AMP Capital Industrial REIT Management Limited (the "Manager"). The sponsors of AA REIT are AIMS Financial Group and AMP Capital (collectively, the "Sponsors").

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 (the "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 returns 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" and 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 provisions of the Trust Deed.

Our corporate governance culture

We are committed to upholding 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 2018 ("FY2018") with specific references to the principles and guidelines of the 2012 Code, 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 FY2018 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 for identifying key stakeholder groups and recognises that their perceptions affect AA REIT's reputation.

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

Mr George Wang	Chairman, Non-Executive	Non-Independent
Mr Norman Ip Ka Cheung	Non-Executive	Lead Independent
Mr Eugene Paul Lai Chin Look	Non-Executive	Independent
Mr Peter Michael Heng	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 20 to 22 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 in AA REIT Units, conflicts of interest, interested party transactions and treatment of fees payable to the Manager, details of which are set out on pages 46 to 49 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 quarterly and full year results. The Board also reviews the risks to the assets of AA REIT and acts upon recommendations from both the internal and external auditors of AA REIT.

In the discharge of its functions, the Board is supported by special board committees ("Board Committees") which also serve to ensure that there are appropriate checks and balances. These Board Committees are the Audit, Risk and Compliance Committee ("ARCC") and the Nominating and Remuneration Committee ("NRC"). The ARCC and the NRC are both chaired by Non-Executive Independent Directors.

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

Information on the ARCC can be found in the section "Audit, Risk and Compliance Committee" of this Annual Report. Information on the NRC can be found in the "Board membership", "Board performance" and "Remuneration matters" sections of this Annual Report.

The Board is also assisted by the Property Investment Committee ("PIC"), which comprises the Chief Executive Officer and Vice President, Finance, of the Manager, and one management representative from each Sponsor 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 taken and minutes of meetings of the PIC are circulated to the Board for information so that Directors are aware of and kept updated as to the proceedings and matters discussed during such meetings.

The Manager has adopted a set of internal guidelines which 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, ARCC and NRC 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	NRC meetings
Number of meetings held in FY2018	4	4	2
Board members			
Mr George Wang	4	n/a	2
Mr Norman Ip Ka Cheung	4	4	2
Mr Eugene Paul Lai Chin Look	3	3	2
Mr Peter Michael Heng	4	4	2
Mr Nicholas Paul McGrath	4	n/a	2
Mr Koh Wee Lih ¹	4	4	2

n/a Not applicable as Director is not a member of the ARCC.

The Manager's Constitution permits 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 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 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, setting out the Director's duties and obligations. Newly appointed Directors undergo an induction and orientation program upon their appointment, where they are briefed on their roles and responsibilities as Directors of the Manager, business activities of AA REIT and its strategic directions and the contribution the Directors would be expected to make, including the time commitment and any participation in Board Committees. Newly appointed Directors are also brought on site visits to selected AA REIT properties to facilitate a more complete understanding of AA REIT's business and operations. A Director who has no prior experience as a director of a listed company will be required to attend the necessary modules of 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 Manager allocates each Director with an annual training budget and recommends relevant and/or necessary training courses and programmes for the Directors' participation.

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.

Mr Koh Wee Lih, being the Chief Executive Officer, attends all ARCC and NRC meetings by invitation although he is not a member of either Board Committee.

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, the requirements of AA REIT's business, the need to avoid undue disruptions from changes to the composition of the Board and Board Committees and that the Board has a strong independent element.

Guideline 2.2 of the 2012 Code recommends that independent directors make up at least half of the Board in certain specified circumstances, including where the Chairman is not an independent director. Mr George Wang, Chairman of the Board, is the founder and Chief Executive Officer of AIMS Financial Group and is not an Independent Director.

In addition, MAS requires at least half of the Board to comprise independent directors where the Unitholders of AA REIT do not appoint the directors of the Manager. The current composition of the Board is in keeping with prevailing guidelines and regulations, consisting 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. The Non-Executive Directors have the discretion to meet informally without the presence of Management during the course of the year.

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. Directors are required to disclose such relationships to the Board, both as part of the annual declarations given by each Director, and as and when they arise.

The independence of each Independent Director is reviewed by the NRC annually on an informal basis, by considering the guidelines in the 2012 Code. The NRC assesses whether each of the Independent Directors has any relationships or circumstances which could affect his independent status and makes its recommendations to the Board. If the Board deems a Director to be independent notwithstanding the existence of such relationships or circumstances, it shall disclose such information in full and provide its reasons accordingly.

Following its annual review, the Board and the NRC are 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 in the best interests of AA REIT.

The NRC notes that under the 2012 Code, the independence of any Independent Director who has served on the Board beyond nine years from the date of first appointment should be subject to particularly rigorous review. The NRC is responsible for monitoring the length of service for each member of the Board, and will make relevant recommendations for Board renewal and sourcing new directorial candidates when an Independent Director's service approaches the nine-year mark. At present, no Independent Director has served beyond nine years since the date of his first appointment.

The number of NRC meetings held and corresponding attendance for the financial year are set out on page 33 of this Annual Report.

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 appointing an independent director to be the lead independent director in certain specified circumstances, including where the Chairman is not an independent director. Mr Norman Ip Ka Cheung is the Lead Independent Director in accordance with Guideline 3.3 of the 2012 Code. He is also the Chairman of the ARCC. As the Lead Independent Director, Mr Ip 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. The Lead Independent Director is available to Unitholders if the Unitholders have concerns and for which contact through the Chairman, the Chief Executive Officer or the Vice President, Finance, has failed to resolve or is inappropriate.

Board membership

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

The NRC administers nominations to the Board, reviews the structure, size and composition of the Board and reviews the performance and independence of the Directors. In addition, as part of regulatory requirements, prior approval from MAS is sought 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 funds management, the property industry, and legal and financial management; and
- at least half of the Board should comprise Independent Directors.

The Manager adopts a comprehensive and detailed process in the selection of new Directors. The selection of candidates is evaluated 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, in consultation with the NRC, will consider AA REIT's and the Manager's strategic goals, business direction and needs. The NRC will conduct interviews with the candidates, and nominate the candidate deemed most suitable for appointment to the Board.

The NRC members are appointed by the Board, and support the Board in nomination matters relating to the Manager in accordance with the NRC's written terms of reference. The NRC comprises five Directors, the majority of whom, including the NRC Chairman, are Independent Directors. The current members of the NRC are as follows:

Mr Eugene Paul Lai Chin Look	NRC Chairman
Mr Norman Ip Ka Cheung	NRC Member
Mr Peter Michael Heng	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 Board succession plans for the Directors, particularly for the Chairman and the Chief Executive Officer, as
 well as 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, or as and when circumstances require, bearing in mind the guidelines set out in the 2012 Code and justifying to the Board where a Director who would not be considered independent under the provisions of the 2012 Code may be deemed independent, and *vice versa*; 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.

In FY2018, none of the Directors has appointed an alternate director.

The NRC considers whether each Director is able to and has been adequately carrying out his duties as a Director, taking into consideration, *inter alia*, the Director's other public listed company board representations and other principal commitments. In addition, the NRC also takes into consideration, *inter alia*, a qualitative assessment of each Director's contributions as well as any other relevant time commitments. Although some of the Directors have other listed company board representations and commitments, the Board has determined through a formal 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 FY2018, the Board is of the view that such appointments do not hinder the Directors from carrying out their duties as Directors of the Manager and therefore believes that it would not be necessary to prescribe a maximum number of listed company board representations a Director may hold. The Board does not wish to exclude from consideration suitable individuals who, despite the demands on their time, have the capacity to participate and contribute as members of the Board.

Board performance

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

The NRC formally assesses and discusses the performance of the Directors, the Board as a whole and its Board Committees in comparison with industry peers on an annual basis.

The performance of the Directors, the Board and Board Committees is evaluated annually, taking into account a set of definitive performance criteria including, *inter alia*, board composition and size, board processes and board effectiveness. In FY2018, this evaluation was conducted internally. However, the NRC has the discretion to engage external consultants to conduct the evaluation, if it deems necessary. The Board is of the view that this set of performance criteria allows for appropriate comparison and addresses how the Directors have enhanced long-term Unitholders' value, and will justify its reasons should the Board deem it necessary for the performance criteria to be changed. As part of the process, questionnaires are sent to the Directors, who will evaluate the Board and Board Committees on which they sit in accordance with the provisions of the 2012 Code. A Director's peer evaluation is also carried out wherein each Director assesses each other member of the Board. The results are then aggregated and reported to the Chairman of the NRC. The results of the questionnaire are then deliberated upon by the NRC for approval by the Board, and, if necessary, follow up actions will be taken by the Chairman with a view to enhancing the effectiveness of the Board in the discharge of its duties and responsibilities. In FY2018, the NRC is of the view that the Directors, the Board as a whole and the Board Committees have fared well against the performance criteria, as positive ratings were received for all the attributes in the evaluation categories. Accordingly, the NRC is satisfied with the performance of the Directors, the Board and the Board Committees.

Each Director is assessed on his contributions to the effectiveness of the Board. In evaluating the contribution by each Director, various factors, including individual performance of principal functions and fiduciary duties, Directors' attendance, commitments and contributions during Board meetings and/or Board Committee meetings are taken into consideration.

Other contributions by an individual Director, 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 will be considered. In FY2018, the NRC is of the view that the Directors have fared well against the performance criteria, and the NRC is satisfied with the Directors' performance.

Access to information

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

Management provides the Board with complete, timely and adequate information (including copies of disclosure documents, budgets, forecasts and quarterly financial statements) on AA REIT matters and issues requiring the Board's deliberation. All Directors are also provided with ongoing reports relating to the operational and financial performance of AA REIT 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. In respect of budgets and forecasts, any material variances thereof are also duly disclosed and explained to the Board. Additionally, reports by independent external analysts on AA REIT are circulated 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 Joint Company Secretaries of the Manager (collectively, "Secretaries", and each, "Secretary") work with the Chairman and the Chief Executive Officer to ensure that Board papers and the agenda are provided to each Director in advance of the Board meetings so that they can familiarise themselves with the matters prior to the Board meetings. Senior executives who can provide additional insights into matters to be discussed are requested to also attend the Board meetings so as to be at hand to answer questions. AA REIT's auditors are also invited from time to time to attend such meetings.

The Board has separate and independent access to Management and the Secretaries as well as to all statutory records of the Manager. The Secretaries or their designated representative attends all Board meetings and Board Committee meetings to record the minutes of the meeting. The Secretaries render assistance to the Board as may be necessary and help to ensure that applicable rules and regulations are complied with. The appointment and removal of the Secretaries 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 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;
- 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 such contract of service contains fair and reasonable termination clauses which are not overly generous.

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

The remuneration policy adopted by the Manager is in line with AA REIT's business strategies and 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 ("CPF"). The variable component is in the form of short-term and long-term bonuses, and the Board, with the support of the NRC, reviews the eligibility of the employees for such bonuses on an annual basis. Currently, there are no unit-based incentive schemes or award schemes in place to reward employees as part of the remuneration package. The NRC has access to independent remuneration consultants as and when required.

The compensation structure for the variable component is comprehensive and structured, and 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 ("KPIs") that are specific, measurable, result-orientated and time-bound. A year-end review is carried out to measure actual performance against the KPIs while taking into consideration qualitative factors such as business environment, regulatory landscape and industry trends to determine a variable year-end bonus that is commensurate with the performance achieved. A portion of the variable year-end bonus is deferred for employees and subjected to downside risks to prevent excessive risk taking. In determining the actual quantum of the variable component of the remuneration to be paid, the NRC takes into account the extent to which the KPIs have been met. Some of the KPIs 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 peers. This will allow alignment of the Manager's employees' interests with those of AA REIT's Unitholders. During FY2018, the NRC has reviewed the performance of the Manager and is satisfied that all KPIs have largely been achieved.

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, and they are not overcompensated to the point that their independence may be compromised. 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. Currently, there are no unit-based incentives or awards in place to reward Directors as part of the remuneration package. The NRC will periodically review and re-evaluate this option.

Directors' fees are paid by the Manager. As at 31 March 2018, the directors' fees paid in cash were as follows:

Directors' fees	FY2018	FY2017
Board members		
Mr George Wang	-	-
Mr Norman Ip Ka Cheung	S\$77,500	S\$66,442
Mr Eugene Paul Lai Chin Look	S\$70,000	S\$66,442
Mr Peter Michael Heng¹	S\$65,000	-
Mr Tan Kai Seng ¹	-	S\$75,924
Mr Nicholas Paul McGrath	-	-
Mr Koh Wee Lih	-	-

Mr Peter Michael Heng was appointed as a Non-Executive Independent Director, and as a member of the ARCC and the NRC on 31 March 2017 to replace Mr Tan Kai Seng who resigned on the same day.

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 have 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 \$\$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 FY2018 and whose remuneration exceeded S\$50,000 during the financial year ended 31 March 2018.

Accountability and audit

Accountability

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

The Board is responsible for presenting a balanced and comprehensive assessment of AA REIT's performance, position and prospects, including interim and other price sensitive public reports and reports to the regulators (if required).

To assist the Board in this regard, Management provides the Board with timely, complete and adequate information, including management and financial reports and such explanation and information as the Board may require on a quarterly basis through the most expedient means, including email, in order to enable the Board 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, AA REIT's website and/or analyst briefings.

The Board also takes adequate steps to ensure that compliance with prevailing legislative and regulatory requirements, and establishing written policies, where necessary. The Manager has, pursuant to the amended Rule 720(1) of the Listing Manual, received undertakings from all its Directors and executive officers that they each shall, in the exercise of their powers and duties as directors and officers comply to the best of their endeavours with the provisions of the Listing Manual, the Securities and Futures Act, the Code on Takeovers & Mergers, and the Companies Act (where applicable).

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. The Board has overall responsibility for risk governance, determines AA REIT's levels of risk tolerance and risk policies and oversees the Manager in the design, implementation and monitoring of the risk management and internal controls systems. The ARCC assists the Board in carrying out the Board's responsibility of overseeing the risk management framework and policies for AA REIT.

One of the ARCC's duties is to assess the scope and results of the internal audit function and the independence of the internal auditors. The ARCC has a policy of assessing the need to rotate the internal audit function on a triennial basis. In 2017, Ernst & Young Advisory Pte Ltd ("EY") was 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 and administratively to the Chief Executive Officer. EY has unrestricted access to the ARCC. To ensure that the internal auditor's activities are performed competently, the internal auditor is guided by the Standards for Professional Practice of Internal Auditing set by The Institute of Internal Auditors and recruits and employs suitably qualified professional staff with the requisite skill sets and experience.

EY'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. EY'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 FY2018, EY 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, EY reported their audit findings and recommendations to Management who responded on the actions to be taken. EY 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. With respect to FY2018, the ARCC has reviewed and is satisfied as to the adequacy and effectiveness of the internal audit function.

The Board, in consultation with Management, has also established a risk identification and management framework and has implemented risk management policies and processes covering areas such as anti-money laundering and countering of terrorism, financial risk management, outsourcing risk and technology risk management to ensure that AA REIT maintains a sound system of risk management and internal controls to safeguard Unitholders' interests and AA REIT's assets. The framework strengthens AA REIT's capability to recognise and capitalise on new challenges and opportunities so as to value-add to Management's decision-making, business planning and operational management and as a protection for investors.

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

Information on risk management can be found in the section "Risk Management Report" on pages 49 to 51 of this Annual Report.

The Board has received assurance from the Chief Executive Officer and Vice President, Finance of the Manager that: (a) the financial records have been properly maintained; (b) 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 and portfolio holdings of the Group and of the Trust as at 31 March 2018, 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 (c) 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 2018.

Based on the enterprise risk management framework established and maintained by the Manager, 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 and effective to address material financial, operational and compliance risks, which the Board considers relevant and material to its current business environment as at 31 March 2018.

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 members are appointed by the Board. The ARCC is comprised entirely of Non-Executive Independent Directors. The current members of the ARCC are:

Mr Norman Ip Ka Cheung	ARCC Chairman
Mr Eugene Paul Lai Chin Look	ARCC Member
Mr Peter Michael Heng	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. None of the ARCC members was previously a partner of the incumbent external auditors, KPMG LLP, within the previous 12 months, nor does any of the ARCC members hold any financial interest in KPMG LLP.

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 co-operation 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 on at least an annual basis;

- 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 in respect of 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 FY2018, 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, the ARCC also assessed significant financial reporting issues and judgements, including the consistency and appropriateness of accounting policies and the quality and completeness of disclosures so as to ensure the integrity of the financial statements of AA REIT and any SGXNET announcements relating to AA REIT's financial statements. The ARCC also reviewed the key audit matter as reported by the external auditors for the financial year ended 31 March 2018, as set out below. The key audit matter for this financial year remains unchanged from the previous financial year.

Key audit matter	How the issue was addressed by the ARCC
Valuation of investment properties and investment properties under development	The external valuations are conducted by independent professional valuers who have the appropriate recognised professional qualifications and recent experience in the location and category of properties being valued. The valuers are changed every two years to provide independent and fresh perspectives to the valuation process. The ARCC held discussions with the external auditors and Management to assess the valuation methodologies and assumptions applied including the reasonableness of the capitalisation rates, discount rates and estimated development costs adopted by the valuers and are satisfied that the valuation method and estimates are reflective of current market conditions (e.g. rental rates and occupancy rates) and the valuation reports are prepared in accordance with recognised appraisal and valuation standards.

Based on the review and discussions with Management and the external auditors, the ARCC is of the view that the financial statements are fairly presented and conform to generally accepted accounting principles in all material aspects.

- In performing its duties, the ARCC met the external auditors without the presence of Management once during the year and confirmed that they had full access to and received full co-operation and support from 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 fees paid and payable by the Group to the external auditors for FY2018 was approximately \$\$286,000, of which audit fees amounted to approximately \$\$204,000 and non-audit fees amounted to approximately \$\$82,000. The non-audit fees paid/payable to the external auditors related to general tax as well as goods and services 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 of Unitholders ("AGM").

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 from the Management.
- The ARCC reviewed the enterprise risk management framework 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.

The Manager adopts a zero-tolerance stance against any form of illegal activity, including corruption, bribery and other impropriety involving its employees and associates, and will take all necessary steps to eradicate such conduct if discovered. Accordingly, a Whistle Blowing Policy has been put in place to provide a channel through which employees, being a director, executive, manager or other officer or contractor of the Manager (each, a "Whistleblower") may report in good faith and in confidence any reportable conduct, which in the view of a Whistleblower, is:

- (a) dishonest;
- (b) a fraudulent misappropriation of assets;
- (c) corrupt;
- (d) illegal or a breach of any applicable laws (including theft, drug sale/use, violence or threatened violence and criminal damage against property);
- (e) unethical (either representing a breach of the Manager's code of conduct or generally);
- (f) other serious improper conduct or gross mismanagement;
- (g) an unsafe work-practice; or
- (h) any other conduct which may cause financial or non-financial loss to the Manager or be otherwise detrimental to the interests of the Manager,

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 number of ARCC meetings held and corresponding attendance for the financial year are set out on page 33 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 on an immediate basis, where required by the Listing Manual. Where immediate disclosure is not practicable or not so required by the Listing Manual, announcements are made as soon as possible to ensure that Unitholders, stakeholders and the general market have parity of access to the information.

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 release 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 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 AA REIT for capital expenditure, working capital requirements and the liquidity position of AA REIT. Since AA REIT's listing in 2007, AA REIT 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.

The Manager adopts the principle that Unitholders should be treated fairly and equitably. It facilitates the exercise of ownership rights by all Unitholders through its commitment to ensuring continuous, clear and timely communication with Unitholders to promote a better understanding of AA REIT's business, and to promote a system of effective disclosure to key stakeholders.

An AGM is held after the close of each financial year. The Notice of AGM setting out all items of business to be transacted at the AGM is published on SGXNET and AA REIT's website. All Unitholders are entitled to receive a printed version of the Annual Report. Unitholders are sent a Notice of AGM and a proxy form with instructions on the appointment of proxies. 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 and a proxy form with instructions on the appointment of proxies, for Unitholders' consideration and approval. Notices of all general meetings are issued via SGXNET. Prior to voting at an AGM or any other general meeting, voting procedures will be made known to the Unitholders to facilitate the exercising of their votes.

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 CPF 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. The Manager has also taken measures to cater for the newly introduced multiple proxy regime, in anticipation of attendance by beneficial Unitholders, such as those holding Units through the CPF Investment Scheme, at general meetings. Voting *in absentia* by mail, email or fax has not been implemented due to concerns relating to issues of authentication of Unitholders' identity and other related security issues in this regard.

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 during and following the general meetings via SGXNET. Minutes of the general meeting recording the substantial and relevant comments made and questions raised by Unitholders 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 has an 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 183 of this Annual Report.

Fees payable to the Manager

The Code on Collective Investment Schemes 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 page 134 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 AA REIT 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 AA REIT. 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 aligns the interests of the Manager with Unitholders. The Manager is motivated and driven to achieve DPU growth by ensuring the long-term sustainability of the assets through proactive asset and lease management strategies as well as 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 AA REIT and to efficiently recycle capital through the divestment of under-performing or non-core assets. 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.

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

A robust internal control system and an effective independent audit review process make up the ERM framework, which addresses financial, operational, compliance and information technology risks to safeguard Unitholders' interests and 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 FY2018

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 FY2018 include the following but are not limited to:

Market 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 32 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.

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 competiveness of the properties in AA REIT's portfolio.

Project management risk

The construction and redevelopment of investment properties usually takes two to three years to complete, depending on the project size and complexity of the development. There is potential risk that such redevelopment and construction projects may not be completed within the anticipated time frame and budget. A Project Control Group is formed for each construction or redevelopment project. This group meets 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.

A Business Continuity Plan has been approved by the Board, to minimise the potential impact from disruptions to critical businesses in the event of emergencies such as terrorism, haze and pandemics. The Manager 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 and renewed 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 maintaining adequate 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 costs 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 AA REIT 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 interest rate risk regularly 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 2018, 88.1 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 2018, the Group's investment in its Australian joint venture is substantially hedged as approximately 80.0 per cent of the interest in the joint venture was funded with Australian dollar dominated 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 risk

The Manager, being a capital markets services licence holder, is required to comply with the applicable laws and regulations governing AA REIT and the Manager, including the SFA, Listing Manual, Property Funds Appendix, Trust Deed, conditions of the capital markets services licence for real estate investment trust management issued by MAS as well as tax rulings issued by 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 through training and attending talks and briefings. Various internal procedures have been put in place to facilitate staff awareness and ensure compliance with applicable laws and regulations.

GRI 102-1 | 102-3 | 102-4 | 102-46 | 102-50 | 102-52 | 102-53 | 102-54



8 Tuas Avenue 20, Singapore

AIMS AMP Capital Industrial REIT Management Limited as manager of AIMS AMP Capital Industrial REIT ("AA REIT") (the "Manager") is pleased to present our second annual sustainability report which details our environmental, governance and social performance for the financial year from 1 April 2017 to 31 March 2018 ("FY2018 Report").

The FY2018 Report has been prepared in accordance with the Global Reporting Initiative ("GRI") Standards Core option. The GRI standards were chosen as they are the first global standards for sustainability reporting. This report is also aligned with the Sustainability Reporting Guide as set out in Practice Note 7.6 of the Mainboard Listing Rules of the Singapore Exchange Securities Trading Limited ("SGX-ST").

The scope of the FY2018 Report covers all properties owned by AA REIT in Singapore (where the Manager and AA REIT are headquartered).

We welcome your questions and feedback on the FY2018 Report and any aspect of AA REIT's performance. Please contact us at:

investorrelations@aimsampcapital.com

Please visit AA REIT's website for our inaugural sustainability report.

www.aimsampcapital.com



The Board of the Manager believes that conducting business in a responsible and efficient manner is the key to long-term success. We recognise the need to be accountable to our stakeholders in building a business that is sustainable and resilient in the long run, while complying with environmental regulations and improving the quality of life. Accordingly, we are delighted to present the FY2018 Report, which demonstrates AA REIT's sustainability performance, progress and efforts over the past financial year.

The Manager has established a Sustainability Council ("SC"), which works under the guidance of the Board to ensure sustainability measures are implemented across the business. The SC will measure and review progress towards our sustainability goals and engage stakeholders to ensure targets are met.

Environment

The Manager is committed to alleviating and reducing the impact that AA REIT's business has on the environment. To support these efforts, the Manager has started integrating sustainable practices in regular operations. We have identified energy as one of the main material aspects and have taken initiatives such as mandating Building and Construction Authority ("BCA") Green Mark compliance for all new developments and using e-tools for stakeholder engagement to reduce our energy consumption. In the FY2018 Report, we have reported on our water consumption, and have commenced efforts to improve water efficiency in our operations. We consistently aim to identify areas where we may mitigate our impact on the environment by enhancing our operational practices.

Social

We value the importance of a skilled and high quality workforce in order to ensure the long-term success of our business. We have invested in training our employees to promote professional and personal growth so that they are up-to-date with the latest market trends and developments. We also reward employees who uphold our values within the organisation.

Sustainability management structure



Effective Occupational Health and Safety ("OHS") management is a subset of risk management and it has been proven to be correlated with improved productivity and staff morale. The Manager has therefore taken several initiatives to create a safe and healthy work environment for all our employees. We have set up an OHS Committee to ensure we identify potential hazards and take appropriate preventive actions. We provide our staff with regular OHS-related training and programmes to engage them and inculcate a positive and safe working culture.

Governance

Corporate governance is at the heart of our business and key in achieving our sustainability goals. Building a system in which high standards are upheld and best practices are applied business-wide is essential to our long-term performance. We strive to maintain integrity, transparency, accountability and discipline in all our practices and have put in place a robust governance framework to ensure we meet our objectives.

We thank our stakeholders for their continued support in every aspect of our business, and look forward to sharing our new initiatives and improvements as part of our sustainability journey.



Sustainability at AA REIT

GRI 102-9 | 102-11 | 102-18 | 103-2



1A International Business Park, Singapore

Our aim is to create long-term value for all our stakeholders. We are committed to giving back to the community and making positive contributions to the economy in which we operate. To help us to achieve this, we have considered several approaches which are embedded in our sustainability policy:

- observe and comply with all relevant legislation, regulations, and codes of practice;
- consider sustainability issues in key impact areas and integrate these considerations into business decisions;
- ensure all the Manager's employees are aware of its sustainability initiatives and are committed to implementing, supporting, and measuring these activities; and
- review, report and continuously strive to improve sustainability performance.

We have put in place relevant policies, programmes and procedures to manage sustainability efficiently across all our functions. We ensure all the Manager's employees are aware of the above by providing appropriate training and assigning clearly defined roles and responsibilities.

The Manager employs a risk-based management approach, which involves reviewing policies periodically, reporting compliance levels and taking adequate measures to prevent breaches. We believe that to meet our sustainability goals and live by our values, we need to integrate best practices into our day-to-day operations and are aiming to do so via tracking of energy consumption of our properties and possible future initiatives for water and waste management.

Sustainability governance

The SC is responsible for leading our sustainability initiatives and in advising the Manager's Board of Directors on the best business strategies in relation to the adoption, implementation and monitoring of various sustainability policies and programmes.

Under the SC, we have a Sustainability Steering Committee and an OHS Committee. The OHS Committee advises and makes recommendations to support AA REIT's and the Manager's health and safety matters.

Sustainability across supply chain

As we are accountable to our stakeholders, we endeavour to ensure that appropriate risk management, key internal controls and procedures are in place during the procurement of goods and services.

In FY2018, we have a pool of approximately 350 active suppliers, including facility managers, maintenance service providers, contractors, professional consultants and financial institutions which are mainly based in Singapore. Our suppliers are selected based on criteria such as reputation, professional expertise, track record, pricing, financial standing and compliance with legal requirements. Where feasible and applicable, we will obtain at least three quotes for a procurement. If the contract sum is substantial, we will conduct a pre-qualification and tender process. The tender will be awarded to the supplier that has best met all the necessary criteria.

In the future, we also aim to incorporate sustainability measures into our value chain and consider environmental factors wherever possible.



Stakeholder engagement

GRI 102-40 | 102-42 | 102-43 | 102-44

The Manager believes it is essential to engage with stakeholders and understand the material issues that are most important to them. Given the diversity of our stakeholders, we have identified the key groups based on importance, representation, responsibility, dependency and proximity to AA REIT's business.

We maintain regular dialogue with our main stakeholders and strive to integrate their valued input into our sustainability strategy. We continuously seek to improve our communication channels with stakeholders and strengthen our relationship with them. In FY2018, we conducted a survey to obtain feedback from stakeholders on our inaugural sustainability report for the financial year from 1 April 2016 to 31 March 2017 ("FY2017 Report"). We have received positive feedback from the survey and have addressed stakeholders' proposed areas for improvement in the FY2018 Report.

