ascendas India Trust

# MORE THAN

A PROPERTY TRUST

Annual Report
2017/2018

## WHY GO ONLINE?

Our corporate website contains detailed information about the Trust and is frequently updated as additional details become available. You can sign up for email alerts of our latest news and keep track of the latest events on the Event Calendar page.

Our corporate website: **www.a-itrust.com**

Notes:

- All information in this annual report is dated as at 31st March 2018 unless otherwise stated.
- All measurements of floor area are defined herein as "Super Built-up Area" or "SBA", which is the sum of the floor area enclosed within the walls, the area occupied by the walls, the common areas such as the lobbies, lift shafts, toilets, and staircases of that property, and in respect of which rent is payable.
- The Indian Rupee and Singapore Dollar are defined herein as "INR/₹" and "SGD/S$" respectively.
- Any discrepancy between the individual amounts and total shown in this annual report is due to rounding.

# Ascendas India Trust is about growing with India

Ascendas India Trust ('a-iTrust' or the 'Trust') is a property trust which owns seven IT parks and six modern warehouses in India valued at S$1.7 billion as at 31st March 2018. With a portfolio of close to 13 million square feet spread