Stakeholder	Concerns raised	Modes of engagement	Frequency of engagement
Startification	Economic performance	Engagement through formal survey	Biennially
	Anti-corruption	Dedicated investor relations team	Periodically
Unitholders/	Occupational health	Dedicated investor relations section in AA REIT website	Periodically
investors	and safety	Quarterly announcement of financial results	Quarterly
		Quarterly results briefing for analysts	Quarterly
		Regular financial and non-financial performance updates on the SGX	Periodically
		Annual General Meeting	Annual
		Regular investor meetings via investor conferences, face-to-face meetings and non-deal roadshows	Periodically
	Economic performance	Engagement through formal survey	Biennially
Bankers (financiers of AA REIT)	EnergyEnvironmental compliance	Email updates and regular informal communication through phone or face-to-face meetings	Periodically
	Economic performance	Engagement through formal survey	Biennially
щ	 Environmental 	Regular site visits, face-to-face meetings and phone calls	Periodically
Tenants	compliance	Routine notices/email updates	Periodically
	Market presence	Targeted sponsorship to support tenants' corporate events	Periodically
• . 4. •	• Energy	Engagement through formal survey	Biennially
₹	Training and education	Regular meetings	Bi-monthly
Property managers	Anti-corruption	Email updates and phone calls	Periodically
2 2	 Occupational 	Engagement through formal survey	Biennially
Bond holders	health and safetyEnergyAnti-corruption	Face-to-face meetings	Periodically
	Economic performance	Engagement through formal survey	Biennially
İŸİ	 Anti-corruption 	Board meetings	Quarterly
Board of Directors	Environmental compliance	Email updates and regular informal communication through phone	Periodically
		Directors' orientation and training	Periodically
Ø 1	Economic performance	Engagement through formal survey	Biennially
74	• Employment	Training and team building activities	Periodically
Senior	 Training and education 	Department meetings	Monthly
management and team members		Performance review	Annually



Materiality assessment

GRI 102-46 | 102-47 | 103-1

The Manager defined the scope of the FY2018 Report content based on the principles of materiality, stakeholder inclusiveness, sustainability context, and completeness.

To identify the key material matters for the FY2018 Report, we conducted a materiality assessment last year to define key aspects and indicators necessary for business sustainability. Guided by an external sustainability consultant, we have involved all our identified key stakeholders in our assessment. The key stakeholders of the Manager and AA REIT were engaged through various platforms including formal surveys. We consolidated their feedback and consulted the SC to prioritise the material aspects identified based on the importance to external stakeholders and the impact we are making towards the economy, environment and society. We are committed to updating the materiality assessment on a biennial basis.



Material aspects and indicators identified



Economic

Material aspects

Economic Performance

List of GRI indicators

201-1 Direct economic value generated and distributed

Aspect boundary

Within organisation



Environment

Material aspects

Energy

List of GRI indicators

302-1 Energy consumption within the organisation

Aspect boundary

Common areas of properties with operational control

Material aspects

Water

List of GRI indicators

303-1 Water withdrawal by source

Aspect boundary

Common areas of properties with operational control



Social

Material aspects

Occupational Health and Safety

List of GRI indicators

403-1 Workers representation in formal joint management-worker health and safety committees

Aspect boundary

Within organisation and tenants

Material aspects

Training and Education

List of GRI indicators

404-1 Average hours of training per year per employee

Aspect boundary

Within organisation



The Manager is committed to conducting its business in a responsible and efficient manner. Our goal is for our operations to have minimal impact on the environment. To demonstrate this commitment, we have incorporated green practices into our daily business activities.

At present, approximately one third of AA REIT's Singapore portfolio (by net lettable area) is BCA Green Mark compliant. Furthermore, we are exploring the feasibility of all new developments undertaken by AA REIT to achieve BCA Green Mark Gold or higher.

We endeavour to promote environmentally-friendly habits and drive awareness amongst our employees through good practices such as encouraging double-sided printing, use of eco-friendly products and placing recycling bins in the office. AA REIT's annual reports are printed on FSC Certified paper.

In our upcoming annual general meeting on 26 July 2018, we will be seeking Unitholders' approval to distribute AA REIT's annual report by electronic means to further reduce our carbon footprint.

Energy

GRI 103-1 | 103-2 | 103-3 | 302-1

Excessive energy consumption is one of the major contributors to greenhouse gas emissions globally and the environmental and climate challenges faced today. In accordance with the Paris Agreement in December 2015, Singapore has pledged to reduce its emissions intensity by 36 per cent by 2030 compared to 2005 levels. AA REIT is prepared to do its utmost to help reduce its emissions and continues to look for avenues where we can innovate to further reduce our emissions and energy usage.

Our approach

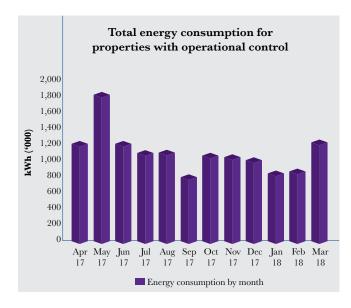
The built environment contributes to a major part of global energy use, which translates to added costs to the business. We continuously strive to improve our performance and consistently monitor the effectiveness of our investments in sustainable installations such as LED lights, energy efficient equipment, motion detectors for lights and sensors to monitor consumption.

FY2018 performance

The FY2018 Report covers the energy consumption of 19 out of 27 properties in our portfolio, over which we have operational control (FY2017: AA REIT had operational control over 17 out of 27 properties in its portfolio). The data presented below included common areas (building services, corridors and perimeter lighting). The energy consumption was from non-renewable sources (electricity) only and our electricity consumption was based on meter reading.

The total energy consumption for FY2018 was 12,772,248 kWh for the 19 properties based in Singapore. This was approximately a 16 per cent increase from last year mainly due to AA REIT taking over operational control of more properties including five phases of 20 Gul Way which reverted to multi-tenancy leases since December 2016, the expiry of the master lease at 3 Tuas Avenue 2 as well as the commencement of operations at 8 Tuas Avenue 20 which obtained its Temporary Occupation Permit on 29 August 2017. The graph below shows the energy consumption per month for FY2018.

Additional energy efficiency initiatives such as the installation of motion sensors and LED lights at 1 Bukit Batok Street 22 and 3 Toh Tuck Link were rolled out in FY2018.



FY2019 target

We aim to complete the installation of LED lights and other energy efficient fittings at selected properties in the upcoming financial year. For the redevelopment of 3 Tuas Avenue 2, we will be targeting to achieve Green Mark Gold certification by BCA.



Water

GRI 103-1 | 103-2 | 103-3 | 303-1

The Manager is committed to the sustainable management of water and we understand our responsibility to address the local and global challenges present with regard to water scarcity and the need to conserve water. Therefore, in FY2018 we have decided to track and analyse our water consumption so that we can take necessary, appropriate steps to help reduce our water consumption. The results are also shared with our employees to educate them on the importance of running a sustainable business and encourage them to adopt good practices with regard to day-to-day operations and water consumption.

Our approach

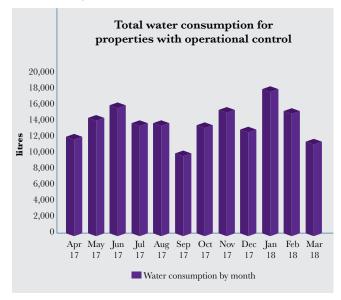
The Manager has started to track the water consumption of the properties in AA REIT's portfolio over which we have operational control and will continue to monitor and track water usage. We are a Public Utilities Board ("PUB") Friend of Water Steward and participated in Singapore World Water Day 2018 held on 3 March 2018. The Manager's staff had pledged to the PUB to conserve water by adopting best practices in their daily habits. In addition, the Manager will install water efficient fittings in its newly developed properties.



Singapore World Water Day held on 3 March 2018

FY2018 performance

We measured the total volume of water consumed for our Singapore operations. Only municipal water was utilised and the total volume consumed was 164,674 litres for the 19 Singapore-based properties over which we have operational control. This data was derived from meter reading. The graph below shows the water consumption breakdown by month.



FY2019 target

We are an active advocate of water conservation and aim to progressively achieve Water Efficiency Basic Certification for all eligible buildings in AA REIT's portfolio. Moving forward, all water fittings are to be upgraded to those with at least three-tick Water Efficiency Labels to be water efficient.



Occupational Health and Safety

GRI 103-1 | 103-2 | 103-3 | 403-1

We make it our utmost priority to provide a safe working environment for all our employees. This encompasses both the physical safety and well-being of our workforce. We actively promote occupational health and safety by implementing various strategies that drive awareness, minimise workplace injuries and encourage the overall well-being of our employees, as detailed below.

Our approach

We established an OHS Committee in FY2017, which is responsible for managing and initiating our OHS activities such as organising full body medical health screenings for our staff. Our OHS Committee currently comprises four members from various departments and represents approximately 18 per cent of our workforce. This committee operates at an organisational level. We have trained our staff to identify potential hazardous situations and report them to the OHS Committee for their timely action.

FY2018 initiatives

A number of initiatives were completed in FY2018 including activities set out as part of the OHS programmes in our FY2017 report. These are as follows:

- · Upgraded and maintained existing first aid kit;
- Stocked up on 3M N95 masks in preparation for hazy conditions and finalised the Guidelines for the Protection of Employees against the effects of Haze at Workplaces in our business continuity plan;
- Sent two staff members to attend a Certified Standard First Aid and Automated External Defibrillator ("AED") Provider, run by Singapore Heart Foundation;
- Ensured proper maintenance of fire extinguishers at the workplace;
- Conducted an internal office campaign to educate staff on workplace health and safety including proper desk ergonomics and sitting posture;
- Provided fruits for staff on a weekly basis to promote healthy eating; and
- Encouraged the adoption of healthy lifestyles both at the office and in employees' personal lives.

FY2019 target

In recognition of our efforts, we obtained bizSAFE level 1 certification this year. The Manager aims to consistently improve our performance and achieve bizSAFE level 2 certification in the next financial year.

OHS programmes

AA REIT 10th Anniversary Celebration

In conjunction with AA REIT's 10th year anniversary celebration, the Manager launched a workplace health and safety campaign for tenants. As part of the campaign, the Manager distributed brochures containing health and safety at work tips and apples to tenants at our properties.



National Steps Challenge

In conjunction with Health Promotion Board's ("HPB") National Steps Challenge Season 3 which started on 28 October 2017 and ended on 30 April 2018, the Manager organised an intra-company steps challenge where staff were divided into teams to compete. The OHS committee assisted all staff and their families to collect the free step trackers issued by HPB.



$Staff\ health\ and\ wellness\ programmes\ in\ FY2018$



4 May 2017 Healthy eating at the workplace

Staff attended a talk by a nutritionist/dietician about healthy eating and the benefits of adopting a good diet regardless of their busy schedules.





9 October 2017
 Preparedness for terrorist attacks, CPR,
 AED and fire safety

The staff attended a seminar where experts shared valuable information on core lifesaving skills, safety tips and essential emergency procedures with greater emphasis on practical hands-on engagements.

9 January 2018
The window to your overall health

A lunchtime health and wellness seminar was held where an optometrist was invited to give the staff an informative and insightful talk into their overall health based on the condition of their iris.



Training and Education

GRI 102-7 | 102-8 | 103-1 | 103-2 | 103-3 | 404-1

We believe our employees are our most valuable asset and we recognise the importance of providing ample opportunities for their personal and professional development. By nurturing our employees, we help them perform to the best of their abilities as valued and empowered team members.

Our approach

We keep our employees abreast of the latest industry and career developments through professional courses and on-the-job training throughout the year. Some of these courses include:

- Wolters Kluwer: Overcoming New Challenges in Corporate Secretarial Practice - 2017 Update
- REIT Association of Singapore ("REITAS") Inaugural REIT Management Course
- Excel training for data analysis and reporting

We also ensure that our employees are made aware of the importance of sustainability in our industry by conducting events such as the Sustainability Strategy Lab for them. It helped them understand the current sustainability trends in the industry and develop a sustainability roadmap for the next three years, including an action plan.

We hope to keep providing opportunities to our employees to continuously grow and develop skills that are relevant to our industry.



8 September 2017 – Deloitte Sustainability Strategy Lab

FY2019 target

We have increased our average training hours per employee per annum from 22 hours to 37.6 hours this year, which surpassed our FY2018 target of 25 hours. We hope to attain an average training hours of at least 26 hours per employee per annum in the upcoming financial year.

FY2018 statistics

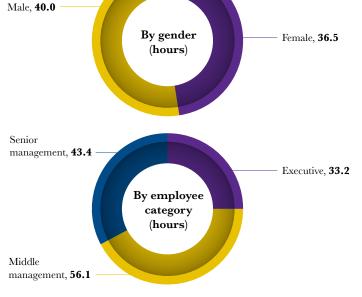


Note: All our employees are permanent employees based in Singapore.

Average training hours per employee per annum

37.6 hours

Average training hours per employee per annum





Community engagement

The Manager believes that investing in the communities we operate in is a crucial part of our sustainability strategy. We are committed to creating a difference through our business and strive to inculcate a culture of responsible corporate citizenship in our organisation. Starting from FY2017, the Manager launched its Blessed for Good ("BFG") project where the Manager adopted two elderly care centres, namely Fei Yue Senior Activity Centre (Holland Close) and Golden Years Centre (St Luke's Eldercare). Both care centres are also classed as Voluntary Welfare Organisations ("VWO") by the Ministry of Social and Family Development, being non-profit organisations providing welfare services and/or services benefitting the community at large. Under the BFG project, employees were given up to two days' paid leave per year to undertake voluntary work in these adopted centres.



On 18 August 2017, the Manager's employees brought seniors from St Luke's Eldercare (Golden Years Centre) for an outing to Gardens by the Bay followed by a luncheon.



On 25 August 2017, the Manager's employees brought seniors from Fei Yue Senior Activity Centre for an outing to Jurong Bird Park.

For the upcoming financial year ending 31 March 2019 ("FY2019"), the Manager has adopted a new VWO centre, XiSer CareServe (formerly known as Tai Pei Social Service) ("XiSer").

Since 2006, XiSer has operated as a step-down care facility caring for long staying patients from Institute of Mental Health in Buangkok Green Medical Park. XiSer was established to care for persons with mental disorders requiring long term care and support, regardless of race or religion. Most of XiSer's residents are either destitute individuals who have been rejected by their families or whose families do not have the means or are unable to care for them.



Awards and recognition

We are proud to have been recognised for our efforts in sustainability and governance. These awards provide an external benchmark for measuring our performance and reinforce the importance of our commitment to upholding the highest standards and best practices across the business.



Gold Award for Excellence in Governance, CSR, ESG and Investor Relations

AA REIT was awarded the Gold Award at the Asset Corporate Awards 2017, in recognition of the Manager's continued commitment to uphold high standards of corporate governance, corporate social responsibility, environmental responsibility and investor relations.



Shareholder Communications Excellence Award

In recognition of adoption of good corporate governance and investor relations practices, AA REIT was awarded the Shareholder Communications Excellence Award (Mid Cap) by the Securities Investors Association (Singapore) ("SIAS") at the SIAS 18th Investors' Choice Awards 2017.



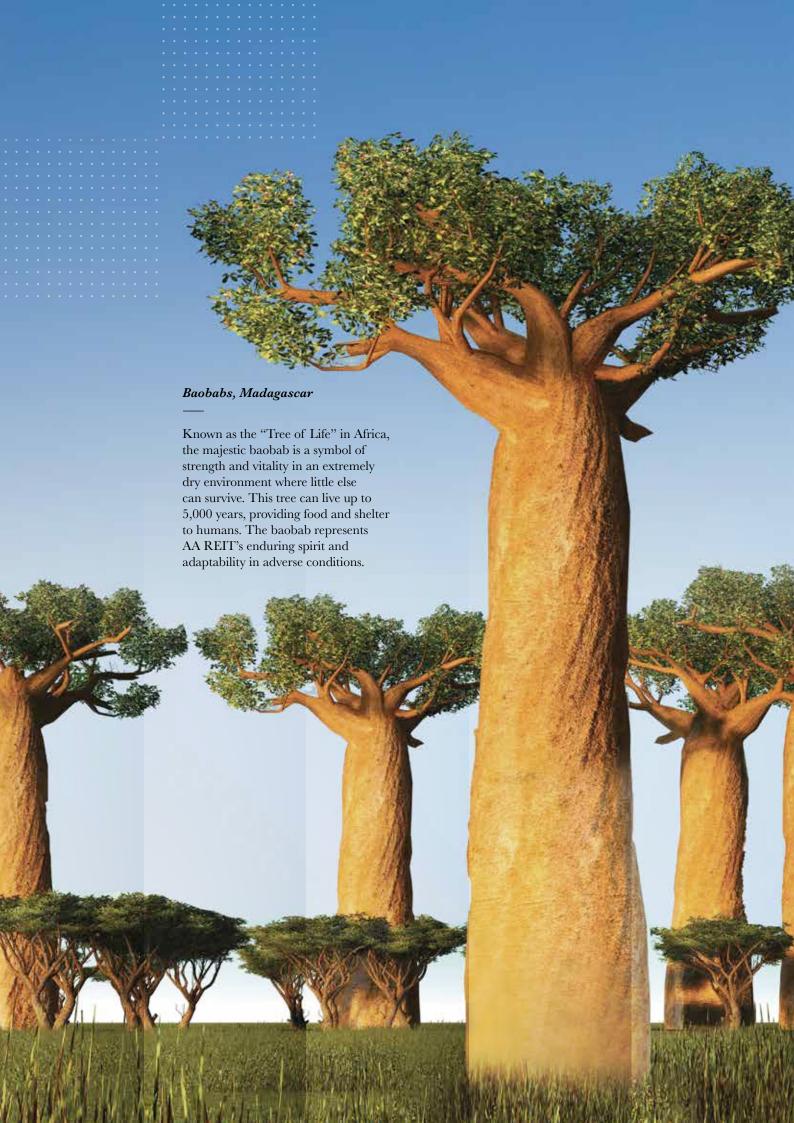
Traditional Annual Report Award (Honors)

As a testament to the Manager's transparent approach and active engagement with investors, analysts, media and the general investment community, AA REIT was awarded the Traditional Annual Report Award (Honors) at the 2017 International ARC Awards.

GRI content index

		General standard disclos	ures		
GRI standard	Disclos	sure	Chapter, page reference, performance and/or explanation for omissions		
	Organi	Organisation profile			
GRI 102: General	102-1	Name of the organisation	4, 52		
Disclosures 2016	102-2	Activities, brands, products and services	Industrial real estate management		
	102-3	Location of headquarters	52 Corporate Directory		
	102-4	Location of operations	101		
	102-5	Ownership and legal form	25, 133		
	102-6	Markets served	101-104		
	102-7	Scale of the organisation	10-12, 61, 101-104, 109-115		
	102-8	Information on employees and other workers	61		
	102-9	Supply chain	54		
	102-10	Significant changes to organisation and its supply chain	Not applicable		
	102-11	Precautionary principle or approach	54		
	102-12	External initiatives	 We conduct our business by aligning ourselves to the highest global standards. We also support various external charters and principles, which include: Applicable provisions of the Securities and Futures Act (Chapter 289) Listing Manual issued by SGX-ST Code on Collective Investment Schemes including Appendix 6 thereto on property funds Code of Corporate Governance 2012 We have also adopted various corporate policies and procedures to support the Board and management. These can be found on pages 30-51 of the corporate governance statement section. 		
	102-13	Membership of associations	The Manager is a member of REITAS. The Manage is dedicated to conduct business in a responsible manner and recognises UN Global Compact Ten Principles in order to have minimal negative environmental impact.		
	Strategy				
	102-14	Statement from the most senior decision maker of the organisation	53		
	Ethics	and integrity			
	102-16	Values, principles and norms of behaviour	4, 30-51		
	Govern	nance			
	102-18	Governance structure	30-51, 54		
	Stakeh	older engagement			
	102-40	List of stakeholder groups	55		
	102-41	Collective bargaining agreements	Not applicable		
	102-42	Identifying and selecting stakeholders	55		
	102-43	Approach to stakeholder engagement	55		
	102-44	Key topics and concerns raised	55		
	102-45	Entities included in the consolidated financial statements	152-153		

		General standard disclosu	res	
GRI standard	Disclosure		Chapter, page reference, performance and/or explanation for omissions	
		ing practice		
GRI 102: General	102-46	Defining report content and topic boundaries	52, 56	
Disclosures 2016	102-47	List all material topics	56	
	102-48	Restatements of information	Restated total values for energy consumption for FY2017. Reported value: 11,945,641 kWh; actual value should be: 11,025,987 kWh	
	102-49	Changes in reporting	Additional material issue: 303-1: Water 13-17, 101-104, 109-115	
	102-50	Reporting period	52	
	102-51	Date of the most recent report	May 2017	
	102-52	Reporting cycle	52	
	102-53	Contact point of questions regarding the report	52	
	102-54	Claims of reporting in accordance with GRI standards	52	
	102-55	GRI content index	64 - 65	
	102-56	External assurance	We are not seeking external assurance for this reporting period.	
		Material topics		
		Economic		
GRI 103: Management		Explanation of the material topic and its boundary		
Approach 2016	103-2	Direct economic value generated and distributed	7-9, 54, 56	
	103-3	Evaluation of the management approach		
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	123-180	
		Environment		
GRI 103: Management	103-1	Explanation of the material topic and its boundary		
Approach 2016	103-2	The management approach and its components	54, 56, 57	
	103-3	Evaluation of the management approach		
GRI 302: Energy 2016	302-1	Energy consumption within the organisation	57	
GRI 103:	103-1	Explanation of the material topic and its boundary		
Management	103-2	The management approach and its components	54, 56, 58	
Approach 2016	103-3	valuation of the management approach		
GRI 303: Water 2016	303-1	Water withdrawal by source	58	
		Social		
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary		
	103-2	The management approach and its components	54, 56, 59	
	103-3	Evaluation of the management approach		
GRI 403: Occupational Health and Safety 2016	403-1	Workers representation in formal joint management-worker health and safety committees	59	
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary		
	103-2	The management approach and its components	54, 56, 61	
	103-3	Evaluation of the management approach	1	
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	61	





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. The property has 291 loading and unloading bays that are mostly fitted with dock-levellers.

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 is 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

1 /	
Valuation (S\$'million)	250.40
Valuation date	31 March 2018
Valuation as percentage of	
total portfolio value (%)	17.26
Capitalisation rate (%)	6.75
Acquisition date	19 April 2007
Purchase price (S\$'million)	39.40
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)	150,844.72
Property type	Ramp-up Warehouse
Town planning	Business 2

Lease terms

Lease type	Part master lease	
	(CWT Pte. Limited),	
	part multi-tenanted	
Occupancy of property (%)	87.3%	
Annual gross rental income		
FY2018 (S\$'million)	20.88	

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

The property is a secure campus style A Grade business park and comprises six four and five-storey buildings and parking for 2,100 cars. 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.



Property details

Valuation (S\$'million)	222.041
Valuation date	31 March 2018
Valuation as percentage of	
total portfolio value (%)	15.31
Capitalisation rate (%)	6.50
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	
FY2018 (S\$'million)	17.11

- Based on 49.0 per cent interest in the property and exchange rate of A\$1.00 = S\$1.006975. The valuation for the property is A\$450.0 million appraised by Jones Lang LaSalle Advisory Services Pty Ltd as at 31 March 2018.
- Based on 49.0 per cent interest in the property and exchange rate of A\$1.00 = S\$1.113350. The purchase price for the 49.0 per cent interest in the property was A\$184.425 million.

Property Showcase

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

1 /	
Valuation (S\$'million)	169.00
Valuation date	31 March 2018
Valuation as percentage of	
total portfolio value (%)	11.65
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)	95,091.00
Property type	Ramp-up Warehouse
Town planning	Business 2

Lease terms

Lease type	Multi-tenanted
Occupancy of property (%)	86.6
Annual gross rental income	
FY2018 (S\$'million)	14.66

8 & 10 Pandan Crescent, Singapore

The property comprises one five-storey (Block 8) and one 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 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)	146.00
Valuation date	31 March 2018
Valuation as percentage of	
total portfolio value (%)	10.06
Capitalisation rate (%)	6.00
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)	65,889.30
Property type	Cargo Lift Warehouse
Town planning	Business 2

Lease terms

Lease type	Multi-tenanted
Occupancy of property (%)	89.6
Annual gross rental income	
FY2018 (S\$'million)	10.32

Property Showcase

29 Woodlands Industrial Park E1, Singapore

The property comprises an L-shaped four-storey high-technology light industrial building with a 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 south-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 the upcoming Woodlands North MRT station. Its accessibility to other parts of Singapore is enhanced by its proximity to Seletar Expressway, Bukit Timah Expressway and the upcoming North-South Expressway and is approximately 23.5 km from the City Centre.



Property details

102.00
31 March 2018
7.03
6.50
21 February 2011
72.00
8 January 2055
17,955.50
45,481.26
36,767.75
Hi-Tech
Business 2

Lease terms

Lease type	Multi-tenanted
Occupancy of property (%)	100.0
Annual gross rental income	
FY2018 (S\$'million)	10.18

1A International Business Park, Singapore

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 some ancillary supporting 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.



Property details

Valuation (S\$'million)	88.50
Valuation date	31 March 2018
Valuation as percentage of	
total portfolio value (%)	6.10
Capitalisation rate (%)	6.00
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

Lease terms

Lease type	Master Lease (Eurochem
	Corporation Pte Ltd)
Occupancy of property (%)	100.0
Annual gross rental income	
FY2018 (S\$'million)	8.70

30 Tuas West Road, Singapore

The property comprises a purpose-built five-storey ramp-up warehouse facility with mezzanine office and six loading and unloading bays with dock-levellers on each level.

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 from the City Centre. The property is a short walk from the Tuas West Road MRT station. 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 (S\$'million)	59.10
Valuation date	31 March 2018
Valuation as percentage of	
total portfolio value (%)	4.07
Capitalisation rate (%)	6.25
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
Gross floor area (sq m)	26,817.48
Net lettable area (sq m)	26,817.48
Property type	Ramp-up Warehouse
Town planning	Business 2

Lease terms

Lease type	Master Lease
	(CWT Pte. Limited)
Occupancy of property (%)	100.0
Annual gross rental income	
FY2018 (S\$'million)	5.30

51 Marsiling Road, Singapore

The property is a five-storey purpose-built industrial building which is fully air-conditioned with cargo lift access and ancillary canteen. The building is served by two passenger lifts, one fireman lift, two cargo lifts as well as four loading and unloading bays with dock-levellers. The property achieved its Temporary Occupation Permit ("TOP") on 27 October 2017.

It is situated at the junction of Marsiling Lane and Marsiling Road within the Marsiling Industrial Estate and is approximately 31.0 km from the City Centre. The property is well served by expressways such as Bukit Timah Expressway and Seletar Expressway. It is a short drive from the Woodlands Checkpoint and is within close proximity to the Woodlands, Marsiling and Admiralty MRT stations as well as the upcoming Woodlands North and Woodlands South MRT stations.



Property details

Valuation (S\$'million)	43.00
Valuation date	31 March 2018
Valuation as percentage	
of total portfolio value (%)	2.97
Capitalisation rate (%)	6.50
Acquisition date	16 November 2016
Development cost ¹ (S\$'million)	34.9
Leasehold title expiry date	31 July 2044
Land area (sq m)	8,611.60
Gross floor area (sq m)	21,529.00
Net lettable area (sq m)	21,529.00
Property type	Manufacturing
Town planning	Business 2

Lease type	Master Lease (Beyonics
	International Pte Ltd)
Occupancy of property (%)	100.0
Annual gross rental income	Income contribution
FY2018 (S\$'million)	from 1Q FY2019

Including land cost of S\$9.72 million.

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 from the City Centre.



Property details

Valuation (S\$'million)	35.30
Valuation date	31 March 2018
Valuation as percentage of total portfolio value (%)	2.43
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)	22,594.00
Net lettable area (sq m)	17,886.00
Property type	Industrial
Town planning	Business 2

Lease terms

Lease type	Multi-tenanted
Occupancy of property (%)	100.0
Annual gross rental income	
FY2018 (S\$'million)	3.70

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/scissors lifts, 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 from the City Centre.



Property details

35.00
31 March 2018
2.41
6.75
21 January 2008
14.50
30 June 2043
7,541.00
18,852.50
17,604.59
Cargo Lift Warehouse
Business 1

Lease type	Multi-tenanted
Occupancy of property (%)	92.4
Annual gross rental income	
FY2018 (S\$'million)	3.46

8 Tuas Avenue 20, Singapore

The property is a three-storey versatile industrial facility with ramp and cargo lift access. The building has 12 loading and unloading bays with dock-levellers and direct vehicular access to the second storey via a ramp. It achieved TOP on 29 August 2017.

The property 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 from the City Centre. It 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 Tuas West Road MRT station and is a short drive from the Tuas Checkpoint, the second causeway between Singapore and Malaysia.



Property details

Valuation (S\$'million)	28.00
Valuation date	31 March 2018
Valuation as percentage of	
total portfolio value (%)	1.93
Capitalisation rate (%)	6.25
Acquisition date	19 April 2007
Purchase price (S\$'million)	11.60
Leasehold title expiry date	15 November 2051
Land area (sq m)	10,560.00
Gross floor area (sq m)	14,757.80
Net lettable area (sq m)	13,335.19
Property type	Manufacturing
Town planning	Business 2

Lease terms

Lease type	Multi-tenanted
Occupancy of property (%)	83.2
Annual gross rental income	
FY2018 (S\$'million)	0.36

1 Bukit Batok Street 22, Singapore

The property comprises an eight-storey light industrial building incorporating a four-storey factory and an eight-storey 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 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)	25.70
Valuation date	31 March 2018
Valuation as percentage of total portfolio value (%)	1.77
Capitalisation rate (%)	6.50
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)	14,115.90
Property type	Industrial
Town planning	Business 1

Lease type	Multi-tenanted
Occupancy of property (%)	42.6
Annual gross rental income	
FY2018 (S\$'million)	2.01

3 Toh Tuck Link, Singapore

The property comprises a part four-storey and part five-storey warehouse building with ancillary office spaces. The warehouse spaces are located at levels one and three while the ancillary office spaces spans 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)	22.50
Valuation date	31 March 2018
Valuation as percentage of total portfolio value (%)	1.55
Capitalisation rate (%)	6.50
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)	12,492.40
Net lettable area (sq m)	11,956.10
Property type	Cargo Lift Warehouse
Town planning	Business 2

Lease terms

Lease type	Multi-tenanted
Occupancy of property (%)	100.0
Annual gross rental income	
FY2018 (S\$'million)	2.61

10 Changi South Lane, Singapore

The property comprises a part five-storey and part seven-storey warehouse with ancillary office space. The building has one passenger lift, three cargo lifts and eight loading and unloading bays with dock-levellers.

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 from the City Centre. It is in close proximity to the Singapore Expo, Changi Business Park and Changi International Airport.



Property details

Valuation (S\$'million)	22.30
Valuation date	31 March 2018
Valuation as percentage of total portfolio value (%)	1.54
Capitalisation rate (%)	6.50
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)	12,612.88
Property type	Cargo Lift Warehouse
Town planning	Business 2

Lease type	Multi-tenanted
Occupancy of property (%)	90.3
Annual gross rental income	
FY2018 (S\$'million)	1.92

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, 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 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)	22.20
Valuation date	31 March 2018
Valuation as percentage of total portfolio value (%)	1.53
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)	8,456.43
Property type	Industrial
Town planning	Business 2

Lease terms

Lease type	Multi-tenanted
Occupancy of property (%)	95.4
Annual gross rental income	
FY2018 (S\$'million)	2.35

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 common 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 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.



Property details

Valuation (S\$'million)	21.40
Valuation date	31 March 2018
Valuation as percentage of total portfolio value (%)	1.48
Capitalisation rate (%)	6.50
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)	14,187.30
Net lettable area (sq m)	11,791.79
Property type	Cargo Lift Warehouse
Town planning	Business 2

Lease type	Multi-tenanted
Occupancy of property (%)	91.7
Annual gross rental income	
FY2018 (S\$'million)	1.84

135 Joo Seng Road, Singapore

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.

It is located at the north-western junction of Joo Seng Road and Jalan Bunga Rampai and is approximately 8.0 km 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.



Property details

Valuation (S\$'million)	20.30
Valuation date	31 March 2018
Valuation as percentage of total portfolio value (%)	1.40
Capitalisation rate (%)	6.50
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)	9,666.35
Property type	Industrial
Town planning	Business 1

Lease terms

Lease type	Multi-tenanted
Occupancy of property (%)	90.0
Annual gross rental income	
FY2018 (S\$'million)	1.96

61 Yishun Industrial Park A, Singapore

The property comprises a six-storey light industrial building suitable for light 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 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 details

20.00
31 March 2018
1.38
6.75
21 January 2008
24.60
31 August 2052
5,921.80
14,601.00
11,916.90
Industrial
Business 2

Lease type	Multi-tenanted
Occupancy of property (%)	67.4
Annual gross rental income	
FY2018 (S\$'million)	1.57

56 Serangoon North Avenue 4, Singapore

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

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.



Property details

Valuation (S\$'million)	19.50
Valuation date	31 March 2018
Valuation as percentage of total portfolio value (%)	1.35
Capitalisation rate (%)	6.50
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)	9,899.93
Property type	Cargo Lift Warehouse
Town planning	Business 1

Lease terms

Lease type	Multi-tenanted
Occupancy of property (%)	98.1
Annual gross rental income	
FY2018 (S\$'million)	2.24

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 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 2018
Valuation as percentage of total portfolio value (%)	1.10
Capitalisation rate (%)	6.50
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

Lease type	Master Lease
	(King Plastic Pte Ltd)
Occupancy of property (%)	100.0
Annual gross rental income	
FY2018 (S\$'million)	1.99

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. There are ongoing asset enhancement works for the property, which includes the upgrading of existing lifts and installation of an additional cargo lift. These works are expected to be completed by end of 2018.

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 from the City Centre. The property is well-served by major arterial roads and expressways such as Central Expressway, Seletar Expressway and Tampines Expressway and is within close proximity to Yio Chu Kang MRT station and bus interchange.



Property details

Valuation (S\$'million)	15.70
Valuation date	31 March 2018
Valuation as percentage of total portfolio value (%)	1.08
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

Lease terms

Lease type	Master Lease
71	(CIT Cosmeceutical Pte. Ltd)
Occupancy of property (%)	100.0
Annual gross rental income	
FY2018 (S\$'million)	2.30

8 Senoko South Road, Singapore

The property comprises a six-storey food processing factory with an ancillary office building and a single-storey annex building. The building is served by one 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 upcoming 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)	12.30
Valuation date	31 March 2018
Valuation as percentage of	
total portfolio value (%)	0.85
Capitalisation rate (%)	6.50
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

Lease type	Master Lease (Sin Hwa Dee
	Food Stuff Industries Pte Ltd)
Occupancy of property (%)	100.0
Annual gross rental income	
FY2018 (S\$'million)	1.42

1 Kallang Way 2A, Singapore

The property comprises an eight-storey building used for light industrial production and ancillary offices. The building is served by two passenger lifts, one cargo lift, one fireman's lift and three loading and unloading bays.

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

7 Clementi Loop, Singapore

The property comprises a warehouse and office building with a single level high-bay warehouse and a four-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 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.



Property details

Valuation (S\$'million)	12.20
Valuation date	31 March 2018
Valuation as percentage of	0.94
total portfolio value (%)	0.84
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)	6,583.50
Property type	Industrial
Town planning	Business 2

Lease terms

Lease type	Multi-tenanted
Occupancy of property (%)	96.3
Annual gross rental income	
FY2018 (S\$'million)	1.10



Property details

Valuation (S\$'million)	12.20
Valuation date	31 March 2018
Valuation as percentage of	
total portfolio value (%)	0.84
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

Lease type	Multi-tenanted
Occupancy of property (%)	77.0
Annual gross rental income	
FY2018 (S\$'million)	1.38

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 and one cargo lift.

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 from the City Centre. The property is a short drive from Tuas West Road and Tuas Link MRT stations and the Tuas Checkpoint, the second causeway between Singapore and Malaysia.



Property details

Valuation (S\$'million)	11.50
Valuation date	31 March 2018
Valuation as percentage of	
total portfolio value (%)	0.79
Capitalisation rate (%)	6.50
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

Lease terms

Lease type	Master Lease
	(Aalst Chocolate Pte Ltd)
Occupancy of property (%)	100.0
Annual gross rental income	
FY2018 (S\$'million)	1.23

3 Tuas Avenue 2, Singapore

The property is currently being developed into a four-storey ramp-up industrial facility¹ and is expected to be completed in the second half of 2019.

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 and Tuas Crescent MRT station and is approximately 26.0 km 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 on "As is" basis (S\$'million)	18.60
Valuation on "Completed" basis (S\$'r	nillion) 51.00
Valuation date	31 March 2018
Valuation as percentage of total portfolio value (%)	1.28
Capitalisation rate (%)	6.50
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
Proposed gross floor area (sq m)	$24,890.00^{1}$
Proposed net lettable area (sq m)	$23,400.00^{1}$
Property type	Manufacturing / Industrial
Town planning	Business 2

Lease terms

Lease type	Multi-tenanted
Occupancy of property (%)	Under development
Annual gross rental income	0.09 (prior to
FY2018 (S\$'million)	redevelopment works)

Subject to authorities' approvals.

The following report was prepared by Colliers International Consultancy & Valuation (Singapore) Pte Ltd ("Colliers International") as at 30 April 2018 for the purpose of its inclusion in this Annual Report.

1. Overview of Singapore economy

1.1 Singapore economic overview

According to the advanced estimates by the Singapore Ministry of Trade and Industry ("MTI") as at 30 April 2018, the Singapore economy grew by 4.3 per cent year-on-year ("y-o-y") in 1Q 2018, a further improvement compared to the growth rate of 3.6 per cent in 4Q 2017 and 2.4 per cent in 2016.

Based on the media release by the Singapore Economic Development Board ("EDB"), Singapore's manufacturing output increased by 5.9 per cent y-o-y in March 2018. All major sectors grew over the first quarter of 2018, except for the biomedical manufacturing cluster which contracted by 5.4 per cent y-o-y over the same period mainly due to the drop of 7.2 per cent in the pharmaceuticals sector.

The electronics and precision engineering clusters were the key contributors to the overall growth in manufacturing output, which expanded by 12.4 per cent and 10.5 per cent respectively in March 2018. The electronics cluster was driven mainly by the semiconductor segment which grew 18.8 per cent y-o-y, while the robust expansion of the precision engineering cluster was led by the precision modules & components segment with a robust growth of 31.1 per cent y-o-y.

1.2 Inflation rate

Based on the Department of Statistics Singapore's latest data, the Consumer Price Index ("CPI")-All Items in Singapore increased by 0.2 per cent y-o-y in March 2018, compared to 0.6 per cent for 2017 as a whole (Exhibit 1-1). The largest contributor for the growth in CPI inflation was education cost and healthcare cost, which rose by 3.0 per cent and 2.1 per cent y-o-y respectively as a result of higher tuition & other fees as well as medical & dental treatment. Other contributors include the food prices (1.4 per cent), clothing & footwear (1.2 per cent), prices of household durables & services (0.7 per cent), recreation & culture costs (0.6 per cent), and miscellaneous goods & services. The price gains in these CPI categories were partially offset by a drop of 2.0 per cent in the cost of housing and utilities due to a decline in accommodation costs.

Exhibit 1-1: Singapore inflation rate (2007 to 2022 forecast)

Source: Oxford Economics & Colliers International

1.3 Manufacturing sector

Based on the media release by EDB on 26 April 2018, Singapore's total manufacturing output rose 5.9 per cent y-o-y in March 2018 (as illustrated in Exhibit 1-2), slower from the growth of 10.1 per cent y-o-y for the whole of 2017.

The electronics & precision engineering clusters registered the fastest y-o-y output growth in March 2018, showing 12.4 per cent and 10.5 per cent respectively while output in chemicals cluster improved by 8.2 per cent y-o-y. The largest contraction within the manufacturing sector in March 2018 was the biomedical manufacturing cluster which recorded a fall of 5.4 per cent mainly led by the output decline in the pharmaceuticals segment. The transport engineering cluster increased by 3.5 per cent y-o-y, a significant improvement from the decline of 6.9 per cent y-o-y in 2017, driven up mainly by the aerospace segment with higher volume of repair and maintenance work from commercial airlines.

35.0 30.0 25.0 y-o-y growth (%) 20.0 15.0 10.0 5.0 0.0 -5.0-10.0 2009 2010 2011 2012 2013 2014 3Q 4Q 1Q 2017 GDP growth Manufacturing output

Exhibit 1-2: Growth in gross domestic product ("GDP") and manufacturing output (2007 to 1Q 2018)

Source: Colliers International, MTI.

1.4 Warehouse and logistics sector

According to the press release by MTI on 14 February 2018, the GDP for the transportation & storage industries grew by 5.3 per cent y-o-y in 4Q 2017, similar to the 5.2 per cent growth in the third quarter of 2017. Growth was largely driven by the water transport & air transport segments, which recorded improvements in sea cargo and air passengers traffic handled respectively.

Singapore was ranked fifth globally by the World Bank and clinched the top position in ASEAN¹ in the 2016 Logistics Performance Index. With its strategic location in the heart of ASEAN, the position of the port of Singapore as a hub in global trade, as well as the knowledge and expertise in international shipping and transportation, all contribute to its position.

Currently, Singapore is a prime location for major logistics firms, with 20 of the top 25 global logistics firms conducting their operations here, such as DHL, Schenker, UPS etc. In 2016, the Singapore government further boosted the logistics industry, as the MTI launched the Logistics Industry Transformation Map scheme which aims to optimise the logistics systems through more effective resource allocation and leveraging of technology. The transformation of the industry is expected to value-add S\$8.3 billion, and introduce 2,000 new PMET, i.e. professionals, managers, executives and technicians, until 2020.

Total manufacturing fixed asset investments ("FAI") in the whole of 2017 increased by 5.5 per cent y-o-y to S\$6.2 billion after a drop of 29.2 per cent y-o-y in 2016. Within the manufacturing sector, the electronics cluster, providing the highest proportion of contribution to the total manufacturing commitments, weighed down the FAI by 5.2 per

ASEAN refers to the Association of Southeast Asian Nations

cent y-o-y in 2017. The general manufacturing industries cluster rose significantly by almost five times of its 2016 commitment to S\$1.1 billion in 2017. Contributions by the respective industry clusters to total manufacturing FAI are presented in Exhibit 1-3.

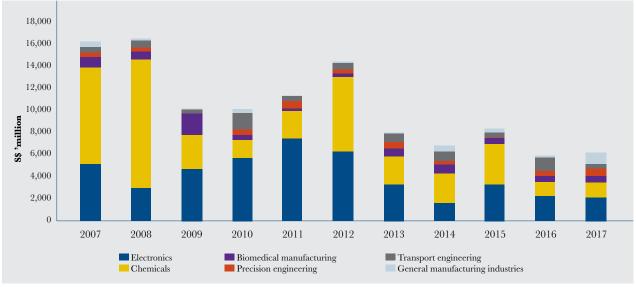


Exhibit 1-3: Total FAI (2007 to 2017)

Source: Colliers International, MTI.

The Singapore Purchasing Managers' Index ("PMI"), published by the Singapore Institute of Purchasing and Materials Management ("SIPMM"), increased by 0.3 point from the previous month to 53.1 in January 2018. This is the highest reading since December 2009, when the reading recorded 53.3. Singapore manufacturing PMI has recorded its 17th month of consecutive expansion, mainly attributed to a faster pace of expansion in factory output, new orders, new exports and inventory. The employment and input prices segments recorded slower rate of expansion, whereas imports, stocks of finished goods, and order backlog had faster rate of expansion. On an annual basis, the Singapore PMI increased by 2.1 points y-o-y from 51.0 in January 2017.

The PMI for the electronics sector recorded a further drop of 0.3 point from the previous month with a slower expansion reading at 52.9 (shown in Exhibit 1-4). The lower reading was mainly due to a slower rate of expansion in new orders, new exports and factory output. However, a faster rate of expansion was recorded in the indicators of employment, inventory, stocks of finished goods, input prices, and supplier deliveries. On an annual basis, the PMI for this sector increased by 1.1 points y-o-y from 51.8 in January 2017.

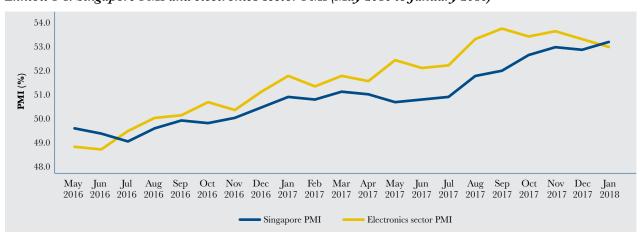


Exhibit 1-4: Singapore PMI and electronics sector PMI (May 2016 to January 2018)

Source: SIPMM, Colliers International.

1.5 Singapore economic outlook for 2018

Based on the Oxford Economics' analysis as at 30 April 2018, the growth momentum in Singapore should moderate but remain firm, with GDP growing 3.0 per cent over 2018, and edging down to 2.5 per cent in average over 2019 to 2022 (presented in Exhibit 1-5). The main growth engine is expected to shift back to the service sector, after the cyclical manufacturing outperformance in 2017.

This forecast is partly on the back of higher growth expected in the United States due to the recently approved tax reforms. However, as compared to 2017, the growth in most of Singapore's key final demand markets such as the Eurozone, Japan, NIEs¹ and ASEAN is projected to moderate or remain unchanged in 2018.

600 18.0 16.0 500 14.0 12.0 400 S\$'million 10.0 300 0.8 6.0 200 2.0 100 0.0 -2.0 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018F 2019F 2020F 2021F 2022F Real GDP (in S\$'million, 2010 Prices) Real GDP annual growth (%)

Exhibit 1-5: Singapore real GDP (in S\$ million) and annual growth rate (2007 to 2022 forecast)

Source: Oxford Economics, Colliers International.

*F refers to Forecast

Nonetheless, MTI expects the manufacturing sector to continue to expand in 2018 with the support of sustained expansion in the electronics & precision engineering clusters. Externally oriented sectors such as wholesale trade, transportation & storage and finance & insurance are also expected to benefit from the firm external demand, although their pace of growth is likely to ease in 2018.

Exhibit 1-6: Selected economic indicator forecasts (2018 to 2020)

Indicator/year	2018	2019	2020
Real GDP	3.0%	2.4%	2.6%
Industrial production	5.3%	3.6%	3.5%

Source: Oxford Economics (30 April 2018).

NIEs refers to the Asian newly industrialised economies, namely: Hong Kong, South Korea, Singapore and Taiwan.

2. Government policies and measures affecting the Singapore industrial property market

2.1 Recent government policies and initiatives

In recent years, the Singapore government has implemented several rounds of policies and measures in a bid to ensure the availability of affordable industrial premises for industrialists/end-users and enable a more competitive business environment for companies in Singapore. The below details key polices.

Total debt servicing ratio

Effective from 29 June 2013, individuals (including sole proprietorships and vehicles set up by an individual solely to purchase property) will be subject to a Total Debt Servicing Ratio ("TDSR") framework for all property loans granted by financial institutions. The threshold of TDSR or the percentage of total monthly debt obligations to gross monthly income is set at 60 per cent.

The TDSR framework mainly affects the strata-titled industrial sales market. However, institutional investors like REITs may be affected indirectly due to the resulting moderation/stabilisation seen in the overall industrial property market.

Changes to tenancy policies

Under JTC Corporation's ("JTC") revised Assignment of Lease¹ policy effective from 15 November 2013, industrial lessees must fulfil the investment and plot ratio requirements (if any) stipulated in the Building Agreement/Schedule of Building Terms/Agreement for Lease and occupy the leased premises for a minimum period (otherwise known as Assignment Prohibition Period) before they can sell the property in the open market (Exhibit 2-1). This is to ensure that lessees, who are allocated limited industrial land based on their proposed business plans, remain committed for a sustained and reasonable period of time.

Exhibit 2-1: Assignment prohibition period for third party facility providers (effective from 15 November 2013)

Situation	Assignment Prohibition Period (i.e. duration in which Lessee is not allowed to assign)
Third party facility provider lessees in new third-party build-and-lease contracts	During investment period and 5 years thereafter
Third party facility providers who have purchased JTC facilities from the secondary market (i.e. new assignment contracts)	Leases with ≤ 30 years remaining • 5 years from date of legal completion of assignment. Leases with > 30 years remaining • 10 years from date of legal completion of assignment
All third-party facility provider lessees	Leases with < 5 years remaining • all owners of industrial premises on JTC-leased sites with less than five years' balance lease are no longer allowed to sell them

Source: JTC.

An assignment or transfer of lease refers to the transfer of estates, rights, title and interests in the property from the "Assignor or Transferor" (seller) to the "Assignee or Transferoe" (buver).

Additionally, the lessee may sell to a third-party facility provider after the assignment prohibition period subject to the lessee's fulfilment of the minimum occupation period and minimum GFA requirements as shown in Exhibit 2-2. The remaining GFA can be sublet to other industrialists (i.e. normal subtenant), subject to usage and compatibility. The revised lease assignment policy will prevent speculative building and speculative buying/selling of facilities in the secondary market.

Exhibit 2-2: Minimum occupation period and GFA for anchor tenants (revised from 15 November 2013)

Situation	Minimum occupation period (i.e. duration in which anchor tenant is required to operate on the premises)	Minimum GFA (i.e. space which anchor tenants are required to occupy)
Anchor tenants in new third-party build-and-lease programme.	During the investment period and 5 years thereafter.	Collectively, to occupy at least 50% GFA within 5 years from obtaining the first Temporary Occupation Permit, and at least 70% thereafter, and each to occupy minimally 1,000 sq m (about 10,764 sq ft).
Anchor tenants in new sale- and-leaseback programme.	 Leases with ≤ 30 years remaining 5 years from date of legal completion of assignment. Leases with > 30 years remaining 10 years from date of legal completion of assignment. 	Collectively, to occupy at least 70% GFA and each to occupy minimally 1,000 sq m (about 10,764 sq ft).

Source: JTC.

Reduced GFA requirement by anchor subtenants

Effective 1 October 2015, JTC reduced the minimum GFA requirement for anchor subtenants from about 1,500 sq m (about 16,146 sq ft) to 1,000 sq m (about 10,764 sq ft). This will allow more industrialists to qualify as anchor subtenants.

Transfer of Housing & Development Board's ("HDB") industrial properties and land to JTC

On 19 October 2016, Minister for Trade and Industry, Lim Hng Kiang announced the consolidation of HDB's industrial land and properties under JTC. The transfer of about 10,700 industrial premises and 540 industrial land leases as well as the full team of HDB officers responsible for industrial land and properties to JTC took effect on 1 January 2018. Industrialists would have a one-stop access to all industrial facilities and at the same time, this will facilitate a more comprehensive master plan of all industrial districts.

New land use guidelines from JTC and Urban Redevelopment Authority ("URA")

On 3 March 2017, it was announced that JTC and the URA would be piloting new land use guidelines at a multi-tenanted building to be developed by JTC and located within Woodlands North Coast on a site zoned Business 1-White. The Woodlands pilot development will support manufacturing companies in co-locating their service-driven activities such as research & development and after-sales support alongside their manufacturing operations. Companies that have offshored their lower value-added activities can also maintain their more knowledge-intensive activities here, while retaining close oversight of their operations overseas. This pilot scheme represents a continuation of the efforts to respond to changing industry needs. The government will closely monitor the market receptiveness and feedback for the pilot scheme and study the applicability of various features to other locations.

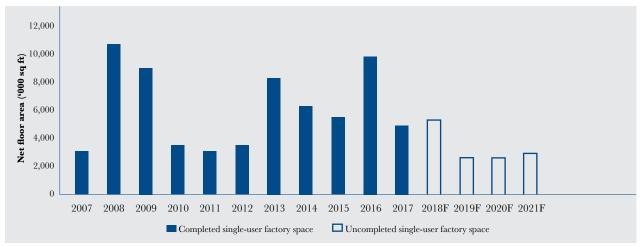
3. Review of private single-user factory market segment

3.1 Existing and potential supply

The island-wide stock of private single-user factory space stood at 225 million square feet ("sq ft") as of 1Q 2018, a 1.7 per cent quarter-on-quarter ("q-o-q") decrease from 4Q 2017. This mainly results from a drop in the net new supply of 2.3 million sq ft and 2.1 million sq ft respectively in the West and North planning regions.

Based on available information as of 1Q 2018, there will be about 13.4 million sq ft¹ of new single-user factory space to be completed from 2018 to 2021, which works out to an average annual supply of about 3.3 million sq ft from 2018 (full year) to 2021. As potential supply after 2018 is expected to taper off to an annual supply level below 3.0 million sq ft, the projected annual supply from 2018 to 2021 is less than half of the average annual net new supply of 6.9 million sq ft for the preceding five years from 2013 to 2017(Exhibit 3-1).

Exhibit 3-1: Net new and potential supply of single-user factory space (2007 to 2021 forecast)



Source: Colliers International, JTC.

*F refers to Forecast.

A list of major upcoming single-user factory space is presented in Exhibit 3-2.

Exhibit 3-2: Selected major upcoming single-user factory space

Project	Street/location	Developer	NLA* (sq ft)	Year
Awan Data Centre	1 Tuas Avenue 4	AWAN Data Centre Pte Ltd	333,460	2018
Additions and alterations to single-user factory	101 Banyan Avenue	Evonik Methionine (Sea) Pte Ltd	351,662	2018
Single-user factory	Sunview Road	Hunting Energy Services (International) Pte Ltd	332,949	2019
Single-user factory	Tuas South Avenue 3	Hydrochem (S) Pte Ltd	485,619	2019
Single-user factory	Airport Road	Teambuild (ICPH) Pte Ltd	331,211	2019

Source: Colliers International, JTC, company websites.

^{*}Area provided herein is based on Net Lettable Area ("NLA") following any publicly available information on the developments. In the event there is no publicly available information on the NLA for a development, an efficiency level is assumed on the GFA to derive the NLA.

Potential supply includes space under construction and planned but the actual level of new supply could increase/decrease due to changes in the status of planned projects.

3.2 Demand and occupancy

The island-wide occupied stock of private single-user factory space increased by approximately 775,000 sq ft y-o-y as of 1Q 2018, showcasing a rise of 0.4 per cent y-o-y, still significantly lower than the corresponding net new supply of 4.8 million sq ft in 2017. The slower growth in occupied space could be attributed to spaces being physically occupied in phases, as single-user factories are largely built for owner-occupation purposes.

As seen in Exhibit 3-3, the average occupancy rate¹ increased by 1.0 per cent to 90.6 per cent in 1Q 2018 from 89.6 per cent in 4Q 2017. On a y-o-y basis, the average occupancy rate increased by 0.5 per cent to 90.6 per cent in 1Q 2018, which is slightly higher than the average occupancy rate of 89.7 per cent for the whole of 2017. The increase in the occupancy rate in 1Q 2018 was a result of the relatively lower level of net new supply (Exhibit 3-1).

100 15,000 98 13,000 Net floor area ('000 sq ft) 11,000 94 9,000 8,000 7,000 5,000 86 3,000 84 1,000 82 -1,000 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 1Q 2Q3Q 4Q 1Q 2017 2017 2017 2018 Net new demand of single-user factory space Occupancy rate of single-user factory space

Exhibit 3-3: Net demand and occupancy rate of single-user factory space (2007 to 1Q 2018)

Source: Colliers International, JTC

3.3 Rents of single-user factory space

In 1Q 2018, JTC rental index of single-user factory space dropped by 0.8 per cent to 97.5 from 98.3 in 4Q 2017 and decreased by 2.4 per cent on a y-o-y basis (Exhibit 3-4). The index began to trend downward from 2015.



Exhibit 3-4: Rental index of single-user factory space (2010 to 1Q 2018)

Source: Colliers International, JTC.

¹ Refers to the occupancy rate for the final quarter of the year.

Based on the leasing records of industrial properties provided by URA's Real Estate Information System ("REALIS"), the number of leasing transactions for single-user factory segment were relatively flat in terms of y-o-y growth. The total number of leasing transactions for this segment was 129 in 1Q 2018 from 97 in 4Q 2017 and almost a third of the total leasing transactions of 374 in the whole of 2017. On an annual basis, the number of leasing transactions was 1.5 times of the volume (84) in 1Q 2017.

3.4 Prices of single-user factory space

In 1Q 2018, JTC price index of single-user factory space remained unchanged at 79.3 compared to 4Q 2017. As seen in Exhibit 3-5, the price index dropped by 4.2 per cent y-o-y from 82.8 in 1Q 2017.

120 Price index of single-user factory space 110 100 80 70 60 2010 2011 2012 2013 2014 2015 2016 2017 2Q 3Q 4Q 1Q 1Q 2017 2017 2017

Exhibit 3-5: Price index of single-user factory space (2010 to 1Q 2018)

Source: Colliers International, JTC.

3.5 Outlook

The relatively high new supply in 2018 against a background of muted demand from the tightening of government measures in subletting policy along with a more tepid economic condition is likely to continue to exert downward pressure on the island-wide average occupancy rate of single-user factories in 2018.

Landlords of single-user factory space are also likely to adopt a more realistic and flexible approach in rental expectations in order to attract tenants for the remnant spaces. As such, the overall rental growth for single-user factory space is expected to be flat in 2018.

4. Review of private multi-user factory market segment

4.1 Existing and potential supply

In 1Q 2018, the private multi-user factory space in Singapore expanded by 1.2 per cent q-o-q to 101 million sq ft from 99.8 million sq ft in 4Q 2017. On an annual basis, the stock of this industrial property sector increased by 3.3 per cent y-o-y. The net new supply of private multi-user factory space increased significantly to approximately 1.2 million sq ft in 1Q 2018, more than double the new supply of about 538,200 sq ft in 4Q 2017 and a rise of 18.3 per cent y-o-y. The significant increase in the island-wide new supply in 2017 was mainly attributed to the net new space of about 914,900 sq ft provided in the North planning region, which represented 77.3 per cent of the total island-wide net new supply.

As of 1Q 2018, an estimated 12.2 million sq ft NLA of new private multi-user factory space is expected to be completed from 2018 to 2021. The potential supply is expected to increase to 5.6 million sq ft in 2020 followed with an approximately 0.8 million sq ft of potential supply in 2021.

As a result, the projected annual net supply from 2018 to 2021 averaged to about 3.1 million sq ft, which is about 13.9 per cent lower than the average net new supply of around 3.6 million sq ft per annum from 2012 to 2017 (Exhibit 4-1).

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Exhibit 4-1: Net new and potential supply of multi-user factory space (2007 to 2021 forecast)

Source: Colliers International, JTC. *F refers to Forecast.

Trefers to rorecast.

A list of major upcoming multi-user factory space is presented in Exhibit 4-2.

Exhibit 4-2: Selected major upcoming multi-user factory space

Project	Street/location	Developer	NLA* (sq ft)	Year
Shine @ Tuas South	11 Tuas South Link 1	Beacon Properties Pte Ltd	468,445	2018
T-Space at Tampines	Tampines North Drive 1	Goldprime Land Pte Ltd	626,454	2018
Nordcom Two	Gambas Avenue	Grow-Tech Properties Pte Ltd	636,792	2018
Mega @ Woodlands	39 Woodlands Close	Wee Hur Development Pte Ltd	895,352	2018
Multiple-user factory	Boon Keng Road/ Kallang Place	Mapletree Industrial Trust Management Limited	286,008	2018

Source: Colliers International, JTC, company websites.

*Area provided herein is based on NLA following any publicly available information on the developments. In the event there is no publicly available information on the NLA for a development, an efficiency level is assumed on the GFA to derive the NLA.

4.2 Demand and occupancy

The net new demand for private multi-user factory space was 829,000 sq ft in 1Q 2018, a drop of 19.0 per cent q-o-q compared to 1.0 million sq ft in 4Q 2017 and a fall of 7.2 per cent y-o-y from 893,000 sq ft in 1Q 2017. The occupancy rate for this segment slightly decreased by 0.2 per cent q-o-q to 87.5 per cent in 1Q 2018, as the net new supply outpaced net new demand.

100 98 8,000 96 Net floor area ('000 sq ft) 7,000 94 6,000 5,000 4,000 88 3,000 86 2,000 84 1,000 82 80 2010 2011 2012 2013 2014 2017 2017 2017 2017 2018 Net new demand of multi-user factory space Occupancy rate of multi-user factory space

Exhibit 4-3: Net new demand and occupancy rate of multi-user factory space (2007 to 1Q 2018)

Source: Colliers International, JTC.

4.3 Rents of multi-user factory space

In 1Q 2018, JTC rental index of multi-user factory space remained unchanged at 89.1 q-o-q with a drop of 1.8 per cent y-o-y from 90.7 in 1Q 2017 (Exhibit 4-4). The index has been trending downward since 2015 due to the muted market demand.



Exhibit 4-4: Rental index of multi-user factory space (2007 to 1Q 2018)

Source: Colliers International, JTC.

The level of leasing transactions¹ of multi-user factory space in 1Q 2018 rose by 0.2 per cent q-o-q to 1,854 and by 26.0 per cent y-o-y from 1,472 in 1Q 2017.

Based on URA REALIS data downloaded on 30 April 2018.

4.4 Prices of multi-user factory space

Based on Colliers International's data of prime multi-user factory space¹, average market price² of 60-year leasehold multi-user factory space decreased slightly by 0.4 per cent q-o-q to S\$398 per sq ft in 1Q 2018 from S\$400 per sq ft in 4Q 2017 and dropped by 2.9 per cent y-o-y, following insignificant price movements for three consecutive years from 2014 to 2016. With a more cautious market sentiment, price of freehold multi-user factory space also recorded a drop in 1Q 2018 by 4.0 per cent q-o-q to S\$713 per sq ft from S\$743 per sq ft in 4Q 2017. On an annual basis, the price of this segment increased slightly by 0.3 per cent y-o-y from S\$711 per sq ft in 1Q 2017.

Based on URA's REALIS, the property price index of multi-user factory which comprised island-wide sales transactions of multi-user factory space continued to fall but at a smaller q-o-q extent of 0.2 per cent to 93.8 in 1Q 2018 from 94.0 in 4Q 2017, compared to the drop of 0.6 per cent q-o-q in the previous quarter (Exhibit 4-5).

800 700 Average price per sq ft (S\$) 600 500 400 300 200 100 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 1Q 1Q 2Q3Q 4Q Average price per sq ft (freehold, multi-user factory space) Average price per sq ft (60-year leasehold, multi-user factory space) Property price index (all tenures, multi-user factory space)

Exhibit 4-5: Prices of multi-user factory space (2007 to 1Q 2018)

Source: Colliers International, JTC.

4.5 Outlook

Industrialists are expected to remain cost sensitive as they continue to monitor business sentiments and may still be apprehensive amidst the continuous uncertainties in current global economic conditions. Despite this, activities may however pick up slowly in the later part of 2018, when end-users are more certain with the market going forward.

The upcoming supply of multi-user factory space by end of 2018 is estimated at 5.0 million sq ft, significantly higher than the supply of 3.0 million sq ft in 2017 (as illustrated in Exhibit 4-1). As industrialists will be faced with more alternatives for multi-user factory space due to the new supply coming onstream in 2018, the overall rents and prices especially for leasehold multi-user factory space are expected to remain subdued in the short term.

Prime multi-user factory space refers to good quality, multi-level, multi-tenanted factory space built to modern performance standards.

Refers to the price agreed upon by a willing buyer and willing seller, or represents the property's market value.

5. Review of business park (public and private sectors) market segment

5.1 Existing and potential supply

Singapore's total island-wide stock of business park space (both public and private sectors) was 23.0 million sq ft in 1Q 2018, a small decrease of 0.1 per cent q-o-q and 0.01 per cent y-o-y respectively due to the lack of new space completions.

Geographically, a majority of 57.7 per cent of the existing island-wide business park stock is located in the Central planning region (comprising the Singapore Science Park, Mapletree Business City and one-north). This is followed by the Changi Business Park in the East planning region with 24.4 per cent share, and the International Business Park and CleanTech Park in the West planning region with a 17.8 per cent share as of 1Q 2018.

Based on available information as of 1Q 2018, new business park space with NLA of approximately 2.3 million sq ft is expected to be completed from 2018 to 2021. As a result, the annual new supply during this period amounts to an average of 576,000 sq ft which is substantially lower than the historical average annual net new supply of 1.2 million sq ft between 2012 and 2017 (Exhibit 5-1).

3,000 2,500 Net floor area ('000 sq ft) 2,000 1.500 1,000 500 0 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018F 2019F 2020F 2021F ☐ Uncompleted business park space Completed business park space

Exhibit 5-1: Net new and potential supply of business park space (2007 to 2021 forecast)

Source: Colliers International, JTC.

*F refers to Forecast.

A list of major upcoming business park space is illustrated in Exhibit 5-2.

Exhibit 5-2: Selected major upcoming business park space

Project	Street/location	Developer	NLA* (sq ft)	Year
Build-to-suit facility (FM Global)	Pasir Panjang Road	Singapore Science Park Ltd	118,720	2018
New headquarters	Changi Business Park Central 2	Kingsmen Creatives Ltd	134,264	2018
MP8, Media Circle	Media Circle	BP-DOJO LLP	251,332	2018
Redevelopment of Fleming & Faraday	1 and 2 Science Park Drive	Ascendas-Singbridge Pte Ltd	235,019	2019
Redevelopment of Aquarius	21 Science Park Road	Singapore Science Park Ltd	312,153	2019

Source: Colliers International, JTC, company websites.

^{*}Area provided herein is based on NLA following any publicly available information on the respective development. In the event there is no publicly available information on the NLA for a development, an efficiency level is assumed on the GFA to derive the NLA.

5.2 Demand and occupancy

Total occupied island-wide business park space decreased by 1.8 per cent q-o-q to 19.6 million sq ft in 1Q 2018. This resulted in a decreased net new demand of approximately 358,000 sq ft of business park space.

With the decrease in demand, the overall occupancy rate in 1Q 2018 trended down by 1.5 per cent q-o-q to 85.1 per cent from 86.6 per cent in 4Q 2017 (Exhibit 5-3). This is largely attributed to the muted demand in this segment over 1Q 2018.

2,500 100 95 2,000 Net floor area ('000 sq ft) 1,500 1,000 75 500 70 0 65 60 -500 2Q 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 4Q 1Q 2017 2017 2017 2017 2018 ■ Net new demand of business park space Occupancy rate of business park space

Exhibit 5-3: Net new demand and occupancy rate of business park space (2007 to 1Q.2018)

Source: Colliers International, JTC.

5.3 Rents of business park space

In 1Q 2018, JTC rental index of business park space remained unchanged at 108.9 q-o-q and a rise of 4.4 per cent y-o-y from 104.3 in 1Q 2017 (Exhibit 5-4). The index has been nudged up on an annual basis since 2016.



Exhibit 5-4: Rental index of business park space (2010 to 1Q 2018)

 $Source: Colliers\ International, JTC.$

The number of leasing transactions for this segment began to increase at a faster pace from 2Q 2017 and reached 256 transactions for the whole 2017, an increase of 48.0 per cent y-o-y compared to 173 in 2016. According to Colliers International's analysis, through 2017, the business park leasing activities were mainly relocations and flight to quality.

In 1Q 2018, the number of leasing transactions for business park space decreased by 2.7 per cent q-o-q to 73 in total. However, on an annual basis, the y-o-y growth was 2.3 times of the number of leasing transactions in 1Q 2017, more than double over the year.

5.4 Outlook

Looking forward, it is anticipated that the occupancy rate will rise further amidst limited new supply and expected space absorption on the back of the firm economic prospects and expansion in the manufacturing sector.

A rosier global economy and better growth forecast for Singapore in 2018 should help to lift business sentiment and encourage industrialists to consider expanding their operations. With the expected growth in demand and improving overall occupancy amid limited new supply, the growth in business park rents is foreseen to gain traction in 2018.

6. Review of private warehouse market segment

6.1 Existing and potential supply

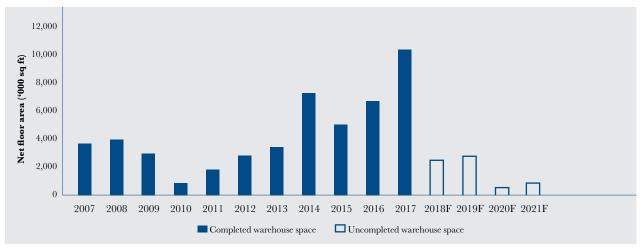
Official statistics showed that the island-wide stock of private warehouse space in Singapore reached 110.0 million sq ft as at 1Q 2018, which is a reduction of 1.6 per cent as compared to 111.7 million sq ft in the 4Q 2017 and an increase of 6.7 per cent from 103.1 million sq ft on a y-o-y basis. On a q-o-q basis, the net new addition to private warehouse space decreased by 1.8 million sq ft in 1Q 2018, mainly due to a significant reduction of 1.6 million sq ft of warehouse space in the West planning region.

Geographically, the largest concentration of warehouse space is in the West planning region (62.3 per cent), followed by the East (16.7 per cent), Central (12.3 per cent), North (4.8 per cent), and Northeast (3.9 per cent) planning regions as of 1Q 2018.

Based on available information as of 4Q 2017, the total amount of new warehouse space to be completed between 2018 and 2021 is projected to be about 6.6 million sq ft of net floor area. The new warehouse space peaked in 2017 with 10.4 million sq ft of new warehouse space, and subsequently tapered to more muted levels of annual new supply below 3.0 million sq ft from 2018 onwards.

On average, projected annual net new supply of about 1.7 million sq ft of warehouse space from 2018 to 2021 is 74.8 per cent lower than the preceding five-year annual average net new supply of 6.6 million sq ft from 2013 to 2017 (Exhibit 6-1).

Exhibit 6-1: Net new and potential supply of warehouse space (2007 to 2021 forecast)



Source: Colliers International, JTC.

*F refers to Forecast.

A list of major upcoming warehouse space is shown in Exhibit 6-2.

Exhibit 6-2: Selected major upcoming warehouse space

Project	Street/location	Developer	NLA* (sq ft)	Year
Warehouse	Tuas South	LOGOS SE Asia and Yang Kee Logistics	667,023	2018
Warehouse	Pioneer View	Panalpina World Transport (S) Pte Ltd	306,669	2018
Warehouse	Tuas South Avenue 16	Pacific Investment Group Pte Ltd	503,514	2019
Warehouse	Tembusu Crescent	S H Cogent Logistics Pte Ltd	894,749	2019

Source: Colliers International, JTC, company websites.

*Area provided herein is based on NLA following any publicly available information on the developments. In the event there is no publicly available information on the NLA for a development, an efficiency level is assumed on the GFA to derive the NLA.

6.2 Demand and occupancy

The net new demand for private warehouse space decreased by 1.8 million sq ft in 1Q 2018, compared to 1.1 million sq ft in 4Q 2017 and 786,000 sq ft in 1Q 2017. The average occupancy rate eased further from 89.9 per cent and 89.1 per cent in 1Q 2017 and 4Q 2017 respectively to 88.8 per cent in 1Q 2018 (Exhibit 6-3).

9,500 94 Net floor area ('000 sq ft) 7,500 92 5,500 90 3,500 88 1,500 86 -500 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 1Q 2Q 4Q 1Q 2017 2017 2017 2017 2018 ■ Net new demand of warehouse space Occupancy rate of warehouse space

Exhibit 6-3: Net new demand and occupancy rate of warehouse space (2007 to 1Q 2018)

Source: Colliers International, JTC.

6.3 Rents of warehouse space

In 1Q 2018, the JTC rental index of warehouse space in Singapore remained flat at 85.5 compared to 85.8 in 4Q 2017. On an annual basis, the rental index for this segment decreased by 5.5 per cent y-o-y from 90.5 in 1Q 2017 (Exhibit 6.4).

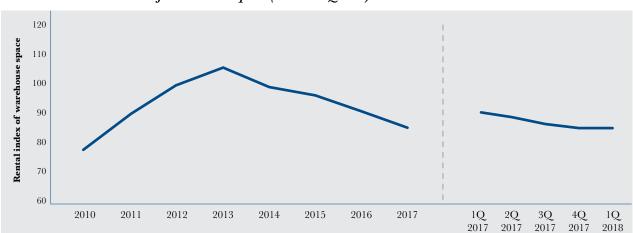


Exhibit 6-4: Rental index of warehouse space (2010 to 1Q 2018)

 $Source: Colliers\ International, JTC.$

6.4 Outlook

Looking forward, the Singapore industrial sector will remain soft in the immediate term. The recent recovery of the manufacturing sector is fuelling expectations that demand could pick up in 2018, just as supply abates. However, the recovery is uneven as firms are still looking to consolidate or downsize their space requirements to remain cost efficient. As a result, warehouse rents are expected to decline further in 2018.

Nonetheless, demand for warehouse space is still expected to remain relatively healthy as Singapore establishes itself as an important global logistics hub. The warehouse segment will also benefit from both the fast-expanding e-commerce industry which requires efficient logistics, storage and distribution support. However, in the near term in 2018, occupancy level is expected to see some fluctuation and expected to decline slightly upon completion of more new supply.

7. Limiting conditions of the report

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Overview of the Australia Economy and industrial real estate market of Macquarie Park, New South Wales



Macquarie Park, New South Wales, Australia

The following report was prepared by AIMS AMP Capital Industrial REIT Management Australia Pty Limited as at 5 April 2018 for its inclusion in this Annual Report.

The Australian economy

According to the CBRE Australian Economic Outlook, Australia is likely to experience growth of 2.3 to 2.5 per cent in 2018. The growth of consumer spending is low and slow hence the housing market has seen negative growth for the past seven months. Business investment sentiments however are likely to improve in 2018.

The traditional retail component of consumer spending has been particularly disappointing, with real sales per capita flat, income growth low and pricing power weak. On the positive side, services consumption is showing signs of growth at a steady pace.

Contraction from mining investment has ceased, with infrastructure spend remaining strong and steady. The increase in commodity prices may lead some mining projects to reactivate, as they become feasible. Industry capital expenditure is likely to rise in 2018, which would represent the first positive increase since 2013. The critical factor is that this growth is being driven by non-mining sectors (i.e. manufacturing and services).

Overview of Macquarie Park

Macquarie Park forms part of Sydney's North Shore office market. It is the second largest office market in New South Wales ("NSW") comprising an approximate area of 867,000 square metres ("sq m") of total office stock. Macquarie Park is located 16 kilometres north-west of the Sydney central business district, in the local government area of the City of Ryde. Macquarie Park is in the Northern Suburbs region of Sydney.

Tenant migration continues to benefit the Macquarie Park real estate market. As a recent example, Herbert Smith Freehills moved 230 staff from Sydney's central business district to Macquarie Park. According to CBRE research, prime and secondary grade net effective rents have increased by 3.5 per cent and 3.9 per cent, respectively in the last quarter of 2017.

Over the next year Macquarie Park will benefit from further infrastructure improvements with the extension and upgrade of the existing railway line to a rapid transport system (known as Sydney Metro) servicing Sydney's fastest growing north western suburbs. Sydney Metro is Australia's biggest public transport project.

Overview of the Australia Economy and industrial real estate market of Macquarie Park, New South Wales

Macquarie Park strategic review

The Macquarie Park Strategic Investigation review, currently being undertaken by the Department of Planning and Environment ("DPE") in conjunction with City of Ryde Council and Transport for NSW, is aimed at achieving the following three overarching goals:

- 1. Developing a vision and key principles to guide development over the next two decades;
- 2. Identifying the required infrastructure upgrades to support future growth; and
- 3. Coordinating funding and delivery avenues.



Review area of the Maquarie Park Strategic Investigation review

To this end, the DPE engaged BIS Shrapnel to prepare a Strategic Employment Review for Macquarie Park. This report identified that the area is well positioned to capture an increasing share of Sydney's metropolitan office demand in the future. Furthermore, it outlined that residential development in strategic locations within Macquarie Park would be a key element in the growth potential of the area.

The next three stages of the review are:

- 1. Develop a spatial masterplan: This includes a land use and infrastructure framework. The plan was set to be released in early 2018 but has been delayed. No updates have been provided as to the new release date;
- 2. Prepare an implementation strategy: Finalise supporting technical studies, which are expected to be released by the end of the second quarter 2018; and
- 3. Public exhibition: This is to include a 20-year land use and infrastructure plan, an economic development strategy and an infrastructure framework. The exhibition is scheduled for mid-2018.

Macquarie Park market review

Macquarie Park recorded negative net absorption in 2017, with 101-107 Waterloo Road being withdrawn from residential conversion, according to Colliers Research. Delivery of 8 Khartoum Road reduced demand as 10,800 sq m of space was brought to market in the grade A sector.

Grade A net face rents have remained stable for six months to September 2017, however net effective rents increased marginally to A\$360 per sq m per annum, as incentives reduced one percentage point to average at 25 per cent. According to the Property Council of Australia, vacancy increased from 7.9 to 8.5 per cent over the six-month period to September 2017, however, Colliers estimates that the vacancy will fall by September 2018 to 7.3 per cent, given the recent conversions to residential.

The initial stage of Sydney Metro will be completed in 2019 and to deliver the Epping to Chatswood extension, the train is anticipated to be shut down for a period in excess of six months from late 2018. This is likely to have an impact on vacancy during the period, with tenants identifying this as a risk to ongoing employment in the area. Once delivered, this rail will fully integrate the network and be hugely beneficial to a modal shift in the area.

Overall positive market fundamentals have facilitated continued investor interest in Macquarie Park with three major sales over A\$10 million, being:

- 8 Lachlan Avenue, Macquarie Park for A\$55 million in September 2017;
- 144 Wicks Road, Macquarie Park for approximately A\$34 million in August 2017; and
- 3 Talavera Road, Macquarie Park for A\$25 million in July 2017.

Operations review at a glance



25 properties in Singapore property in

Australia

90.5% Occupancy

S\$1.45 billion² Portfolio value

1592

Total number of tenants

 $636,083 \text{ sq m}^2$

Net lettable area ("NLA")

 2.3 years^2

Weighted average lease expiry ("WALE")

- Singapore portfolio was based on valuation as at 31 March 2018 appraised by Colliers International Consultancy & Valuation (Singapore) Pte Ltd or Jones Lang LaSalle Property Consultants Pte Ltd. Optus Centre, Macquarie Park, New South Wales ("NSW"), Australia was based on 49.0 per cent interest in the property appraised by Jones Lang LaSalle Advisory Services Pty Ltd as at 31 March 2018. Excludes redevelopment of 3 Tuas Avenue 2.

Demonstrated track record in delivering our asset enhancement strategy

Since FY2012, AIMS AMP Capital Industrial REIT Management Limited, as manager of AIMS AMP Capital Industrial REIT ("AA REIT") (the "Manager"), has been focused on developing a higher value portfolio to navigate the competitive environment and future-proof AA REIT to better capture upcoming opportunities in the market.

Through our strategic asset enhancement and development initiatives over the past six years, we have added approximately 1.8 million square feet ("sq ft") of industrial space to the portfolio.



20 Gul Way (Phases One & Two)

- Redevelopment of a five-storey ramp-up warehouse (approximately 1.16 million sq ft)
- Project size: S\$150.1 million
- Temporary Occupation Permit ("TOP") of Phase One: 29 October 2012
- TOP of Phase Two:
 7 May 2013



20 Gul Way (Phases Two Extension & Three)

- Further development of additional 497,000 sq ft
- Project size: S\$73.0 millionTOP of Phase Two
- Extension: 14 June 2014

 TOP of Phase Three:
 9 September 2014



8 Tuas Avenue 20

- Redevelopment of a three-storey industrial facility (approximately 159,000 sq ft)
- Project size: S\$26.5 million (including land cost)
- TOP: 29 August 2017



3 Tuas Avenue 2

- Redevelopment of a four-storey ramp-up industrial facility (approximately 268,000 sq ft)
- Project size: S\$48.2 million (including land cost)
- Target completion:
 Second half of 2019

July January 2011 2013

June 2013 May 2015

April 2016 August 2016 May 2018



103 Defu Lane 10

- Redevelopment of a modern six-storey industrial facility (approximately 203,000 sq ft)
- Project size: S\$21.7 million
- TOP: 28 May 2014



30 Tuas West Road

- Redevelopment of a five-storey ramp-up warehouse (approximately 289,000 sq ft)
- Project size: S\$40.6 million
- TOP: 27 December 2016

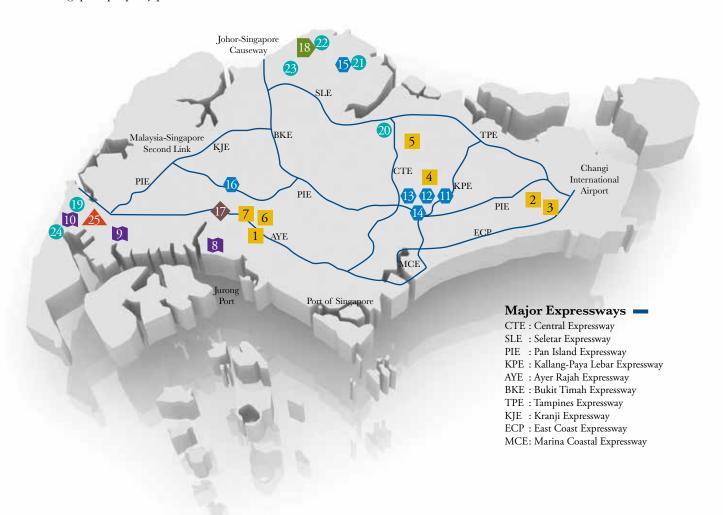


51 Marsiling Road

- Greenfield build-to-suit development of an industrial facility (approximately 232,000 sq ft)
- Project size: S\$34.9 million (including land cost)
- TOP: 27 October 2017

Resilient portfolio due to diversification

Singapore property portfolio as at 31 March 2018



Cargo Lift Warehouse

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

Ramp-up Warehouse

- 8 27 Penjuru Lane
- 9 20 Gul Way
- 10 30 Tuas West Road

Industrial

- 15 Tai Seng Drive
- 12 23 Tai Seng Drive
- 🚺 135 Joo Seng Road
- 1 Kallang Way 2A
- 15 61 Yishun Industrial Park A
- 16 1 Bukit Batok Street 22

Business Park

1A International Business Park

Hi-Tech

18 29 Woodlands Industrial Park E1

Manufacturing

- 19 26 Tuas Avenue 7
- 20 2 Ang Mo Kio Street 65
- 21 541 Yishun Industrial Park A
- 22 8 Senoko South Road
- 23 51 Marsiling Road
- 24 8 Tuas Avenue 20

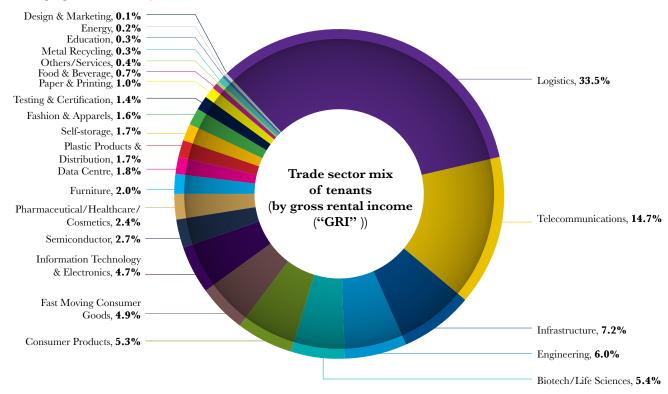
Property Under Development

3 Tuas Avenue 2

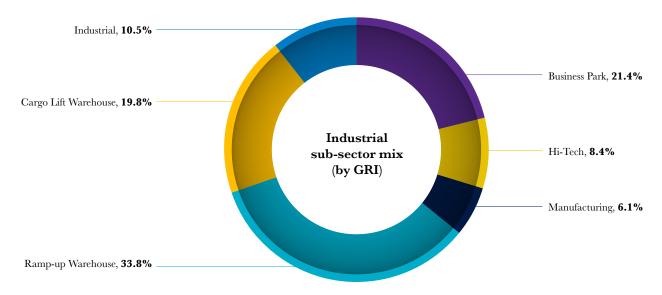
Australia property portfolio as at 31 March 2018



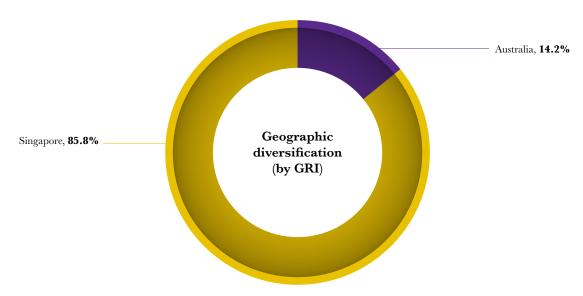
Despite the challenging operating environment, the Manager maintained its focus on proactive asset and lease management to navigate through the soft market conditions. AA REIT's portfolio remained resilient, underpinned by its strategically located properties and vastly diversified trade sector mix of tenants across 23 industries.



AA REIT owns a spectrum of business space and industrial properties across different industrial sub-sectors, comprising warehousing and logistics, business parks, light industries, high technology and manufacturing spaces. These properties serve the spatial requirements of various segments of the economy. AA REIT's properties are predominantly located in Singapore with the largest segment in the warehouse and logistics sector (comprising cargo lift warehouses and ramp-up warehouses), supporting Singapore as one of the world's busiest ports.

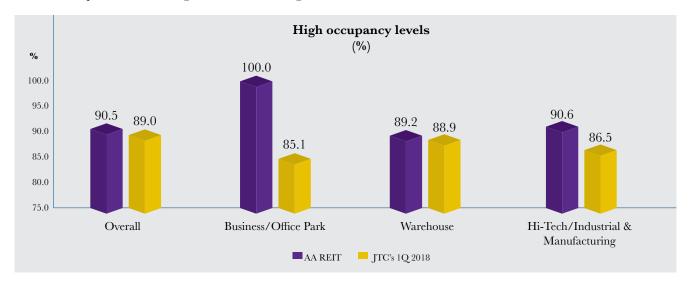


AA REIT's overseas property, Optus Centre, is located in Macquarie Park, NSW, Australia, the second largest business zone in NSW. Macquarie Park is identified as a strategic centre in "A Plan for Growing Sydney", the blueprint for making Sydney a leading global city¹. With the subdued Singapore industrial market, Optus Centre which is 100.0 per cent leased to Optus Administration Pty Limited, a wholly-owned subsidiary of Singapore Telecommunications Limited with a WALE of 4.3 years (by GRI) provides further income stability and diversification to AA REIT's predominately Singapore-based portfolio. As at 31 March 2018, 14.2 per cent of AA REIT's GRI was contributed by Optus Centre.



Creating stable and well-balanced portfolio through proactive lease management

Given the industrial oversupply situation in Singapore, rentals in FY2018 continued to be under pressure. AA REIT remained focused on proactive lease and asset management with tenant retention as the top priority. The occupancy rate of the portfolio stood at 90.5 per cent, exceeding the industrial average across all sub-sectors.



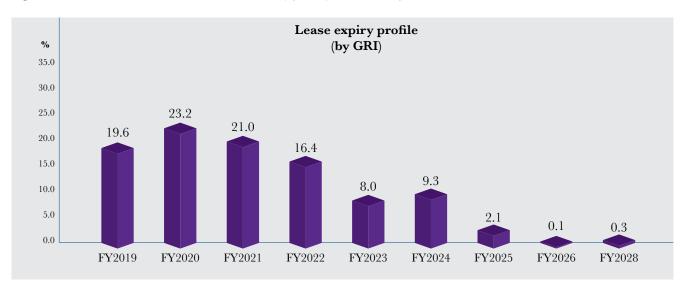
Despite the keen market competition and oversupply situation in Singapore, AA REIT successfully secured 94 new and renewed leases (representing 209,957 square metres or approximately a third of AA REIT's total NLA) at a weighted average rental rate decrease of 16.9 per cent on the renewals² in FY2018. Out of these leases, 64 new leases were secured and the WALE (by GRI) of these newly secured leases stood at 2.9 years and contributed to 7.8 per cent of the GRI of the whole portfolio.

^{1 &}lt;u>http://www.planning.nsw.gov.au/News/2016/Macquarie-Park-Strategic-Investigation</u>

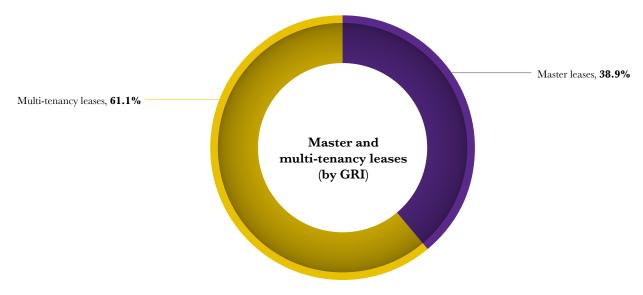
Takes into account only renewal leases with the same tenant of the same lease area.

Manager's Report Operations Review

With a well-staggered lease expiry profile, AA REIT's portfolio enjoys stability of income as more than 36.2 per cent of the total portfolio leases (by GRI) are committed until FY2022 and beyond, which reduces AA REIT's exposure to near term expiries. As at 31 March 2018, AA REIT's WALE (by GRI) stood at 2.3 years.



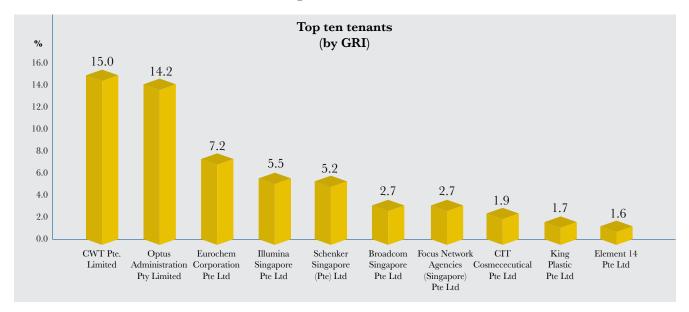
Underpinning the stable income, AA REIT has nine¹ properties under master leases that provide stability of income growth as a result of locked-in longer lease duration and built-in rental escalations. The remaining multi-tenancy properties, with typically shorter leases of around three years, provide potential for AA REIT to reposition the portfolio according to the ever changing market conditions.



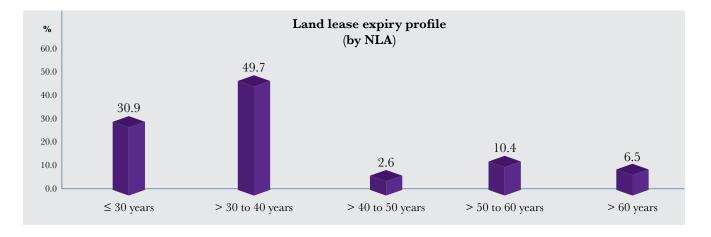
¹ 20 Gul Way is partially under master lease and partially multi-tenanted.

Manager's Report Operations Review

AA REIT's portfolio maintains a high quality tenant base, which includes a mixture of large multinational companies, publicly listed companies and private companies. The top ten tenants accounted for approximately 57.7 per cent of GRI for FY2018. Although approximately 15.0 per cent of AA REIT's GRI is attributed to its largest tenant, CWT Pte. Limited, it is well supported by a diverse group of underlying end-users of space. CWT Pte. Limited's leases at 20 Gul Way will expire by the end of 2019 and the concentration risk to this single tenant will be reduced over time.



The portfolio enjoys well-distributed long underlying land leases, with a weighted average land lease to expiry for the portfolio of 37.3 years¹, weighted by NLA. Excluding freehold land, the weighted average land lease to expiry for underlying leasehold land in portfolio by NLA would be 33.0 years.



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.

Manager's Report Operations Review



8 Tuas Avenue 20, Singapore

Proactive portfolio management

The Manager continued its strategy of repositioning AA REIT's portfolio by focusing on transforming existing assets to larger and higher quality assets through redevelopments and enhancements.

In August 2017, AA REIT achieved TOP for its fourth redevelopment project at 8 Tuas Avenue 20, which saw the transformation of two adjoining two-storey detached industrial spaces into a versatile three-storey industrial facility with ramp and cargo lift access, adding approximately 41,332 sq ft of additional space to the portfolio. As at 31 March 2018, the property was 83.2 per cent occupied.

In October 2017, AA REIT achieved TOP for its first third-party greenfield build-to-suit facility at 51 Marsiling Road on time and within budget. The five-storey building is fully leased to leading manufacturer Beyonics International Pte Ltd with a ten-year master lease on the whole property with rent escalations.

In March 2018, as part of its capital recycling and proactive asset management strategies, AA REIT divested its smallest asset located at 10 Soon Lee Road, at a sale price of S\$8.17 million to Soon Yong Metal Industries Pte Ltd, which constituted a premium of approximately 28 per cent over the asset's last valuation of S\$6.4 million.

The Manager has also announced plans to redevelop the property at 3 Tuas Avenue 2 into a contemporary ramp-up industrial facility with improved property specifications with a view to attracting and retaining quality tenants.

AA REIT continues to remain on the lookout for the right acquisition opportunities in Singapore and Australia. With approximately 500,000 sq ft of under-utilised space in its existing portfolio, the Manager will continue to explore this organic growth opportunity and rejuvenate older and underperforming assets as part of its proactive portfolio management strategy.

Financial performance

Statement of net income and distributions	FY2018 S\$'000	FY2017 S\$'000	Change %
Gross revenue	116,916	120,119	(2.7)
Property operating expenses	(40,499)	(40,686)	(0.5)
Net property income	76,417	79,433	(3.8)
Foreign exchange (loss)/gain	(149)	39	>(100.0)
Interest and other income	189	2,387	(92.1)
Borrowing costs	(19,417)	(18,602)	4.4
Manager's management fees	(7,385)	(7,405)	(0.3)
Other trust expenses	(1,881)	(1,755)	7.2
Non-property expenses	(28,683)	(27,762)	3.3
Net income before joint venture's results	47,774	54,097	(11.7)
Share of results of joint venture (net of tax)	17,418	14,758	18.0
Net income	65,192	68,855	(5.3)
Distributions to Unitholders Distribution per Unit ("DPU") (cents)	67,370 10.30	70,497 11.05	(4.4) (6.8)

Gross revenue and net property income

The gross revenue achieved for FY2018 of S\$116.9 million was S\$4.3 million lower than the gross revenue for FY2017 of S\$121.2 million (excluding property tax refund of S\$1.1 million)¹. This was mainly due to lower rental and recoveries from 20 Gul Way as five phases of the property reverted to multi-tenancy leases and the expiry of the master lease at 3 Tuas Avenue 2. The decrease was partially offset by rental contribution from 30 Tuas West Road as it became income producing from 27 February 2017 and the maiden rental contribution from 8 Tuas Avenue 20 in the third quarter of FY2018. Property operating expenses for FY2018 of S\$40.5 million were S\$1.3 million lower than the property operating expenses for FY2017 of S\$41.8 million (excluding property tax refund of S\$1.1 million)¹ mainly due to lower property tax and land rent expenses on certain properties offset by higher costs arising from the reversion of the five phases of 20 Gul Way to multi-tenancy leases and higher costs in line with the increase in revenue from 30 Tuas West Road and 8 Tuas Avenue 20.

Net property income for FY2018 stood at S\$76.4 million, or S\$3.0 million lower compared to FY2017.

Net income

Interest and other income in FY2018 included proceeds of S\$0.1 million from insurance claim on capital item for the property at 1A International Business Park. Interest and other income in FY2017 included proceeds of S\$2.3 million from the full and final settlement received from the insurance company for the property at 8 Tuas Avenue 20 due to a fire incident in 2015.

For FY2017, the gross revenue of S\$120.1 million included a property tax refund of S\$1.1 million for 23 Tai Seng Drive for the period from 1 January 2012 to 31 March 2016. The property tax refund was due to the change in annual value of property assessed by Inland Revenue Authority of Singapore which was refunded to two tenants of the property. Excluding this additional property tax refund, the gross revenue and property operating expenses for FY2017 would have been S\$121.2 million and S\$41.8 million respectively.

Borrowing costs for FY2018 of S\$19.4 million were S\$0.8 million higher compared to the borrowing costs for FY2017. This was mainly due to interest costs incurred on the borrowings in relation to the development of 30 Tuas West Road, 8 Tuas Avenue 20 and 51 Marsiling Road which were previously capitalised whilst the properties were under development and now being expensed upon obtaining their Temporary Occupation Permits ("TOPs") on 27 December 2016, 29 August 2017 and 27 October 2017 respectively.

The share of results of joint venture (net of tax) for FY2018 comprised the contribution from AA REIT's 49.0 per cent interest in Optus Centre which is located in Macquarie Park, New South Wales, Australia. The share of results of joint venture (net of tax) in FY2018 included the share of revaluation surplus of S\$2.6 million recognised from the valuation of Optus Centre. In FY2018, the valuation of the property stood at A\$450.0 million (equivalent to approximately S\$453.1 million) (31 March 2017: A\$445.0 million (equivalent to approximately S\$474.8 million)) based on the independent valuation carried out by Jones Lang LaSalle Advisory Services Pty Ltd as at 31 March 2018.

Distributions to Unitholders

AA REIT achieved Unitholders' distributions of \$\$67.4 million for FY2018 which were \$\$3.1 million or 4.4 per cent lower compared to FY2017, in line with lower net property income. The DPU for FY2018 was lower compared to FY2017 partly due to the increase in Units arising from the private placement of 42,145,000 Units in December 2017. Excluding the effects from the private placement, DPU for FY2018 would be approximately 10.46 cents. 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	FY2018 S\$'000	FY2017 S\$'000
Total assets	1,477,619	1,465,475
Total liabilities	538,660	577,028
Net assets attributable to Unitholders	938,959	888,447
NAV per Unit (S\$)	1.373	1.390

As at 31 March 2018, total assets of AA REIT increased to S\$1,477.6 million, compared to S\$1,465.5 million as at 31 March 2017. The main movements in total assets were due to the capitalisation of development costs and net revaluation gain from investment properties under development of S\$5.7 million for 8 Tuas Avenue 20 and 51 Marsiling Road which obtained their TOPs on 29 August 2017 and 27 October 2017 respectively. This was partially offset by a decrease in joint venture balances from the strengthening of the Singapore dollar against the Australian dollar and net revaluation deficit of S\$10.4 million recognised for the valuation of investment properties and investment property under development in Singapore. The net revaluation deficit of S\$4.7 million recognised in FY2018 was lower than the net revaluation deficit of S\$54.3 million recognised in FY2017 primarily due to the expected tapering of the industrial oversupply situation in Singapore.

As at 31 March 2018, total liabilities of AA REIT decreased to \$\$538.6 million compared to \$\$577.0 million as at 31 March 2017. The decrease in total liabilities was mainly due to the utilisation of net proceeds from the private placement in December 2017 to repay borrowings as well as decrease in the Australian Dollar denominated borrowings of \$\$10.5 million due to the strengthening of the Singapore Dollar against the Australian Dollar. This was partially offset by the net drawdown of borrowings which were primarily used to fund the development of 8 Tuas Avenue 20 and greenfield development at 51 Marsiling Road.

As a result, the NAV per Unit decreased to \$\$1.373 from \$\$1.390 as compared to the last financial year.

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 2018 of \$\$494.9 million was \$\$34.4 million lower than the total borrowings as at 31 March 2017. This was mainly due to the utilisation of net proceeds from the private placement in December 2017 to repay borrowings as well as the decrease in the Australian Dollar denominated borrowings of \$\$10.5 million due to the strengthening of the Singapore Dollar against the Australian Dollar. This was partially offset by the net drawdown of borrowings which was primarily used to fund the development of 8 Tuas Avenue 20 and greenfield development at 51 Marsiling Road.

Key borrowing metrics (in S\$'000 unless otherwise indicated)	FY2018	FY2017
Total borrowings ¹	494,880	529,287
Undrawn available bank facilities	132,330	133,261
Aggregate leverage (%)	33.5	36.1
All-in-cost of financing (%)	3.6	3.7
Interest cover ratio (times)	4.7	5.0
Weighted average term to maturity (years)	1.8	2.3
Fixed rate borrowings as a percentage of total borrowings (%)	88.1	84.4

Total borrowings exclude unamortised loan transaction costs.

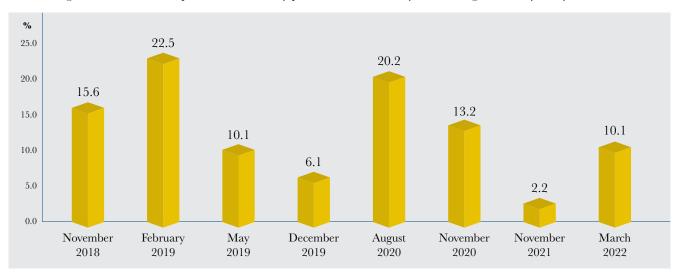
Proactive refinancing of debt ahead of maturity

During the year, AA REIT executed a supplemental loan facility agreement with its syndicate of financial institutions to refinance its revolving credit facility and Australian Dollar term loan with a new four-year revolving credit facility of S\$120.0 million and a new three-year Australian Dollar term loan of A\$65.0 million.

In April 2018, AA REIT received commitments from a syndicate of financial institutions to refinance a four-year term loan facility of S\$100.3 million and a subsidiary's five-year term loan facility of A\$110.655 million ahead of their respective maturities in November 2018 and February 2019 respectively with a new four-year term loan facility of S\$125.0 million and a new five-year term loan facility of A\$110.0 million, extending the weighted average term of maturity of its loan portfolio from 1.8 years to 3.3 years on a pro forma basis.

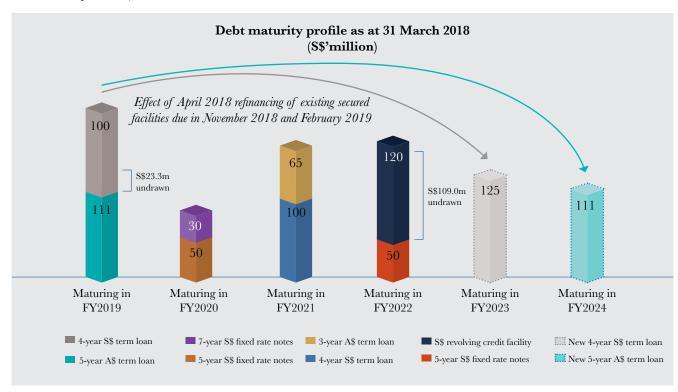
Staggered debt maturity profile

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



Out of the total borrowings as at 31 March 2018, 15.6 per cent falls due in November 2018, 22.5 per cent falls due in February 2019, 10.1 per cent falls due in May 2019, 6.1 per cent falls due in December 2019, 20.2 per cent falls due in August 2020, 13.2 per cent falls due in November 2020, 2.2 per cent falls due in November 2021 and the remaining balance falls due in March 2022.

The debt maturity profile of AA REIT as at 31 March 2018 (including the pro forma effect of the refinancing of its secured facilities in April 2018) is set out below:





AA REIT continued to maintain appropriate hedging ratios to mitigate interest rate volatility. As at 31 March 2018, 88.1 per cent of AA REIT's borrowings are on fixed interest rates with a combination of interest rate swaps to hedge its exposure from floating rate borrowings and fixed rate notes issued under the Medium Term Note Programme ("MTN Programme"). The fair value of derivative financial instruments represents 0.05 per cent of the total assets as at 31 March 2018.

Strong financial flexibility

As at 31 March 2018, AA REIT had approximately \$\$132.3 million of undrawn debt facilities including revolving credit facility and an untapped balance of \$\$370.0 million from the MTN Programme. AA REIT also has ten unencumbered Singapore properties with a total value of \$\$406.7 million or 33.1 per cent of the Singapore portfolio of \$\$1,228.7 million as at 31 March 2018. This will provide the Trust with the financial ability to complete the redevelopment of the property at 3 Tuas Avenue 2 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 33.5 per cent as at 31 March 2018, well below the 45.0 per cent gearing limit allowed by the Monetary Authority of Singapore for real estate investment trusts in Singapore. AA REIT has an investment grade credit rating of BBB- assigned by Standard & Poor's Ratings Services.

Equity funding

Equity raising

On 1 December 2017, AA REIT issued 42,145,000 new Units at an issue price of S\$1.305 per new Unit by way of private placement ("Private Placement"), raising gross proceeds of approximately S\$55.0 million.

Status report on the specific use of proceeds as of 31 March 2018 is as follows:

	Private Placement S\$'million
Gross proceeds	55.0
Use of proceeds	
Repayment of outstanding borrowings	47.9
Asset enhancement initiatives and balance payments on recent development projects	2.4
Issue expenses in relation to the Private Placement	1.0
	51.3

As at 31 March 2018, the balance proceeds of the Private Placement was approximately S\$3.7 million, which was primarily used to temporarily repay outstanding borrowings pending the deployment of such funds for their intended use. AA REIT intends to set aside the balance proceeds for asset enhancement initiatives and balance payments on its recent development projects.

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

Cash flows

AA REIT's cash and cash equivalents increased by \$\$5.9 million from \$\$11.7 million as at 31 March 2017 to \$\$17.6 million as at 31 March 2018. The increase was partly attributable to the receipt of balance proceeds from the divestment of 10 Soon Lee Road in end March 2018.

The net cash outflows used in investing activities of \$\$9.5 million was mainly attributable to the funding of the redevelopment costs of 8 Tuas Avenue 20 and the greenfield development at 51 Marsiling Road, partially offset by distributions received from AA REIT's 49.0 per cent interest in Optus Centre and proceeds from the divestment of 10 Soon Lee Road. The net cash outflows from financing activities were mainly due to the drawdowns to fund the development projects as well as distributions to Unitholders and borrowing costs paid to financial institutions, partially offset by the net proceeds from Private Placement.



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Report of the Trustee

Year ended 31 March 2018

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 supplemental deed of appointment and retirement of Trustee dated 8 March 2007, the first amending and restating deed dated 8 March 2007, the first supplemental deed dated 31 May 2010 and second amending and restating deed dated 17 July 2017 (collectively the "Trust Deed") between the Trustee and the Manager 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 123 to 180, 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

Authorised Signatory

Singapore

31 May 2018

Statement by the Manager

Year ended 31 March 2018

In the opinion of the Directors of AIMS AMP Capital Industrial REIT Management Limited (the "Manager"), the accompanying financial statements set out on pages 123 to 180, 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 statement 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 and portfolio holdings of the Group and of the Trust as at 31 March 2018, and the total return, distributable income and movements in Unitholders' funds of the Group and of the Trust and cash flows of the Group for the year then ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants and the provisions of the Trust Deed. At the date of this statement, there are reasonable grounds to believe that the Group and the Trust will be able to meet their financial obligations as and when they materialise.

For and on behalf of the Manager AIMS AMP Capital Industrial REIT Management Limited

Koh Wee Lih Director

Singapore 31 May 2018

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 2018, the statements of total return, distribution statements and statements of movements in Unitholders' funds of the Group and the Trust and the consolidated statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 123 to 180.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position, portfolio statement, statement of total return, distribution statement and statement of movements in Unitholders' funds of the Trust present fairly, in all material respects, the consolidated financial position and portfolio holdings of the Group and the financial position and portfolio holdings of the Trust as at 31 March 2018 and the consolidated total return, consolidated distributable income, consolidated movements in Unitholders' funds and consolidated 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 ("RAP 7") issued by the Institute of Singapore Chartered Accountants ("ISCA").

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements'* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

$Valuation\ of\ investment\ properties\ and\ investment\ properties\ under\ development$

(Refer to Notes 4 and 5 to the financial statements)

Risk:

The Group owns a portfolio of investment properties and investment property under development comprising 25 industrial properties which are located in Singapore, and a 49% interest in an investment property held through a joint venture which is located in Australia.

These investment properties and investment property under development are stated at their fair values based on independent external valuations.

The valuation process involves significant judgement in determining the appropriate valuation methodology to be used, and in estimating the underlying assumptions to be applied.

Our response:

We assessed the Group's process for the selection of the external valuers, the determination of the scope of work of the valuers, and the review and acceptance of the valuations reported by the external valuers.

We evaluated the competency and objectivity of the external valuers and made enquiries with them to understand their valuation approach and basis of valuation.

We compared the valuation methodologies applied against those applied by other valuers for similar property types. For selected properties, we tested the integrity of inputs of the projected cash flows used in the valuation to supporting leases and other documents. We also analysed industry data for comparability of capitalisation rates, discount rates and terminal yield rates.

We compared the estimated development expenditure to be incurred for the investment property under development against vendors' quotations.

We also considered the disclosures in the financial statements in describing the inherent degree of subjectivity and key assumptions adopted in the valuations.

Our findings:

The Group has a structured process in appointing and instructing valuers, and in reviewing and accepting their valuation results. The valuers are members of generally-recognised professional bodies for valuers and have considered their own independence in carrying out the work. The valuation methodologies used which included capitalisation, discounted cash flows and residual methods were consistent with generally accepted market practices. The key assumptions used in the valuations, including the projected cash flows, market rental growth rates, capitalisation rates, discount rates and terminal capitalisation rates, were substantiated by supporting leases or within the range of market data.

For the investment property under development, the estimated development costs to be incurred was found to be supported by vendors' quotations.

The disclosures in the financial statements are appropriate.

Other Information

AIMS AMP Capital Industrial REIT Management Limited, the Manager of the Trust (the "Manager"), is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of the auditors' report.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Manager for the financial statements

The Manager is responsible for the preparation and fair presentation of these financial statements in accordance with the recommendations of RAP 7 issued by the ISCA, and for such internal controls as the Manager determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to terminate the Group or to cease operations of the Group, or has no realistic alternative but to do so.

The responsibilities of the Manager include overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design
 and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to
 provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than
 for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the
 override of internal controls.
- Obtain an understanding of internal controls relevant to the audit 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 Group's
 internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide the Manager with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Manager, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Tan Kar Yee, Linda.

KPMG LLP

Public Accountants and Chartered Accountants

Singapore

31 May 2018

Statements of Financial Position

As at 31 March 2018

		Group		Trust	
	Note	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Non-current assets					
Investment properties	4	1,210,100	1,175,100	1,210,100	1,175,100
Investment properties under development	5	18,600	37,600	18,600	37,600
Subsidiaries	6	_	_	85,200	85,200
Joint venture	7	220,763	232,113	_	_
Trade and other receivables	8	3,569	2,599	3,569	2,599
Derivative financial instruments	9	512	408	512	408
		1,453,544	1,447,820	1,317,981	1,300,907
Current assets					
Trade and other receivables	8	6,525	5,928	6,037	5,307
Cash and cash equivalents	10	17,550	11,727	16,281	10,819
1		24,075	17,655	22,318	16,126
Transfer de la constant		1 477 610	1 465 475	1 240 200	1 217 022
Total assets		1,477,619	1,465,475	1,340,299	1,317,033
Non-current liabilities					
Trade and other payables	11	9,735	7,424	9,735	7,424
Interest-bearing borrowings	12	305,043	444,921	305,043	327,201
Derivative financial instruments	9	95	2,760	95	247
Deferred tax liabilities	13	6,411	5,849		
		321,284	460,954	314,873	334,872
Current liabilities					
Trade and other payables	11	28,094	33,271	26,885	32,138
Interest-bearing borrowings	12	188,164	82,585	76,882	82,585
Derivative financial instruments	9	1,118	218	_	218
		217,376	116,074	103,767	114,941
Total liabilities		538,660	577,028	418,640	449,813
Net assets		938,959	888,447	921,659	867,220
Represented by:					
Unitholders' funds	14	938,959	888,447	921,659	867,220
Units in issue and to be issued ('000)	15	684,119	639,337	684,119	639,337
Net asset value per Unit attributable to Unitholders (\$)		1.3725	1.3896	1.3472	1.3564

Statements of Total Return

Year ended 31 March 2018

		Group		Trust		
	Note	2018	2017	2018	2017	
		\$'000	\$'000	\$'000	\$'000	
Gross revenue	16	116,916	120,119	116,916	120,119	
Property operating expenses	17	(40,499)	(40,686)	(40,499)	(40,686)	
Net property income	_	76,417	79,433	76,417	79,433	
Foreign exchange (loss)/gain		(149)	39	3,750	(2,136)	
Interest and other income		189	2,387	159	2,369	
Distribution income from a subsidiary		_	_	9,364	8,852	
Borrowing costs	18	(19,417)	(18,602)	(13,620)	(12,816)	
Manager's management fees	19	(7,385)	(7,405)	(7,385)	(7,405)	
Other trust expenses	20	(1,881)	(1,755)	(1,314)	(1,259)	
Non-property expenses	_	(28,683)	(27,762)	(22,319)	(21,480)	
Net income before joint venture's results		47,774	54,097	67,371	67,038	
Share of results of joint venture (net of tax)	7 _	17,418	14,758			
Net income		65,192	68,855	67,371	67,038	
Net change in fair value of investment properties and						
investment properties under development		(4,682)	(54,317)	(4,682)	(54,317)	
Net change in fair value of derivative financial instruments		506	470	506	470	
Gain on divestment of investment property	_	1,597		1,597		
Total return before income tax		62,613	15,008	64,792	13,191	
Income tax expense	21 _	(1,421)	(1,529)	(859)	(917)	
Total return after income tax	_	61,192	13,479	63,933	12,274	
Earnings per Unit (cents)						
Basic and diluted	22	9.36	2.12			

Distribution Statements

Year ended 31 March 2018

		Gı	oup	Trust		
	Note	2018	2017	2018	2017	
		\$'000	\$'000	\$'000	\$'000	
Amount available for distribution to		17755	10.740	17 755	10.740	
Unitholders at beginning of the year		17,755	18,743	17,755	18,743	
Total return before income tax		62,613	15,008	64,792	13,191	
Net effect of tax adjustments	A	10,133	59,367	(3,134)	52,681	
Other adjustments	В	(11,088)	(8,503)	_	_	
	_	61,658	65,872	61,658	65,872	
Amount available for distribution to						
Unitholders from taxable income		79,413	84,615	79,413	84,615	
Distribution from tax-exempt income		2,698	2,680	2,698	2,680	
Capital distribution	_	3,014	1,945	3,014	1,945	
Amount available for distribution to Unitholders		85,125	89,240	85,125	89,240	
Distributions to Unitholders during the year:	Г					
2.95 cents per Unit for the period from 1 January 2016 – 31 March 2016		_	(18,743)	_	(18,743)	
2.75 cents per Unit for the period from			(10,743)		(10,743)	
1 April 2016 – 30 June 2016		_	(17,526)	_	(17,526)	
2.75 cents per Unit for the period from			(17,020)		(17,020)	
1 July 2016 – 30 September 2016		_	(17,526)	_	(17,526)	
2.77 cents per Unit for the period from			, , ,			
1 October 2016 – 31 December 2016		_	(17,690)	_	(17,690)	
2.78 cents per Unit for the period from						
1 January 2017 – 31 March 2017		(17,755)	_	(17,755)	-	
2.50 cents per Unit for the period from						
1 April 2017 – 30 June 2017		(15,999)	_	(15,999)	-	
2.55 cents per Unit for the period from		(1.0.000)		(1.0.000)		
1 July 2017 – 30 September 2017		(16,320)	_	(16,320)	_	
1.91 cents per Unit for the period from		(10.004)		(10.004)		
1 October 2017 – 30 November 2017		(12,224)	_	(12,224)	_	
0.71 cents per Unit for the period from 1 December 2017 – 31 December 2017		(4,852)	_	(4,852)	_	
1 December 2017 31 December 2017	L	(67,150)	(71,485)	(67,150)	(71,485)	
Amount available for distribution to	_	(07,130)	(71,100)	(07,130)	(71,103)	
Unitholders at end of the year		17,975	17,755	17,975	17,755	
/	_	J- · -		,-·,	,	
Number of Units entitled to						
distributions at end of the year ('000)		683,452	638,658	683,452	638,658	
Distribution per Unit (cents)		10.30	11.05	10.30	11.05	

Please refer to note 3.11 for the Trust's distribution policy.

Distribution Statements

Year ended 31 March 2018

Note A - Net effect of tax adjustments

	Gr	oup	Trust		
	2018	2017	2018	2017	
	\$'000	\$'000	\$'000	\$'000	
Amortisation and write-off of borrowing transaction costs	774	808	774	808	
Foreign exchange loss/(gain)	143	(45)	(3,756)	2,130	
Manager's management fees in Units	3,692	3,700	3,692	3,700	
Net change in fair value of investment properties and					
investment properties under development	4,682	54,317	4,682	54,317	
Net change in fair value of derivative financial instruments	(506)	(470)	(506)	(470)	
Gain on divestment of investment property	(1,597)	_	(1,597)	_	
Net tax adjustment on foreign sourced income	2,377	2,415	(6,987)	(6,436)	
Proceeds from insurance claims	(114)	(2,330)	(114)	(2,330)	
Temporary differences and other tax adjustments	682	972	678	962	
Net effect of tax adjustments	10,133	59,367	(3,134)	52,681	

Note B – Other adjustments

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

Statements of Movements in Unitholders' Funds

Year ended 31 March 2018

		Gı	oup	Trust		
	Note	2018	2017	2018	2017	
		\$'000	\$'000	\$'000	\$'000	
Balance at beginning of the year	_	888,447	940,721	867,220	922,731	
Operations						
Total return after income tax		61,192	13,479	63,933	12,274	
Foreign currency translation reserve						
Translation differences relating to financial statements of foreign subsidiaries and net investment in foreign operations	14	(2,488)	1,291	_	_	
Hedging reserve						
Effective portion of changes in fair value of cash flow						
hedges	14	1,272	741	(30)	_	
Unitholders' contributions	_					
Issuance of Units (including Units to be issued):						
- Private placement		54,999	_	54,999	_	
- Manager's management fees in Units		3,692	3,700	3,692	3,700	
Distributions to Unitholders		(67, 150)	(71,485)	(67, 150)	(71,485)	
Issue expenses	14	(1,005)	_	(1,005)		
Change in Unitholders' funds resulting from Unitholders'					_	
transactions	_	(9,464)	(67,785)	(9,464)	(67,785)	
Total increase/(decrease) in Unitholders' funds	_	50,512	(52,274)	54,439	(55,511)	
Balance at end of the year	_	938,959	888,447	921,659	867,220	

Portfolio Statements

As at 31 March 2018

Description of property Location		Term of land lease ¹	Remaining term of land lease ¹ (years)
C 1.1 T			
Group and the Trust			
Investment properties in Sing		0.5	00.0
20 Gul Way	20 Gul Way	35 years	22.8
27 Penjuru Lane	27 Penjuru Lane	45 years	31.5
8 & 10 Pandan Crescent	8 & 10 Pandan Crescent	92 years and 8 months	50.2
NorthTech	29 Woodlands Industrial Park E1	60 years	36.8
1A International Business Park	1A International Business Park	52 years	41.2
30 Tuas West Road	30 Tuas West Road	60 years	37.8
51 Marsiling Road ⁴	51 Marsiling Road	70 years and 5 months	26.3
Element 14	15 Tai Seng Drive	60 years	33.0
103 Defu Lane 10	103 Defu Lane 10	60 years	25.2
8 Tuas Avenue 20 ⁵	8 Tuas Avenue 20	59 years and 1.5 months	33.6
1 Bukit Batok Street 22	1 Bukit Batok Street 22	60 years	37.2
3 Toh Tuck Link	3 Toh Tuck Link	60 years	38.6
10 Changi South Lane	10 Changi South Lane	60 years	38.2
23 Tai Seng Drive	23 Tai Seng Drive	60 years	32.3
11 Changi South Street 3	11 Changi South Street 3	60 years	37.0
135 Joo Seng Road	135 Joo Seng Road	60 years	36.2
61 Yishun Industrial Park A	61 Yishun Industrial Park A	60 years	34.4
56 Serangoon North Avenue 4	56 Serangoon North Avenue 4	60 years	37.1
King Plastic	541 Yishun Industrial Park A	60 years	36.2
2 Ang Mo Kio Street 65	2 Ang Mo Kio Street 65	60 years	29.0
8 Senoko South Road	8 Senoko South Road	60 years	36.6
1 Kallang Way 2A	1 Kallang Way 2A	60 years	37.2
7 Clementi Loop	7 Clementi Loop	60 years	35.2
Aalst Chocolate Building	26 Tuas Avenue 7	60 years	35.8
3 Tuas Avenue 2 ⁶	3 Tuas Avenue 2	73 years	37.0
10 Soon Lee Road ⁷	10 Soon Lee Road	60 years	22.9
Investment properties, at val	uation (note 4)		
Investment properties under	development in Singapore		
8 Tuas Avenue 20 ⁵	8 Tuas Avenue 20	59 years and 1.5 month	33.6
51 Marsiling Road ⁴	51 Marsiling Road	70 years and 5 months	26.3
3 Tuas Avenue 2 ⁶	3 Tuas Avenue 2	73 years	37.0
Investment properties under	development, at valuation (note 5	5)	
Portfolio of investment propo	erties and investment properties 1	ander development	
Joint venture (note 7)			
Investment property in Austr	alia hald by a joint wantum		
Optus Centre ⁸	1-5 Lyonpark Road, Macquarie	Freehold	N.A.
Optus Gentre	Park, New South Wales	Freehold	1 V./1.

Includes the period covered by the relevant options to renew.

The occupancy rates shown are on committed basis.

The carrying value of investment properties and investment properties under development are stated at valuation.

The Group entered into an option agreement with Seiko Instruments Singapore Pte Ltd to acquire the plot of land on 3 August 2016 for a build-to-suit development. It was transferred to "Investment properties" during the year ended 31 March 2018 upon achieving its Temporary Occupation Permit on 27 October 2017.

		ipancy ite ²		arrying value³			Tru percentage Unitholder	e of total
	2018	2017	2018	2017	2018	2017	2018	2017
Existing use	0/0	0/0	\$'000	\$'000	0/0	%	0/0	9/0
Ramp-up Warehouse	87	100	250,400	263,200	26.7	29.6	27.2	30.3
Ramp-up Warehouse	87	96	169,000	170,000	18.0	19.1	18.3	19.6
Cargo Lift Warehouse	90	89	146,000	146,000	15.5	16.4	15.9	16.8
Hi-Tech	100	100	102,000	100,000	10.9	11.3	11.1	11.5
Business Park	100	100	88,500	88,500	9.4	10.0	9.6	10.2
Ramp-up Warehouse	100	100	59,100	60,700	6.3	6.8	6.4	7.0
Manufacturing	100	N.A.	43,000	,	4.6	_	4.7	_
Industrial	100	90	35,300	32,600	3.7	3.7	3.8	3.8
Cargo Lift Warehouse	92	76	35,000	36,000	3.7	4.1	3.8	4.2
Manufacturing	83	N.A.	28,000	, –	3.0	_	3.0	_
Industrial	43	85	25,700	26,000	2.7	2.9	2.8	3.0
Cargo Lift Warehouse	100	100	22,500	22,700	2.4	2.6	2.5	2.6
Cargo Lift Warehouse	90	100	22,300	22,300	2.4	2.5	2.4	2.6
Industrial	95	95	22,200	21,000	2.4	2.4	2.4	2.4
Cargo Lift Warehouse	92	63	21,400	21,400	2.3	2.4	2.3	2.5
Industrial	90	70	20,300	20,300	2.2	2.3	2.2	2.3
Industrial	67	64	20,000	20,000	2.1	2.3	2.2	2.3
Cargo Lift Warehouse	98	96	19,500	18,900	2.1	2.1	2.1	2.2
Manufacturing	100	100	16,000	16,000	1.7	1.8	1.7	1.8
Manufacturing	100	100	15,700	15,300	1.7	1.7	1.7	1.8
Manufacturing	100	100	12,300	12,300	1.3	1.4	1.3	1.4
Industrial	96	100	12,200	12,500	1.3	1.4	1.3	1.4
Cargo Lift Warehouse	77	94	12,200	10,900	1.3	1.2	1.3	1.3
Manufacturing	100	100	11,500	11,500	1.2	1.3	1.3	1.3
Manufacturing	N.A.	100	_	20,600	_	2.3	_	2.4
Industrial	N.A.	72	_	6,400	_	0.7	_	0.7
			1,210,100	1,175,100	128.9	132.3	131.3	135.4
_	N.A.	N.A.	_	19,400	_	2.2	_	2.2
_	N.A.	N.A.	_	18,200	_	2.0	_	2.1
_	N.A.	N.A.	18,600	_	2.0	_	2.0	_
			18,600	37,600	2.0	4.2	2.0	4.3
			1,228,700	1,212,700	130.9	136.5		
			220,763	232,113	23.5	26.1		
Business Park	100	100						
			/E10 E0 t)	(F.F.C. 0.00)	/F 4 4\	(00.0)		
			(510,504)	(556,366)	(54.4)	(62.6)		
			938,959	888,447	100.0	100.0		

The Manager previously announced plans to redevelop the property (subject to authorities' approvals). The property was classified as "Investment properties under development" as at 31 March 2017. It was transferred to "Investment properties" during the year ended 31 March 2018 upon achieving its Temporary Occupation Permit on 29 August 2017.

⁶ The Manager intends to redevelop the property (subject to authorities' approvals). Accordingly, it was transferred to "Investment properties under development" during the year ended 31 March 2018.

On 29 March 2018, the Trust completed the sale of the property for a consideration of \$\$8.17 million.

B The Group has a 49.0% (2017: 49.0%) interest in Optus Centre. As at 31 March 2018, the property was valued at AUD450.0 million (equivalent to approximately \$453.1 million) (31 March 2017: AUD445.0 million (equivalent to approximately \$474.8 million)).

Portfolio Statements

As at 31 March 2018

				Trust		
				percentage o	of total	
		Carrying value		Unitholders'	funds	
		2018	2017	2018	2017	
	Description of property	\$'000	\$'000	0/0	0/0	
	<u>Trust</u>					
1-26	Investment properties, at valuation (pages 128 – 129)	1,210,100	1,175,100	131.3	135.4	
	Investment properties under development, at					
	valuation (pages 128 to 129)	18,600	37,600	2.0	4.3	
		1,228,700	1,212,700	133.3	139.7	
	Other assets and liabilities (net)	(307,041)	(345,480)	(33.3)	(39.7)	
	Total Unitholders' funds of the Trust	921,659	867,220	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 2018 and 31 March 2017 related wholly to investing in real estate in the industrial sector.

As at 31 March 2018, the investment properties and investment properties under development were valued by Colliers International Consultancy & Valuation (Singapore) Pte Ltd or Jones Lang LaSalle Property Consultants Pte Ltd (2017: CBRE Pte. Ltd. or Savills Valuation And Professional Services (S) Pte Ltd). The independent valuation of the investment property held through a joint venture was carried out by Jones Lang LaSalle Advisory Services Pty Ltd as at 31 March 2018 (2017: CBRE Valuations Pty Limited as at 31 March 2017).

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 discounted cash flow analysis and/or capitalisation method. 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.

Consolidated Statement of Cash Flows

Year ended 31 March 2018

	Group	
	2018	2017
	\$'000	\$'000
Cash flows from operating activities		
Total return after income tax	61,192	13,479
Adjustments for:		
Share of results of joint venture (net of tax)	(17,418)	(14,758)
Borrowing costs	19,417	18,602
Foreign exchange loss/(gain)	149	(39)
Manager's management fees in Units	3,692	3,700
Net change in fair value of investment properties and	,	,
investment properties under development	4,682	54,317
Net change in fair value of derivative financial instruments	(506)	(470)
Gain on divestment of investment property	(1,597)	_
Income tax expense	1,421	1,529
Operating income before working capital changes	71,032	76,360
Changes in working capital		
Trade and other receivables	(1,554)	1,545
Trade and other payables	4,719	1,082
Cash generated from operations	74,197	78,987
Income tax paid	(859)	(917)
Net cash from operating activities	73,338	78,070
Cash flows from investing activities Capital expenditure on investment properties and		
investment properties under development (including acquisition of land)	(33,181)	(47,990)
Distributions from a joint venture	15,688	14,988
Proceeds from divestment of investment property	7,997	14,900
Net cash used in investing activities	(9,496)	(33,002)
Net cash used in investing activities	(9,190)	(33,002)
Cash flows from financing activities		
Distributions to Unitholders	(67,965)	(71,536)
Proceeds from interest-bearing borrowings	147,350	233,555
Repayments of interest-bearing borrowings	(171,228)	(183,555)
Borrowing costs paid	(19,972)	(19,340)
Proceeds from placement	54,999	_
Issue expenses paid	(1,005)	_
Net cash used in financing activities	(57,821)	(40,876)
Net increase in cash and cash equivalents	6,021	4,192
Cash and cash equivalents at beginning of the year	11,727	7,490
Effect of exchange rate fluctuations on cash held	(198)	4 5
Cash and cash equivalents at end of the year	17,550	11,727
		,

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

Consolidated Statement of Cash Flows

Year ended 31 March 2018

Note:

A Significant non-cash transactions

There were the following significant non-cash transactions:

- (i) During the financial year ended 31 March 2018, the Trust issued an aggregate of 2,648,540 (2017: 2,202,650) new Units amounting to \$3.7 million (2017: \$3.0 million) as partial payment for the base fee element of the Manager's management fees incurred.
- (ii) During the financial year ended 31 March 2017, the Trust issued an aggregate of 1,089,469 new Units amounting to \$1.5 million as payment for the performance component of the Manager's management fees for the financial year ended 31 March 2016.

Refer to note 15 of the financial statements.

Year ended 31 March 2018

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Manager and the Trustee on 31 May 2018.

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 supplemental deed of appointment and retirement of Trustee dated 8 March 2007, the first amending and restating deed dated 8 March 2007, the first supplemental deed dated 31 May 2010 and second amending and restating deed dated 17 July 2017 (collectively the "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 consolidated financial statements relate to the Trust and its subsidiaries (the "Group") and the Group's interest in its joint venture.

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 and joint venture are set out in note 6 and note 7 respectively.

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.

Year ended 31 March 2018

1. **GENERAL** (continued)

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.

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.

Year ended 31 March 2018

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.

Year ended 31 March 2018

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgements

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

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

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

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

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).

Year ended 31 March 2018

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.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 April 2017. The adoption of these standards did not result in substantial changes to the accounting policies and had no significant effect on the financial performance or position of the Group and the Trust except as described below.

Disclosure initiative (Amendments to FRS 7)

With effect from 1 April 2017, as a result of the amendments to FRS 7, the Group has provided additional disclosure in relation to the changes in liabilities arising from financing activities for the year ended 31 March 2018. Comparative information has not been presented (see note 12).

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.

Year ended 31 March 2018

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Basis of consolidation (continued)

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.

3.2 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.

Year ended 31 March 2018

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.

Year ended 31 March 2018

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 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).

Year ended 31 March 2018

Derivative financial instruments, including hedge accounting

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

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

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

Cash flow hedges

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

Other non-trading derivatives

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

3.5 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 period 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.

Year ended 31 March 2018

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 Impairment (continued)

(i) Non-derivative financial assets (continued)

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 3.5(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.

Year ended 31 March 2018

3.6 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.

3.7 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.

3.8 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.

3.9 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.

Year ended 31 March 2018

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.10 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 venture 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.

Year ended 31 March 2018

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);
- A Singapore branch of a foreign company; or
- An international organisation that is exempt from tax,

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.

Year ended 31 March 2018

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.11 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.

3.12 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.

3.13 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.

Year ended 31 March 2018

3.14 New standards and interpretations not yet adopted

A number of new standards and amendments to standards are effective for annual periods beginning after 1 April 2017 and earlier application is permitted; however, the Group has not early applied these new or amended standards in preparing these statements. These new standards include, among others, FRS 115 *Revenue from Contracts* and FRS 109 *Financial Instruments*, which are mandatory for adoption by the Group on 1 April 2018, and FRS 116 *Leases*, which is mandatory for adoption by the Group on 1 April 2019.

Applicable to financial statements for the year ending 31 March 2019

(a) FRS 115 Revenue from Contracts

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.

The Group has performed a preliminary impact assessment of adopting FRS 115 based on currently available information and the Group does not expect the adoption of FRS 115 to have any significant impact on the financial statements. This assessment may be subject to changes arising from ongoing analysis, until the Group adopts FRS 115 for the year ending 31 March 2019.

(b) FRS 109 Financial Instruments

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting, and is effective for annual periods beginning on or after 1 April 2018. Overall, the Group does not expect a significant change to the measurement basis arising from adopting the new classification and measurement model under FRS 109. Loans and receivables currently accounted for at amortised cost will continue to be accounted for using amortised cost model under FRS 109. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model.

The Group expects that all its existing hedges that are designated in effective hedging relationships will continue to qualify for hedge accounting under FRS 109. The relaxation of hedge accounting rules is likely to present more opportunities for the Group to adopt hedge accounting.

The Group plans to adopt the new standard on the required effective date without restating prior periods' information and will recognise any difference between the previous carrying amount and the carrying amount at the beginning of the annual reporting period at the date of initial application in the opening retained earnings.

Impairment

FRS 109 requires the Group to record expected credit losses on all of its cash and cash equivalents and trade and other receivables, either on a 12-month or lifetime basis. The Group expects to apply the simplified approach and record lifetime expected losses on its trade receivables. On adoption of FRS 109, the Group does not expect a significant increase in the impairment loss allowance as the trade receivables not impaired mainly relate to tenants who have good payment records and the retention of sufficient security in the form of bankers guarantees or cash security deposits. The Group is currently finalising the testing of its expected credit loss model and the quantum of the final transition adjustments may be different upon finalisation.

Overall, the Group has performed a preliminary impact assessment of adopting FRS 109 based on currently available information and the Group does not expect the adoption of FRS 109 to have any significant impact on the financial statements. This assessment may be subject to changes arising from ongoing analysis, until the Group adopts FRS 109 for the year ending 31 March 2019.

Year ended 31 March 2018

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.14 New standards and interpretations not yet adopted (continued)

Applicable to financial statements for the year ending 31 March 2020

(a) FRS 116 Leases

FRS 116 eliminates the lessee's classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. Applying the new model, a lessee is required to recognise right-of-use ("ROU") assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying assets is of low value.

FRS 116 substantially carries forward the lessor accounting requirements in FRS 17 Leases. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for these two types of leases using the FRS 17 operating lease and finance lease accounting models respectively. However FRS 116 requires more extensive disclosures to be provided by a lessor. When effective, FRS 116 replaces existing lease accounting guidance, including FRS 17, INT FRS 104 Determining whether an Arrangement contains a Lease, INT FRS 15 Operating Leases – Incentives, and INT FRS 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

FRS 116 is effective for annual periods beginning on or after 1 April 2019, with early adoption permitted if FRS 115 is also applied.

The Group plans to adopt the standard when it becomes effective for the year ending 31 March 2020 and expects to apply the standard using the modified retrospective approach. The Group also expects the ROU assets recognised at date of initial application to be equal to their lease liabilities.

The Group is likely to elect the practical expedient not to reassess whether a contract contains a lease at the date of initial application, 1 April 2019. Accordingly, existing lease contracts that are still effective on 1 April 2019 continue to be accounted for as lease contracts under FRS 116.

The Group has performed a preliminary high-level assessment of the new standard on its existing operating lease arrangements as a lessee (refer to note 23). Based on the preliminary assessment, the Group expects these operating leases to be recognised as ROU assets with corresponding lease liabilities under FRS 116. The operating lease commitments based on prevailing rates on an undiscounted basis amount to approximately 19% of the consolidated total assets and 51% of consolidated total liabilities as of 31 March 2018. Under the new standard, remaining lease payments of the operating leases will be recognised at their present value discounted using appropriate discount rate.

Until 1 April 2019, the approximate financial impact of the standard is unknown due to factors that impact calculation of lease liabilities such as discount rate, inflation rate, expected term of leases including renewal options and exemptions for short-term leases. The Group will continue to assess its portfolio of leases to calculate the impending impact of transition to the new standard.

Year ended 31 March 2018

4. INVESTMENT PROPERTIES

	Group		and Trust
	Note	2018	2017
		\$'000	\$'000
At 1 April		1,175,100	1,172,400
Capital expenditure capitalised		3,340	1,502
Divestment of investment property		(6,400)	_
Net change in fair value of investment properties recognised in			
the statement of total return		(10,440)	(59,502)
Transfer from investment properties under development (net)	5	48,500	60,700
At 31 March		1,210,100	1,175,100

As at 31 March 2018, 14 (2017: 13) investment properties of the Group and the Trust with carrying amounts totalling \$803,400,000 (2017: \$779,500,000) had been pledged as security for interest-bearing borrowings (note 12).

Fair value hierarchy

Investment properties with level 3 fair value of \$1,210,100,000 as at 31 March 2018 (2017: \$1,175,100,000), 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, Colliers International Consultancy & Valuation (Singapore) Pte Ltd or Jones Lang LaSalle Property Consultants Pte Ltd on 31 March 2018 (2017: CBRE Pte. Ltd. or Savills Valuation And Professional Services (S) Pte Ltd on 31 March 2017). 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 and/or capitalisation method in arriving at the open market value as at the reporting date.

Year ended 31 March 2018

4. INVESTMENT PROPERTIES (continued)

Level 3 fair value measurements (continued)

(ii) Valuation techniques (continued)

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 against anticipated operating costs to produce a net income on a fully leased basis. The adopted fully leased net income is capitalised at an appropriate investment yield.

(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 7.50% to 8.00% (2017: 7.75% to 8.00%)	The estimated fair value would increase (decrease) if discount rate was lower (higher).
	• Terminal capitalisation rate of 6.25% to 7.00% (2017: 6.25% to 7.00%)	The estimated fair value would increase (decrease) if terminal capitalisation rate was lower (higher).
Capitalisation method	• Capitalisation rate of 6.00% to 6.75% (2017: 6.00% to 7.00%)	The estimated fair value would increase (decrease) if capitalisation rate was lower (higher).

5. INVESTMENT PROPERTIES UNDER DEVELOPMENT

		Group and Trust	
	Note	2018	2017
		\$'000	\$'000
At 1 April		37,600	44,900
Development expenditure capitalised		23,742	48,215
Net change in fair value of investment properties under development recognised			
in statement of total return		5,758	5,185
Transfer to investment properties (net)	4 _	(48,500)	(60,700)
At 31 March	_	18,600	37,600

As at 31 March 2018, the Manager proposed to redevelop the property at 3 Tuas Avenue 2 (subject to authorities' approvals). Included in development expenditure capitalised are borrowing costs capitalised during the year of approximately \$478,000 (2017: \$662,000) and acquisition fees of approximately \$97,000 paid to the Manager for the financial year ended 31 March 2018.

Year ended 31 March 2018

As at 31 March 2018, the investment property under development (2017: nil) of the Group and the Trust with carrying amount of \$18,600,000 (2017: nil) had been pledged as security for interest-bearing borrowings (note 12).

Fair value hierarchy

Investment properties under development with fair value of \$18,600,000 (2017: \$37,600,000) as at 31 March 2018 were measured by an independent professional valuer, Jones Lang LaSalle Property Consultants Pte Ltd (2017: CBRE 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 has been categorised as a Level 3 fair values 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 and/or capitalisation method (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 • Discount rate of 7.75% (2017: 8.00%)	The estimated fair value would increase (decrease) if discount rate was lower (higher).
	• Terminal capitalisation rate of 6.75% (2017: 6.75%)	The estimated fair value would increase (decrease) if terminal capitalisation rate was lower (higher).
	Capitalisation methods • Capitalisation rate of 6.50% (2017: 6.50%)	The estimated fair value would increase (decrease) if capitalisation rate was lower (higher).
	Estimated development costs to be incurred (including land costs): \$48.2 million (2017: \$66.4 million)	The estimated fair value would increase (decrease) if estimated development costs to be incurred were lower (higher).

Year ended 31 March 2018

6. SUBSIDIARIES

	Tr	Trust	
20	18	2017	
\$*0)0	\$'000	
Unquoted equity, at cost 85,2	00	85,200	

Details of the subsidiaries are as follows:

	Country of incorporation		interest Group
	or constitution/	2018	2017
Subsidiaries of the Trust	Principal place of business	0/0	0/0
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 $^{\rm 3}$	Australia	100.0	100.0
AA REIT Macquarie Park Investment Trust ⁴	Australia	100.0	100.0

Audited by KPMG LLP Singapore.

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. Its 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.

Dormant and not required to be audited.

Not required to be audited by the laws of the country of its constitution.

⁴ Audited by a member firm of KPMG International.

Year ended 31 March 2018

7. **JOINT VENTURE**

	G	roup
	2018	2017
	\$'000	\$'000
Joint venture	220,763	232,113

Details of the joint venture are as follows:

	Country of constitution/		Effective equity held by the	,
	Principal place of	Principal	2018	2017
Name of entity	business	Activity	%	9/0
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 for the respective financial years ended 31 March.

	2018	2017
	\$ '000	\$'000
Assets and liabilities		
Non-current assets ^a	453,139	474,760
Current assets b	4,927	6,514
Total assets	458,066	481,274
Current liabilities ^c	7,530	7,573
Total liabilities	7,530	7,573
Results		
Revenue	34,927	34,728
Expenses	(4,695)	(4,759)
Net change in fair value of investment property	5,314	149
Total return for the year	35,546	30,118

^a Represents the valuation of Optus Centre, Macquarie Park, New South Wales, Australia. The independent valuation of the property was carried out by Jones Lang LaSalle Advisory Services Pty Ltd as at 31 March 2018 (2017: CBRE Valuations Pty Limited as at 31 March 2017) and the property was valued at AUD450.0 million (equivalent to approximately \$453.1 million) (31 March 2017: AUD445.0 million (equivalent to approximately \$474.8 million)).

b Includes cash at banks and in hand of \$2.2 million (2017: \$2.6 million).

^c Comprises trade and other payables, current tax payable and provisions

Year ended 31 March 2018

7. JOINT VENTURE (continued)

	2018 \$'000	2017 \$'000
Group's interest in net assets and carrying amount of joint venture		
At 1 April	232,113	225,213
Share of results of joint venture (net of tax) (including share of		
net change in fair value of investment property)	17,418	14,758
Distributions received/receivable	(15,700)	(15,113)
Foreign currency translation movements	(13,068)	7,255
At 31 March	220,763	232,113

8. TRADE AND OTHER RECEIVABLES

	Group		Trust	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Trade receivables	3,263	3,028	3,263	3,028
Impairment losses		(410)		(410)
Net trade receivables	3,263	2,618	3,263	2,618
Deposits	34	26	34	26
Distribution receivable from a subsidiary	_	_	761	679
Distribution receivable from a joint venture	1,243	1,294	_	_
Other receivables	194		194	
Loans and receivables	4,734	3,938	4,252	3,323
Prepayments	5,360	4,589	5,354	4,583
	10,094	8,527	9,606	7,906
Non-current	3,569	2,599	3,569	2,599
Current	6,525	5,928	6,037	5,307
	10,094	8,527	9,606	7,906

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

	Group Gross		Trust Gross		Group and Trust Impairment loss	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Not past due	2,509	1,766	2,027	1,151	_	_
Past due 1 – 30 days	674	1,221	674	1,221	_	_
Past due 31 – 90 days	964	902	964	902	_	_
Past due more than 90 days	587	459	587	459		410
	4,734	4,348	4,252	3,733		410

Year ended 31 March 2018

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

	Group	and Trust
	2018	2017
	\$'000	\$'000
At 1 April	410	392
Impairment loss recognised (net)	_	18
Amounts written off	(410)	
At 31 March	_	410

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	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Non-current assets				
Interest rate swaps	512	408	512	408
Non-current liabilities				
Interest rate swaps	(95)	(2,760)	(95)	(247)
Current liabilities				
Interest rate swaps	(1,118)	(218)	_	(218)

The Group and the Trust use interest rate swaps to manage their exposures to interest rate movements on 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 2018, the Group had interest rate swap contracts with tenors between three and seven years with total notional amounts of \$129.1 million and AUD175.7 million, equivalent to approximately \$176.9 million (2017: \$129.1 million and AUD175.8 million, equivalent to approximately \$187.5 million). Under the contracts, the Group pays fixed interest rates of 1.570% to 3.825% (2017: 1.570% 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 AUD175.7 million (equivalent to approximately \$176.9 million) (2017: AUD110.7 million (equivalent to approximately \$118.1 million) as hedging instruments in a cash flow hedge to hedge against variable interest payment arising from the AUD175.7 million (equivalent to approximately \$176.9 million) (2017: AUD110.7 million (equivalent to approximately \$118.1 million) floating rate loans.

The Trust has designated the interest rate swap contracts with notional amounts of AUD65.0 million (equivalent to approximately \$65.5 million) (2017: nil) as hedging instruments in a cash flow hedge to hedge against variable interest payment arising from the AUD65.0 million (equivalent to approximately \$65.5 million) (2017: nil) floating rate loan.

Year ended 31 March 2018

9. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

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:

		Expected cash flows			
	Carrying amount \$'000	Less than 1 year \$'000	1 to 5 years \$'000	More than 5 years \$'000	
Group		·	·	·	
2018					
Non-current assets					
Interest rate swaps	512	584	(52)	636	
Non-current liabilities					
Interest rate swaps	(95)	(126)	(244)	118	
Current liabilities					
Interest rate swaps	(1,118)	(1,330)	(1,330)		
	(701)	(872)	(1,626)	754	
2017					
Non-current assets					
Interest rate swaps	408	510	(409)	919	
Non-current liabilities					
Interest rate swaps	(2,760)	(3,136)	(1,783)	(1,353)	
Current liabilities					
Interest rate swaps	(218)	(254)	(254)		
-	(2,570)	(2,880)	(2,446)	(434)	

Year ended 31 March 2018

		Expected cash flows			
	Carrying amount \$'000	Less than 1 year \$'000	1 to 5 years \$'000	More than 5 years \$'000	
Trust	·	·	·	·	
2018					
Non-current assets					
Interest rate swaps	512	584	(52)	636	
Non-current liabilities					
Interest rate swaps	(95)	(126)	(244)	118	
	417_	458	(296)	754	
2017					
Non-current assets					
Interest rate swaps	408	510	(409)	919	
Non-current liabilities					
Interest rate swaps	(247)	(350)	(254)	(96)	
Current liabilities					
Interest rate swaps	(218)	(254)	(254)		
•	(57)	(94)	(917)	823	

10. CASH AND CASH EQUIVALENTS

	Group		Trust	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Cash at banks and in hand	14,319	6,818	13,050	5,910
Fixed deposits with financial institutions	3,231	4,909	3,231	4,909
	17,550	11,727	16,281	10,819

Year ended 31 March 2018

11. TRADE AND OTHER PAYABLES

	Gr	Trust		
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Trade payables and accrued expenses	12,363	10,222	12,108	10,103
Trade amounts due to:				
- the Manager	955	311	955	311
- the Property Manager	516	1,009	516	1,009
- the Trustee	44	44	44	44
- subsidiary	_	_	8	11
- entities controlled by corporate shareholders of				
the Manager	227	223	_	_
Goods and services tax payable	1,772	1,223	1,773	1,232
Rental received in advance	1,507	1,476	1,507	1,476
Rental and security deposits	14,051	11,847	14,051	11,847
Retention sums for development costs	2,935	2,779	2,935	2,779
Accrued development costs	911	8,774	911	8,774
Interest payable	2,548	2,787	1,812	1,976
	37,829	40,695	36,620	39,562
Non-current	9,735	7,424	9,735	7,424
Current	28,094	33,271	26,885	32,138
	37,829	40,695	36,620	39,562

Year ended 31 March 2018

12. INTEREST-BEARING BORROWINGS

Gı	oup	Trust		
2018	2017	2018	2017	
\$'000	\$'000	\$'000	\$'000	
165 452	216 405	165 452	198,439	
•	310,493		190,439	
	916.405		100.400	
1/6,433	316,493	176,433	198,439	
130.000	130.000	130.000	130,000	
	•		328,439	
•			(1,238)	
305,043	444,921	305,043	327,201	
188,427	69,492	77,000	69,492	
_		_	13,300	
188,427		77,000	82,792	
•			(207)	
			82,585	
, , , , , , , , , , , , , , , , , , , ,	9	, , , , , , , , , , , , , , , , , , ,		
493,207	527,506	381,925	409,786	
	2018 \$'000 165,453 11,000 176,453 130,000 306,453 (1,410) 305,043 188,427 ————————————————————————————————————	\$'000 \$'000 165,453 316,495 11,000 — 176,453 316,495 130,000 130,000 306,453 446,495 (1,410) (1,574) 305,043 444,921 188,427 69,492 — 13,300 188,427 82,792 (263) (207) 188,164 82,585	2018 2017 2018 \$'000 \$'000 \$'000 165,453 316,495 165,453 11,000 — 11,000 176,453 316,495 176,453 130,000 130,000 130,000 306,453 446,495 306,453 (1,410) (1,574) (1,410) 305,043 444,921 305,043 188,427 69,492 77,000 — 13,300 — 188,427 82,792 77,000 (263) (207) (118) 188,164 82,585 76,882	

As at 31 March 2018, the Group had the following borrowings:

(a) Secured debt facilities and revolving credit facility of the Trust

A secured debt facilities and revolving credit facility granted to the Trust by financial institutions and secured on the following:

- (i) first legal mortgage over 14 investment properties and 1 investment property under development (2017: 13 investment properties) with carrying amounts totalling \$822,000,000 (2017: \$779,500,000) of the Trust; and
- (ii) assignment of rights, title and interest in leases, insurances and rental proceeds of the related mortgaged 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.

Year ended 31 March 2018

12. INTEREST-BEARING BORROWINGS (continued)

(b) Secured AUD term loan facility of a subsidiary (continued)

The details of the collateral are as follows:

- (i) first ranking general security agreement over the current and future assets and undertakings of the Borrower, including the Borrower's units in Macquarie Park Trust; and
- (ii) first ranking specific security agreement from AMP Capital Investors Limited in its capacity as trustee of AIMS AMP Capital Industrial REIT (Australia) Trust over the units of the Borrower and all present and future rights and property interests in respect of the units in the Borrower.

(c) Unsecured medium term notes

On 25 July 2012, the Trust, through 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 \$130 million medium term notes have been issued and remained outstanding as follows:

- (i) \$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;
- (ii) \$30 million seven-year medium term notes with fixed rate of 4.35% per annum, payable semi-annually in arrears, fully repayable on 5 December 2019; and
- (iii) \$50 million five-year medium term notes with a fixed rate of 3.60% per annum, payable semi-annually in arrears, fully repayable on 22 March 2022.

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.

Year ended 31 March 2018

Terms and debt repayment schedule

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

			Gı	roup	Trust		
	Nominal interest rate %	Date of maturity		Carrying amount \$'000	Face value \$'000	Carrying amount \$'000	
2018							
SGD fixed rate medium term notes	3.80	May 2019	50,000	49,923	50,000	49,923	
SGD fixed rate medium term notes	4.35	December 2019	30,000	29,939	30,000	29,939	
SGD fixed rate medium term notes	3.60	March 2022	50,000	49,818	50,000	49,818	
SGD floating rate term loan	SOR ¹ + margin	November 2018	77,000	76,882	77,000	76,882	
SGD floating rate term loan	SOR ¹ + margin	August 2020	100,000	99,670	100,000	99,670	
SGD floating rate revolving credit facility	SOR ¹ + margin	November 2021	11,000	10,472	11,000	10,472	
AUD floating rate term loan	BBSY ² + margin	November 2020	65,453	65,221	65,453	65,221	
AUD floating rate term loan	BBSY ² + margin	February 2019	111,427	111,282	_	_	
0	Ö	,	494,880	493,207	383,453	381,925	
				· · ·			
2017							
SGD fixed rate medium term notes	3.80	May 2019	50,000	49,856	50,000	49,856	
SGD fixed rate medium term notes	4.35	December 2019	30,000	29,903	30,000	29,903	
SGD fixed rate medium term notes	3.60	March 2022	50,000	49,774	50,000	49,774	
SGD floating rate term loan	SOR ¹ + margin	November 2018	90,000	89,785	90,000	89,785	
SGD floating rate term loan	SOR1 + margin	November 2018	8,439	8,355	8,439	8,355	
SGD floating rate term loan	SOR ¹ + margin	August 2020	100,000	99,528	100,000	99,528	
SGD floating rate revolving credit facility	SOR1+ margin	November 2017	13,300	13,172	13,300	13,172	
AUD floating rate term loan	BBSY ² + margin	November 2017	69,492	69,413	69,492	69,413	
AUD floating rate term loan	BBSY ² + margin	February 2019	118,056	117,720		_	
			529,287	527,506	411,231	409,786	

Swap Offer Rate. Bank Bill Swap Bid Rate.

Year ended 31 March 2018

12. INTEREST-BEARING BORROWINGS (continued)

Terms and debt repayment schedule (continued)

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

		Contractual cash flows				
	Carrying		Less than	1 to 5	More than	
	amount	Total	1 year	years	5 years	
	\$'000	\$'000	\$'000	\$'000	\$'000	
Group						
2018						
Medium term notes	129,680	(141,507)	(3,855)	(137,652)	_	
Term loans	353,055	(373,326)	(198,283)	(175,043)	_	
Revolving credit facility	10,472	(11,016)	(11,016)	_	_	
Trade and other payables*	36,322	(36,322)	(26,588)	(8,021)	(1,713)	
. ,	529,529	(562,171)	(239,742)	(320,716)	(1,713)	
2017						
Medium term notes	129,533	(146, 512)	(3,855)	(142,657)	_	
Term loans	384,801	(409,667)	(79,191)	(330,476)	_	
Revolving credit facility	13,172	(13,339)	(13,339)	_	_	
Trade and other payables*	39,219	(39,219)	(31,795)	(6,785)	(639)	
	566,725	(608,737)	(128,180)	(479,918)	(639)	
Trust						
2018						
Medium term notes	129,680	(141,507)	(3,855)	(137,652)	_	
Term loans	241,773	(257,853)	(82,810)	(175,043)	_	
Revolving credit facility	10,472	(11,016)	(11,016)	_	_	
Trade and other payables*	35,113	(35,113)	(25,379)	(8,021)	(1,713)	
	417,038	(445,489)	(123,060)	(320,716)	(1,713)	
0017						
2017	100 500	(146.510)	(0.055)	(1.40.057)		
Medium term notes	129,533	(146,512)	(3,855)	(142,657)	_	
Term loans	267,081	(283,005)	(75,023)	(207,982)	_	
Revolving credit facility	13,172	(13,339)	(13,339)	(6.705)	(C20)	
Trade and other payables*	38,086	(38,086)	(30,662)	(6,785)	(639)	
	447,872	(480,942)	(122,879)	(357,424)	(639)	

^{*} 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.

Year ended 31 March 2018

Reconciliation of changes in liabilities arising from financing activities

Financing cash flows							
	At 1 April 2017 \$'000	Proceeds from borrowings \$'000	Repayment of borrowings \$'000	Borrowing costs paid \$'000	costs expensed/ capitalised \$'000	Foreign exchange and other movement \$'000	At 31 March 2018 \$'000
Medium term							
notes	129,533	_	_	(2)	149	_	129,680
Term loans	384,801	69,850	(91,428)	(309)	669	(10,528)	353,055
Revolving credit							
facility	13,172	77,500	(79,800)	(580)	180	_	10,472
Interest payable	2,787			(19,081)	18,897	(55)	2,548
	530,293	147,350	(171,228)	(19,972)	19,895	(10,583)	495,755

13. DEFERRED TAX LIABILITIES

Movements in deferred tax liabilities of the Group during the year are as follows:

	Recognised in statement		Recognised in statement			
	At 1 April 2016	of total return (note 21)	At 31 March 2017	of total return (note 21)	At 31 March 2018	
	\$'000	\$'000	\$'000	\$'000	\$'000	
Group						
Deferred tax liabilities						
Tax on unrealised profits of subsidiaries	5,237	612	5,849	562	6,411	

14. 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.

Year ended 31 March 2018

15. UNITS IN ISSUE AND TO BE ISSUED

		Group and Trust		
	Note	2018 '000	2017 '000	
Units in issue at beginning of the year		638,658	635,366	
Issue of new Units:				
Units issued pursuant to placements	(a)	42,145	_	
Units issued as payment of Manager's base fees	(b)	2,649	2,202	
Units issued as payment of Manager's performance fees	(c) _		1,090	
Units in issue at end of the year		683,452	638,658	
Units to be issued:				
Manager's base fees	_	667	679	
Total Units in issue and to be issued at end of the year		684,119	639,337	

- (a) On 1 December 2017, the Trust issued 42,145,000 new Units at an issue price of \$1.305 per Unit by way of private placement, raising gross proceeds of approximately \$55.0 million.
- (b) During the financial year ended 31 March 2018, there were the following issuances of Units to the Manager:
 - (i) 1,321,199 new Units on 28 July 2017 at an average issue price of \$1.3869 per Unit as partial payment of the base fee element of the Manager's management fees incurred for the period from 1 January 2017 to 30 June 2017; and
 - (ii) 1,327,341 new Units on 16 January 2018 at an average issue price of \$1.4089 per Unit as partial payment of the base fee element of the Manager's management fees incurred for the period from 1 July 2017 to 31 December 2017.

During the financial year ended 31 March 2017, there were the following issuances of Units to the Manager:

- (i) 834,372 new Units on 28 July 2016 at an average issue price of \$1.3478 per Unit as partial payment of the base fee element of the Manager's management fees incurred for the period from 1 January 2016 to 30 June 2016; and
- (ii) 1,368,278 new Units on 24 January 2017 at an average issue price of \$1.3680 per Unit as partial payment of the base fee element of the Manager's management fees incurred for the period from 1 July 2016 to 31 December 2016.

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 2016, the Trust issued 1,089,469 new Units at an issue price of \$1.3396 per Unit as payment of the performance component of the Manager's management fees for the year ended 31 March 2016.

Year ended 31 March 2018

16. GROSS REVENUE

	Group and Trus			
	2018	2018	2018	2017
	\$'000	\$'000		
Property rental income	85,895	91,747		
Service charge, land rent and property tax	18,400	17,836		
Other property expenses recoverable from tenants and other property income	12,621	10,536		
	116,916	120,119		

17. PROPERTY OPERATING EXPENSES

	Group and Trust	
	2018	2017
	\$'000	\$'000
Land rent	8,734	8,901
Property and lease management fees	2,606	2,760
Property tax	10,065	9,369
Other operating expenses	19,094	19,656
	40,499	40,686

18. BORROWING COSTS

	Group		Trust					
	2018	2018	2018	2018	2018	2018 2017 2018	2018 2017 2018	2017
	\$'000	\$'000	\$'000	\$'000				
Interest expense	18,001	17,292	12,428	11,730				
Amortisation of borrowing transaction costs	998	1,032	774	808				
Others	418	278	418	278				
	19,417	18,602	13,620	12,816				

19. MANAGER'S MANAGEMENT FEES

	Group and Trus	
	2018	2017
	\$'000	\$'000
Base fees		
- Paid/payable in cash	3,693	3,705
- Paid/payable in Units	3,692	3,700
	7,385	7,405

Year ended 31 March 2018

20. OTHER TRUST EXPENSES

	Group		Trust	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Audit fees paid/payable to:				
- auditors of the Trust	183	186	175	178
- other auditors	21	19	_	_
Non-audit fees paid/payable to auditors of the Trust	82	59	79	56
Trustees' fees	409	404	268	268
Valuation fees	67	128	67	128
Professional fees	101	69	50	69
Non-deal road show expenses	57	39	57	39
Other expenses	961	851	618	521
	1,881	1,755	1,314	1,259

21. INCOME TAX EXPENSE

	Group		Trust					
	2018	2018	2018	2018	2018 20	2018 2017 201	2018	2017
	\$'000	\$'000	\$'000	\$'000				
Singapore current tax	_*	_*	_	_				
Overseas deferred tax	562	612	_	_				
Overseas withholding tax	859	917	859	917				
Total tax expense	1,421	1,529	859	917				

^{*} less than \$1,000.

Reconciliation of effective tax rate:

	Group		Trust	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Total return before income tax	62,613	15,008	64,792	13,191
Tax calculated using Singapore tax rate of 17%				
(2017: 17%)	10,644	2,551	11,015	2,242
Non-tax chargeable items	(475)	(480)	(475)	(480)
Non-tax deductible items	1,818	10,166	1,818	10,166
Tax transparency	(10,483)	(11,200)	(10,483)	(11,200)
Foreign-sourced income	(1,504)	(1,037)	(1,875)	(728)
Deferred tax on unrealised profits of subsidiaries	562	612	_	_
Overseas withholding tax	859	917	859	917
	1,421	1,529	859	917

Year ended 31 March 2018

22. EARNINGS PER UNIT

	G	roup
	2018	2017
Earnings per Unit (cents) Basic and diluted	9.36	2.12
The earnings per Unit is computed using total return after tax over the weighted average as follows:	number of Units	outstanding
	\mathbf{G}_{1}	roup
	2018	2017
	\$'000	\$'000
Total return after income tax	61,192	13,479
		rust
		er of Units
	2018	2017
	'000	'000
Basic EPU		
Units in issue at beginning of the year	638,658	635,366
Effect of Units issued/issuable relating to:		
- Placement	13,971	_
- Manager's base fees	1,167	816
- Manager's performance fees	_	928
Weighted average number of Units at end of the year	653,796	637,110
Diluted EPU		
Units in issue at beginning of the year	638,658	635,366
Effect of Units issued/issuable relating to:	030,030	000,000
- Placement	13,971	_
- Manager's base fees	1,224	875
- Manager's performance fees	_	928
Weighted average number of Units at end of the year	653,853	637,169

Year ended 31 March 2018

23. 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	Group and Trust		
	2018	2017		
	\$'000	\$'000		
Within 1 year	78,632	79,674		
After 1 year but within 5 years	146,398	124,796		
After 5 years	39,823	2,687		
	264,853	207,157		

(b) Operating lease commitments

The Group is required to pay JTC Corporation ("JTC")¹ 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 and Ascendas respectively, of the annual land rent for the immediate preceding year. The land rent paid amounted to \$8,806,000 (2017: \$9,285,000) in relation to 23 (2017: 23) properties for the financial year ended 31 March 2018 (including amounts that have been directly recharged to tenants).

(c) Capital commitments

	Group	and Trust
	2018	2017
	\$'000	\$'000
Capital expenditure contracted but not provided for	770	22,196_

¹ Housing Development Board's industrial properties and land have been transferred to JTC with effect from 1 January 2018.

Year ended 31 March 2018

24. 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	
	2018	2017	2018	2017
	\$ '000	\$'000	\$ '000	\$'000
The Manager				
Manager's management fees				
Base fees	7,385	7,405	7,385	7,405
Acquisition fees	_	97	_	97
Divestment fees	41	_	41	_
Entities controlled by corporate				
shareholders of the Manager				
Trustees' fees	132	128	_	_
Investment management fees	339	325	_	_
The Property Manager				
Property management fees	1,731	1,843	1,731	1,843
Lease management fees	866	922	866	922
Marketing services commissions	3,196	2,324	3,196	2,324
Project management fees	446	610	446	610
Property tax services fees	_	9	_	9
The Trustee				
Trustee's fees	268	268	268	268
Subsidiaries				
Distribution income	_	_	9,364	8,852
Interest expense	_	_	5,005	4,986
Service fee expense			52	45

Year ended 31 March 2018

25. FINANCIAL RISK MANAGEMENT

Capital management

The Board of the Manager reviews the Group's 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 Appendix 6 of the CIS Code ("Property Funds Appendix"). 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 2018, the Aggregate Leverage of the Group was 33.5% (2017: 36.1%) and the Group 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 2018, \$2,068,000 of net trade receivables related to two tenants (2017: \$1,653,000 of net trade receivables related to two tenants). Except for this, concentration of credit risk relating to trade receivables is limited due to the Group's varied tenants' profile and credit policy of obtaining security deposits, banker's guarantees or other forms of collateral 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.

Year ended 31 March 2018

(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 2018, the Group has unutilised committed credit facilities amounting to \$132.3 million (2017: \$133.3 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 2018, the Group had interest rate swap contracts with total notional amounts of \$129.1 million and AUD175.7 million (2017: \$129.1 million and AUD175.8 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.

Year ended 31 March 2018

25. FINANCIAL RISK MANAGEMENT (continued)

(c) Market risk (continued)

(i) Interest rate risk (continued)

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	
	Nomina	Nominal amount		al amount
	2018	2018 2017 2018	2018 2017 2018	2017
	\$'000	\$'000	\$'000	\$'000
Fixed rate instruments				
Financial liabilities	(130,000)	(130,000)	(130,000)	(130,000)
Interest rate swaps	(306,025)	(316,692)	(194,598)	(198,637)
	(436,025)	(446,692)	(324,598)	(328,637)
Variable rate instruments				
Financial liabilities	(364,880)	(399,286)	(253,453)	(281, 231)
Interest rate swaps	306,025	316,692	194,598	198,637
	(58,855)	(82,594)	(58,855)	(82,594)

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 \$589,000 (2017: Group and Trust by \$826,000). 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 borrowings to match its interest in the joint venture to mitigate the currency risk. As at 31 March 2018, the Group's investment in its Australian joint venture is hedged as approximately 80% (2017: 81%) of the interest in joint venture was funded with Australian dollar denominated borrowings.

Year ended 31 March 2018

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 2018 and 31 March 2017 were as follows:

		Group		Trust
	Australian	Australian	Australian	Australian
	Dollar	Dollar	Dollar	Dollar
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Joint venture	220,763	232,113	_	_
Cash and cash equivalents	4,483	1,505	3,231	609
Trade and other receivables	_	_	761	679
Trade and other payables	(209)	(359)	(209)	(359)
Derivative financial instruments	(31)	(218)	(31)	(218)
Interest-bearing borrowings	(176,880)	(187,547)	(65,453)	(69,492)
Net exposure	48,126	45,494	(61,701)	(68,781)

Sensitivity analysis

A strengthening/weakening of the Australian dollar, as indicated below, against the Singapore dollar at the reporting date would have increased/(decreased) 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		
2018		
Australian dollar (5% strengthening)	212	2,194
Australian dollar (5% weakening)	(212)	(2,194)
2017		
Australian dollar (5% strengthening)	46	2,228
Australian dollar (5% weakening)	(46)	(2,228)
Trust 2018		
Australian dollar (5% strengthening)	(3,085)	_
Australian dollar (5% weakening)	3,085	
2017		
Australian dollar (5% strengthening)	(3,439)	_
Australian dollar (5% weakening)	3,439	

Year ended 31 March 2018

25. 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.

			Ca	Carrying amount	1			Fair value	lue	
	Note	Loans and receivables	Eair value Loans and Designated - Hedging eccivables at fair value instruments	Fair value - Hedging instruments	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
		\$,000	\$,000	\$2000	\$,000	\$:000	\$,000	\$,000	\$,000	\$,000
Group 2018 Financial assets not measured at fair value										
Loans and receivables	8	4,734	I	I	I	4,734				
Cash and cash equivalents	10	17,550		1		17,550				
		22,284		I	I	22,284				
Financial assets measured at fair value										
Derivative financial assets	6		512	ı	1	512	I	512	I	512
Financial liabilities measured at fair value Derivative financial liabilities	6	I	(64)	(1,149)	1	(1,213)	1	(1,213)	I	(1,213)
Financial liabilities not measured at fair value										
Trade and other payables*	11	I	I	I	(36,322)	(36,322)				
Interest-bearing borrowings	12		1	I	(493,207)	(493,207)		(493,107)		- (493,107)
			I	1	(529,529)	(529,529)				

^{*} Excluding rental received in advance.

Year ended 31 March 2018

			Ca	Carrying amount	t			Fair value	alue	
	Note		Fair value Loans and Designated - Hedging receivables at fair value instruments	Fair value - Hedging instruments	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
		\$:000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000
Group 2017 Financial assets not measured at fair value										
Loans and receivables Cash and cash equivalents	8 10	3,938			1 1	3,938				
7		15,665				15,665				
Financial assets measured at fair value Derivative financial assets	6	1	408	1	1	408	I	408	ı	408
Financial liabilities measured at fair value Derivative financial liabilities	6	1	(465)	(2,513)	1	(2,978)	I	(2,978)	I	(2,978)
Financial liabilities not measured at fair value Trade and other payables* Interest-bearing borrowings	11	1 1 1	1 1 1	1 1 1	(39,219) (527,506) (566,725)	(39,219) (527,506) (566,725)	I	(529,211)	-	- (529,211)

^{*} Excluding rental received in advance.

Year ended 31 March 2018

25. FINANCIAL RISK MANAGEMENT (continued)

Classification and fair value of financial instruments (continued)

			Ca	Carrying amount	1			Fair value	ılue	
	Note	Loans and receivables	Fair value Loans and Designated - Hedging receivables at fair value instruments	Fair value - Hedging instruments	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
		\$:000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000
Trust 2018 Financial assets not measured at fair value										
Loans and receivables	8	4,252	I	I	I	4,252				
Cash and cash equivalents	10	16,281	I	1	ı	16,281				
		20,533				20,533				
Financial assets measured at fair value Derivative financial assets	σ	l	519	I	I	915	I	519	I	913
CHIVAUNC INIAIICIAI ASSUS)		014			017		017		0.12
Financial liabilities measured at fair value Derivative financial liabilities	6	1	(64)	(31)	1	(95)	ı	(92)	I	(92)
Financial liabilities not measured at fair value										
Trade and other payables*	11	I	I	I	(35,113)	(35,113)				
Interest-bearing borrowings	12	1	I	ı	(381,925)	(381,925)	I	(381,825)		(381,825)
			1	ı	(417,038)	(417,038)				

^{*} Excluding rental received in advance.

Year ended 31 March 2018

			Ca	Carrying amount	1			Fair value	lue	
	Note	Loans and receivables	Fair value Loans and Designated – Hedging receivables at fair value instruments	Fair value - Hedging instruments	fina liab	Total	Level 1	Level 2	Level 3	Total
		\$,000	\$,000	\$2000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000
Trust 2017 Financial assets not measured at fair value										
Loans and receivables	8	3,323	I	I	I	3,323				
Cash and cash equivalents	10	10,819	I	I	I	10,819				
		14,142		1	1	14,142				
Financial assets measured at fair value										
Derivative financial assets	6		408			408	I	408	I	408
Financial liabilities measured at fair value	C		0.7			9		2		, (1)
Financial liabilities not	מ		(407)		1	(403)	I	(64)	I	(402)
Trade and other payables*	11	l	I	I	(38,086)	(38,086)				
Interest-bearing borrowings	12	1	I	I	(409,786)	(409,786)		(411,491)	7) —	(411,491)
		1	1	I	(447,872)	(447,872)				

^{*} Excluding rental received in advance.

Year ended 31 March 2018

25. 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
	2018	2017
	0/0	%
Other financial liabilities	3.15	2.75

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.

26. SEGMENT REPORTING

Segment information is presented in respect of the Group's geographical segments. The operations of each of the Group's geographical segments are separately managed because of different economic and regulatory environments in which they operate in. For the purpose of making resource allocation and the assessment of segment performance, the Group's CODMs have focused on its investment properties. For each of the reporting segments, the Manager reviews internal management reports on a monthly basis. This forms the basis of identifying the operating segments of the Group under FRS 108 *Operating Segments*.

Notes to the Financial Statements

Year ended 31 March 2018

Information about reportable segments

	Singapore \$'000	Australia \$'000	Total \$'000
2018			
Revenue and expenses			
Gross revenue	116,916	_	116,916
Property operating expenses	(40,499)	_	(40,499)
Net property income	76,417	_	76,417
Share of results of joint venture (net of tax)	_	$17,418^{1}$	17,418
Net change in fair value of investment properties and		,	,
investment properties under development	(4,682)	_	(4,682)
Net change in fair value of financial derivatives	287	219	506
Gain on divestment of investment property	1,597	_	1,597
• • •			91,256
Unallocated items:			
Foreign exchange loss			(149)
Interest and other income			189
Borrowing costs			(19,417)
Trust expenses		_	(9,266)
Total return before income tax			62,613
Income tax expense		_	(1,421)
Total return after income tax		_	61,192
Non-current assets ²	1,232,269	220,763	1,453,032
Other segment items:	1,232,203	220,703	1,133,032
Joint venture	_	220,763	220,763
Capital expenditure ³	(27,082)		(27,082)
Suprid Experience	(27,002)		(27,002)
2017			
Revenue and expenses			
Gross revenue	120,119	_	120,119
Property operating expenses	(40,686)		(40,686)
Net property income	79,433	_	79,433
Share of results of joint venture (net of tax)	_	$14,758^{1}$	14,758
Net change in fair value of investment properties and			
investment properties under development	(54,317)	_	(54,317)
Net change in fair value of financial derivatives	461	9	470
77 H 15			40,344
Unallocated items:			20
Foreign exchange gain			39
Interest and other income			2,387
Borrowing costs			(18,602)
Trust expenses Total return before income tax		_	(9,160)
			15,008
Income tax expense Total return after income tax		_	(1,529)
Total return after income tax		_	13,479
Non-current assets ²	1,215,299	232,113	1,447,412
Other segment items:	,,	,	, ,, -
Joint venture	_	232,113	232,113
Capital expenditure ³	(49,717)		(49,717)
1 · r · · · · ·	(,,		, ,,,,,

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 \$2.6 million (FY2017: \$0.1 million).

Excluding derivative financial instruments.

Capital expenditure consists of additions of investment properties and investment properties under development.

Notes to the Financial Statements

Year ended 31 March 2018

26. SEGMENT REPORTING (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 \$15,183,000 (2017: \$23,393,000 rental income from one major tenant) of the Group's rental income.

27. FINANCIAL RATIOS

	G	Group	
	2018	2017	
	0/0	0/0	
Expenses to weighted average net assets ¹			
- Expense ratio excluding performance-related fee	1.02	0.97	
- Expense ratio including performance-related fee	1.02	0.97	
Portfolio turnover rate ²	_	_	

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).

28. SUBSEQUENT EVENTS

On 25 April 2018, the Manager announced a distribution of 2.63 cents per Unit, amounting to approximately \$17,975,000 in respect of the period from 1 January 2018 to 31 March 2018.

In April 2018, the Group received commitments from a syndicate of financial institutions to refinance the existing secured debt facilities due in November 2018 and February 2019 with a new four-year term loan facility of \$125.0 million and a new five-year loan facility of AUD110.0 million, respectively.

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.

Statistics of Unitholders

Statistics of Unitholders as at 22 May 2018

Issued and fully paid Units

683,451,865 Units (voting rights: 1 vote per Unit)

There is only one class of Units in AIMS AMP Capital Industrial REIT.

Distribution of Unitholdings

	Number of			
Size of Unitholdings	Unitholders	0/0	Units	0/0
1 - 99	388	4.49	13,748	0.00
100 - 1,000	1,230	14.24	709,698	0.10
1,001 - 10,000	4,459	51.63	22,650,219	3.31
10,001 - 1,000,000	2,536	29.37	103,977,564	15.21
1,000,001 and above	23	0.27	556,100,636	81.38
Total	8,636	100.00	683,451,865	100.00

Top 20 Unitholders

As listed in the Register of Unitholders

		Number of		
No.	Name	Units	%	
1	DBS Nominees (Private) Limited	110,899,727	16.23	
2	HSBC (Singapore) Nominees Pte Ltd	103,081,055	15.08	
3	BPSS Nominees Singapore (Pte.) Ltd.	70,333,380	10.29	
4	Raffles Nominees (Pte) Limited	54,731,057	8.01	
5	Citibank Nominees Singapore Pte Ltd	48,990,758	7.17	
6	AIMS Financial Holding Limited	46,360,873	6.78	
7	DBSN Services Pte. Ltd.	45,144,236	6.61	
8	RHB Securities Singapore Pte. Ltd.	22,089,786	3.23	
9	Maybank Kim Eng Securities Pte. Ltd.	12,037,227	1.76	
10	United Overseas Bank Nominees (Private) Limited	8,735,910	1.28	
11	OCBC Securities Private Limited	7,125,908	1.04	
12	DBS Vickers Securities (Singapore) Pte Ltd	3,785,529	0.55	
13	OCBC Nominees Singapore Private Limited	3,050,224	0.45	
14	ABN AMRO Clearing Bank N.V.	2,759,017	0.40	
15	Phillip Securities Pte Ltd	2,558,114	0.37	
16	CGS-CIMB Securities (Singapore) Pte. Ltd.	2,411,869	0.35	
17	DB Nominees (Singapore) Pte Ltd	2,297,302	0.34	
18	Sng Kay Boon Terence	1,990,161	0.29	
19	BNP Paribas Nominees Singapore Pte Ltd	1,939,290	0.28	
20	UOB Kay Hian Private Limited	1,849,837	0.27	
	Total	552,171,260	80.78	

Statistics of Unitholders

Substantial Unitholders as at 22 May 2018

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

	ľ	% of total		
	Direct	Deemed	Total	issued
Name	interest	interest	interest	Units
Dragon Pacific Assets Limited	76,384,701	_	76,384,701	11.18
AMP Limited ¹	_	69,922,824	69,922,824	10.23
AMP Group Holdings Limited ¹	_	69,922,824	69,922,824	10.23
AMP Holdings Limited ¹	_	69,922,824	69,922,824	10.23
AMP Capital Holdings Limited ¹	_	69,922,824	69,922,824	10.23
AMP Capital Finance Limited	68,595,483	_	68,595,483	10.04
APG Algemene Pensioen Groep N.V.	55,613,842	_	55,613,842	8.14
Mr George Wang ²	_	51,836,278	51,836,278	7.58
Great World Financial Group Holdings Pty Ltd (formerly known as AIMS Capital Holdings Pty Ltd) ²	_	51,836,278	51,836,278	7.58
Great World Financial Group Pty Ltd (formerly known as AIMS Group Holding Pty Ltd) ²	_	51,836,278	51,836,278	7.58
AIMS Capital Management Pty Ltd ³	_	47,688,214	47,688,214	6.98
AIMS Financial Holding Limited ⁴	46,360,873	1,327,341	47,688,214	6.98
Mr Chan Wai Kheong ⁵	9,425,695	26,172,842	35,598,537	5.21

Deemed to have an interest in Units held by AMP Capital Finance Limited and 1,327,341 Units held by AIMS AMP Capital Industrial REIT Management Limited (the "Manager").

Unitholdings of Directors of the Manager as at 21 April 2018

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

	ľ	% of total		
	Direct	Deemed	Total	issued
Name	interest	interest	interest	Units
Mr George Wang ⁶	_	51,836,278	51,836,278	7.58
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 22 May 2018, approximately 82.4 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.

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 1,327,341 Units held by the Manager.

Deemed to have an interest in Units held by AFHL and 1,327,341 Units held by the Manager.

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.

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:

		Aggregate value
	Aggregate value	of all interested
	of all interested	person/interested
	person/interested	party transactions
	party transactions	conducted under
	during the financial	Unitholders' mandate
	year under	pursuant to Rule
	review (excluding	920 (excluding
	transactions less than	transactions less than
	S\$100,000)	S\$100,000)
Name of entity	S\$'000	S\$'000
AIMS AMP Capital Industrial REIT Management Limited		
Manager's management fees		
- Base fees	7,385	_
Daso rees	7,000	
AIMS AMP Capital Property Management Pte. Ltd.		
- Property management fees	1,731	_
- Lease management fees	866	_
- Marketing services commissions	3,196	_
- Project management fees	446	_
J		
AIMS AMP Capital Industrial REIT Management		
Australia Pty Limited		
- Investment management fees	339	_
o .		
HSBC Institutional Trust Services (Singapore) Limited		
- Trustee's fees	268	_
- Trustice saces	200	

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 24 "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 2018.

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 \$\$49.8\$ million, which is approximately 5.3 per cent of its net asset value as at 31 March 2018. Taxation including provision for deferred tax liabilities for the Trust's investment in Australia was \$\$1.4\$ million.

NOTICE IS HEREBY GIVEN that the 9th Annual General Meeting ("AGM") of the holders of Units of AIMS AMP Capital Industrial REIT ("AA REIT", and the holders of Units of AA REIT, "Unitholders") will be held at Novotel Singapore Clarke Quay, Phoenix Grand Ballroom, Level 6, 177A River Valley Road, Singapore 179031 on Thursday, 26 July 2018 at 2.00 p.m. to transact the following business:

Ordinary Business

 To receive and adopt the Report of HSBC Institutional Trust Services (Singapore) Limited, as trustee of AA REIT (the "Trustee"), the Statement by AIMS AMP Capital Industrial REIT Management Limited, as manager of AA REIT (the "Manager"), the Audited Financial Statements of AA REIT for the financial year ended 31 March 2018 and the Auditors' Report thereon. (Ordinary Resolution 1)

2. To re-appoint KPMG LLP as Auditors of AA REIT and to hold office until the conclusion of the next AGM and to authorise the Manager to determine their remuneration.

(Ordinary Resolution 2)

Special Business

To consider and, if thought fit, to pass the following Ordinary Resolutions, with or without any modifications:

3. That authority be and is hereby given to the Manager, to:

(Ordinary Resolution 3)

- (a) (i) issue units in AA REIT ("Units") whether by way of rights, bonus or otherwise; and/or
 - (ii) make or grant offers, agreements or options that might or would require Units to be issued, including but not limited to the creation and issue of (as well as adjustments to) securities, warrants, debentures or other instruments convertible into Units (collectively, "Instruments"),

at any time and upon such terms and conditions and for such purposes and to such persons as the Manager may in its absolute discretion deem fit; and

(b) issue Units in pursuance of any Instrument made or granted by the Manager while this Resolution was in force (notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time such Units are issued),

provided that:

(1) the aggregate number of Units to be issued pursuant to this Resolution (including Units to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed twenty per cent. (20%) of the total number of issued Units (excluding treasury Units, if any) (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Units to be issued other than on a *pro rata* basis to Unitholders (including Units to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed ten per cent. (10%) of the total number of issued Units (excluding treasury Units, if any) (as calculated in accordance with sub-paragraph (2) below);

- (2) subject to such manner of calculation as may be prescribed by Singapore Exchange Securities Trading Limited ("SGX-ST") for the purpose of determining the aggregate number of Units that may be issued under sub-paragraph (1) above, the total number of issued Units (excluding treasury Units, if any) shall be based on the number of issued Units (excluding treasury Units, if any) at the time this Resolution is passed, after adjusting for:
 - (a) any new Units arising from the conversion or exercise of any Instruments which are outstanding at the time this Resolution is passed; and
 - (b) any subsequent bonus issue, consolidation or subdivision of Units;
- (3) in exercising the authority conferred by this Resolution, the Manager shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the trust deed constituting AA REIT (as amended) ("Trust Deed") for the time being in force (unless otherwise exempted or waived by the Monetary Authority of Singapore);
- (4) unless revoked or varied by the Unitholders in a general meeting, the authority conferred by this Resolution shall continue in force until (i) the conclusion of the next AGM of AA REIT or (ii) the date by which the next AGM of AA REIT is required by applicable laws and regulations to be held, whichever is earlier;
- (5) where the terms of the issue of the Instruments provide for adjustment to the number of Instruments or Units into which the Instruments may be converted in the event of rights, bonus or other capitalisation issues or any other events, the Manager is authorised to issue additional Instruments or Units pursuant to such adjustment notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time the Instruments or Units are issued; and
- (6) the Manager and the Trustee be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager or, as the case may be, the Trustee may consider expedient, incidental or necessary or in the interests of AA REIT to give effect to the authority conferred by this Resolution.

(Please see Explanatory Note 1)

- 4. That separate from and in addition to the Unit issue mandate sought under Ordinary Resolution 3, authority be and is hereby given to the Manager, for the purposes of, in connection with or where contemplated by the distribution reinvestment plan established by AA REIT (the "Distribution Reinvestment Plan"), to:
 - (a) issue from time to time, such number of Units as may be required to be issued under the Distribution Reinvestment Plan; and
 - (b) issue such number of Units as may be required to be issued in pursuance of the application of the Distribution Reinvestment Plan to any distribution which was approved while the authority conferred by this Resolution was in force (notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time such Units are issued).

at any time and upon such terms and conditions and to or with such persons as the Manager may in its absolute discretion deem fit.

(Please see Explanatory Note 2)

(Ordinary Resolution 4)

To consider and, if thought fit, to pass with or without any modifications, the following Extraordinary Resolution:

5. That: (Extraordinary Resolution 1)

- (a) approval be and is hereby given to amend the Trust Deed to include provisions regarding electronic communications of notices and documents to Unitholders in the manner set out in the Appendix to the Notice of AGM dated 21 June 2018 (the "Proposed Electronic Communications Trust Deed Supplement"); and
- (b) the Manager and the Trustee be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager or the Trustee may consider expedient or necessary or in the interests of AA REIT to give effect to the Proposed Electronic Communications Trust Deed Supplement.

(Please see Explanatory Note 3)

By Order of the Board

AIMS AMP Capital Industrial REIT Management Limited (Company Registration No. 200615904N, Capital Markets Services licence no.: CMS100137-2) As Manager of AIMS AMP Capital Industrial REIT

Koh Wee Lih

Executive Director and Chief Executive Officer 21 June 2018

Notes:

- 1. A Unitholder who is not a relevant intermediary entitled to attend and vote at the AGM is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a Unitholder. Where a Unitholder appoints more than one proxy, the appointments shall be invalid unless he/she specifies the proportion of his/her holding (expressed as a percentage of the whole) to be represented by each proxy.
- 2. A Unitholder who is a relevant intermediary entitled to attend and vote at the AGM is entitled to appoint more than one proxy to attend and vote instead of the Unitholder, but each proxy must be appointed to exercise the rights attached to a different Unit or Units held by such Unitholder. Where such Unitholder appoints more than one proxy, the appointments shall be invalid unless the Unitholder specifies the number of Units in relation to which each proxy has been appointed in the Proxy Form (as defined below).

"relevant intermediary" means:

- (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Units in that capacity;
- (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore, and who holds Units in that capacity; or
- (c) the Central Provident Fund Board ("CPF Board") established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of Units purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those Units in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
- 3. The instrument appointing a proxy or proxies ("Proxy Form") must be lodged at the Manager's appointed Unit Registrar's office at **Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623** not later than 23 July 2018 at 2.00 p.m., being 72 hours before the time fixed for the AGM.

Explanatory Notes:

1. Ordinary Resolution 3

Ordinary Resolution 3 above, if passed, will empower the Manager from the date of this AGM until (i) the conclusion of the next AGM of AA REIT or (ii) the date by which the next AGM of AA REIT is required by applicable laws and regulations or the Trust Deed to be held, or (iii) the date on which such authority is revoked or varied by Unitholders in a general meeting, whichever is the earliest, to issue Units and to make or grant instruments (such as securities, warrants or debentures) convertible into Units and issue Units pursuant to such instruments, up to a number not exceeding twenty per cent. (20%) of the total number of issued Units (excluding treasury Units, if any), of which up to ten per cent. (10%) of the total number of issued Units (excluding treasury Units, if any) may be issued other than on a *pro rata* basis to Unitholders.

For the purpose of determining the aggregate number of Units that may be issued, the percentage of issued Units will be calculated based on the total number of issued Units at the time Ordinary Resolution 3 above is passed, after adjusting for new Units arising from the conversion or exercise of any Instruments which are outstanding at the time this Resolution is passed and any subsequent bonus issue, consolidation or subdivision of Units.

Fund raising by issuance of new Units may be required in instances of property acquisitions or debt repayments. In any event, if the approval of Unitholders is required under the Listing Manual of the SGX-ST and the Trust Deed or any applicable laws and regulations in such instances, the Manager will then obtain the approval of Unitholders accordingly.

2. Ordinary Resolution 4

Ordinary Resolution 4 above, if passed, will empower the Manager to issue Units in connection with the Distribution Reinvestment Plan for so long as the Distribution Reinvestment Plan is in effect, unless such authority is revoked or varied by Unitholders in a general meeting. For the avoidance of doubt, this mandate is separate and in addition to the Unit issue mandate sought under Ordinary Resolution 3.

3. Extraordinary Resolution 1

In connection with the amendments to the Companies Act, Chapter 50 of Singapore (the "Companies Act"), companies are allowed to send notices and documents electronically to their shareholders with the express, deemed or implied consent (the "Deemed Consent Regime" and the "Implied Consent Regime", respectively) of the shareholders if the constitution of the company provides for it and the specified modes of electronic communications are set out in the constitution of the company (the "Companies Act Electronic Communications Amendments"). The SGX-ST has recently amended the listing rules of the SGX-ST (the "Listing Rules") to align the Listing Rules with the Companies Act Electronic Communications Amendments, with issuers allowed to transmit certain types of notices and documents to shareholders (or Unitholders, in the case of a listed real estate investment trust ("REIT") like AA REIT) electronically with the express, deemed or implied consent of shareholders.

Although AA REIT is not bound by the Companies Act, it is nonetheless bound by the Listing Rules as a REIT listed on the SGX-ST.

On 21 December 2017, the Monetary Authority of Singapore also clarified in their response to the consultation paper on "Proposed Amendments to the Code on Collective Investment Schemes" that a REIT may also send its accounts and reports to its unitholders by electronic means. Accordingly, the Manager and the Trustee propose to amend the Trust Deed to adopt certain provisions of the Listing Rules to implement the Implied Consent Regime and the Deemed Consent Regime and allow for such electronic transmission of notices and documents in relation to AA REIT.

(See the Appendix in relation to the Proposed Electronic Communications Trust Deed Supplement for further details.)

Personal Data Privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a Unitholder (i) consents to the collection, use and disclosure of the Unitholder's personal data by the Manager and the Trustee (or their agents) for the purpose of the processing and administration by the Manager and the Trustee (or their agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Manager and the Trustee (or their agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the Unitholder discloses the personal data of the Unitholder's proxy(ies) and/or representative(s) to the Manager and the Trustee (or their agents), the Unitholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Manager and the Trustee (or their agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the Unitholder will indemnify the Manager and the Trustee (or their agents) in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Unitholder's breach of warranty.

Important Notice

The value of Units and the income derived from them, if any, may fall as well as rise. Units are not obligations of, deposits in, or guaranteed by, the Manager, or any of its affiliates. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested.

Investors should note that they have no right to request the Manager to redeem or purchase their Units for so long as the Units are listed on the SGX-ST. It is intended that Unitholders of AA REIT may only deal in their Units through trading on the SGX-ST. The listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

The past performance of AA REIT is not necessarily indicative of the future performance of AA REIT.





AIMS AMP CAPITAL INDUSTRIAL REIT (a unit trust constituted in the Republic of Singapore pursuant to a trust deed dated 5 December 2006 (as amended))

Proxy Form

Annual General Meeting

IMPORTANT:

- A relevant intermediary may appoint more than one proxy to attend and vote at the Annual General Meeting (please see Note 2 for the definition of "relevant intermediary").
- For CPF/SRS investors who have used their CPF/SRS monies to buy units in AIMS AMP Capital Industrial REIT ("Units"), this Annual Report is forwarded to them at the request of their Agent Banks and is sent solely FOR INFORMATION ONLY.
- 3. This Proxy Form is not valid for use by CPF/SRS investors and shall be ineffective for all intents and purposes if used or is purported to be used by them. CPF/SRS investors should contact their respective Agent Banks/SRS Operators if they have any queries regarding their appointment as proxies.
- $4. \;\;$ PLEASE READ THE NOTES TO THE PROXY FORM.

Personal data privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s), a unitholder of AIMS AMP Capital Industrial REIT accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 21 June 2018.

being a Unitholder/Unitholders of AIMS AMP Capital Industrial REIT ("AA REIT"), hereby appoint: Name	I/We,				(Name	e(s) and	NRIC/Pas	ssport Numbe	er(s))
Address NRIC/Passport No. Proportion of Unitholdings Number of Units Number	of							(Add	dress)
Address NRIC/Passport No. Proportion of Units %	being a U	nitholder/Unitho	lders of AIMS AMI	P Capital Indust	rial REIT ("AA REIT"),	hereby :	appoint:		
and/or (delete as appropriate) Name	Name		Address		NRIC/Passport No.	Prop	ortion of	Unitholdin	ıgs
NRIC/Passport No. Proportion of Unitholdings Number of Units % Number of Units Numbe								0/0	
or, failing the person, or either or both of the persons referred to above, the Chairman of the Annual General Meeting of More proxy/proxies to attend and to vote for me/us on my/our behalf at the Annual General Meeting of AA REIT to be held at Novotel Singapore Clarke Quay, Phoenix Grand Ballroom, Level 6, 177A River Valley Road, Singapore 179031 on Thursday, 26 July 2018 at 2.00 p.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the Annual General Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/her/their discretion, as he/she/they may on any other matter arising at the Annual General Meeting. Number of votes and/or (d	elete as appropria	te)							
or, falling the person, or either or both of the persons referred to above, the Chairman of the Annual General Meeting of Meeting of AA REIT to be held at Novotel Singapore Clarke Quay, Phoenix Grand Ballroom, Level 6, 177A River Valley Road, Singapore 179031 on Thursday, 26 July 2018 at 2.00 p.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the Annual General Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/her/their discretion, as he/she/they may on any other matter arising at the Annual General Meeting. No. Resolutions No. Resolutions No. Resolutions ORDINARY BUSINESS 1 To receive and adopt the Trustee's Report, the Manager's Statement, the Audited Financial Statements of AA REIT for the financial year ended 31 March 2018 and the Auditors' Report thereon. 2 To re-appoint KPMG LLP as Auditors and authorise the Manager to determine the Auditors' remuneration. SPECIAL BUSINESS 3 To authorise the Manager to issue Units and to make or grant convertible instruments. 4 To authorise the Manager to issue Units pursuant to the AA REIT Distribution Reinvestment Plan. 5 To approve the Proposed Electronic Communications Trust Deed Supplement. * If you wish to exercise all your votes "For" or "Against", please tick (y) within the box provided. Alternatively, please indicate the number of votes as appropriate. Dated this day of 2018	Name		Address		NRIC/Passport No.	Prop	ortion of	<u>U</u> nitholdin	ngs
my/our proxy proxies to attend and to vote for me/us on my/our behalf at the Annual General Meeting of AA REIT to beheld at Novotel Singapore Clarke Quay, Phoenix Grand Ballroom, Level 6, 177A River Valley Road, Singapore 179031 on Thursday, 26 July 2018 at 2.00 p.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the Annual General Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/her/their discretion, as he/she/they may on any other matter arising at the Annual General Meeting. Number of votes Number of votes						Nur	mber of		
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5 To approve the Proposed Electronic Communications Trust Deed Supplement. * If you wish to exercise all your votes "For" or "Against", please tick (<) within the box provided. Alternatively, please indicate the number of votes as appropriate. Dated this day of 2018 Total number of Units held		To authorise the	e Manager to issue						
the number of votes as appropriate. Dated this day of 2018 Total number of Units held	5	To approve the	Proposed Electronic	Communicatio	ns Trust Deed Supplemen	nt.			
Total number of Units held				Against", please	tick (\checkmark) within the box pro	ovided.	Alternative	ly, please indi	icate
Units held	Dated this	s day of	2018						



IMPORTANT: PLEASE READ THE NOTES TO PROXY FORM BELOW

Notes:

- 1. A unitholder of AA REIT ("Unitholder") who is not a relevant intermediary entitled to attend and vote at the Annual General Meeting is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a Unitholder. Where a Unitholder appoints more than one proxy, the appointments shall be invalid unless he/she specifies the proportion of his/her holding (expressed as a percentage of the whole) to be represented by each proxy.
- 2. A Unitholder who is a relevant intermediary entitled to attend and vote at the Annual General Meeting is entitled to appoint more than one proxy to attend and vote instead of the Unitholder, but each proxy must be appointed to exercise the rights attached to a different Unit or Units held by such Unitholder. Where such Unitholder appoints more than one proxy, the appointments shall be invalid unless the Unitholder specifies the number of Units in relation to which each proxy has been appointed in the Proxy Form (as defined below).

"relevant intermediary" means:

- (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Units in that capacity;
- (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore, and who holds Units in that capacity; or
- (c) the Central Provident Fund Board ("CPF Board") established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of Units purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those Units in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
- 3. A Unitholder should insert the total number of Units held in the Proxy Form. If the Unitholder has Units entered against his/her name in the Depository Register maintained by The Central Depository (Pte) Limited ("CDP"), he/she should insert that number of Units. If the Unitholder has Units registered in his/her name in the Register of Unitholders of AA REIT, he/she should insert that number of Units. If the Unitholder has Units entered against his/her name in the said Depository Register and registered in his/her name in the Register of Unitholders, he/she should insert the aggregate number of Units. If no number is inserted, this proxy form will be deemed to relate to all the Units held by the Unitholder.
- 4. The instrument appointing a proxy or proxies ("Proxy Form") must be deposited at the Manager's appointed Unit Registrar's office at Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, not less than 72 hours before the time set for the Annual General Meeting.
- 5. The Proxy Form must be executed under the hand of the appointor or of his/her attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
- 6. Where the Proxy Form is signed on behalf of the appointor or of his/her attorney authorised in writing or a duly authorised officer, the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority must (failing previous registration with the Manager) be lodged with the Proxy Form, failing which the Proxy Form may be treated as invalid.
- 7. The Manager shall be entitled to reject a Proxy Form which is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the Proxy Form. In addition, in the case of Units entered in the Depository Register, the Manager may reject a Proxy Form if the Unitholder, being the appointor, is not shown to have Units entered against his/her name in the Depository Register as at 72 hours before the time appointed for holding the Annual General Meeting, as certified by CDP to the Manager.
- 8. All Unitholders will be bound by the outcome of the Annual General Meeting regardless of whether they have attended or voted at the Annual General Meeting.
- 9. At any meeting, a resolution put to the vote of the meeting shall be decided on a poll.
- 10. On a poll, every Unitholder who is present in person or by proxy shall have one vote for every Unit of which he/she is the Unitholder. There shall be no division of votes between a Unitholder who is present in person and voting at the Annual General Meeting and his or her proxy(ies). A person entitled to more than one vote need not use all his/her votes or cast them the same way.

Corporate Directory

AIMS AMP Capital Industrial REIT

Website : www.aimsampcapital.com

Email : investorrelations@aimsampcapital.com

Stock code : O5RU

Counter name : AIMSAMP Cap Reit

Registered Address

HSBC Institutional Trust Services

(Singapore) Limited

21 Collyer Quay #13-02 HSBC Building Singapore 049320

Trustee

HSBC Institutional Trust Services

(**Singapore**) Limited 21 Collyer Quay

#03-01 HSBC Building Singapore 049320

Telephone : (65) 6658 6667

Fax : (65) 6534 5526

Auditor

KPMG LLP

(Public Accountants and Chartered

Accountants, Singapore)

16 Raffles Quay

#22-00 Hong Leong Building

Singapore 048581

Telephone : (65) 6213 3388 Fax : (65) 6225 0984

Partner in charge : Ms Tan Kar Yee Linda

(With effect from financial year ended 31 March 2015)

Unit Registrar

Boardroom Corporate & Advisory Services Pte. Ltd.

50 Raffles Place

#32-01 Singapore Land Tower

Singapore 048623

Telephone : (65) 6536 5355 Fax : (65) 6536 1360

The Manager

AIMS AMP Capital Industrial REIT

Management Limited

Company Registration No. 200615904N

Registered address

One George Street

#23-03

Singapore 049145

Telephone : (65) 6309 1050 Fax : (65) 6534 3942

Directors of the Manager

Mr George Wang (Chairman)

Mr Norman Ip Ka Cheung

Mr Eugene Paul Lai Chin Look

Mr Peter Michael Heng

Mr Nicholas Paul McGrath

Mr Koh Wee Lih

Audit, Risk and Compliance Committee

Mr Norman Ip Ka Cheung (Chairman)

Mr Eugene Paul Lai Chin Look

Mr Peter Michael Heng

Nominating and Remuneration Committee

Mr Eugene Paul Lai Chin Look (Chairman)

Mr Norman Ip Ka Cheung

Mr Peter Michael Heng

Mr George Wang

Mr Nicholas Paul McGrath

Joint Company Secretaries

Ms Stella Yeak Shuk Phin Ms Teow Xueting, Tanya



AIMS AMP Capital Industrial REIT Management Limited

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

One George Street #23-03 Singapore 049145

Telephone : (65) 6309 1050 Fax : (65) 6534 3942

Website : www.aimsampcapital.com

Email : investorrelations@aimsampcapital.com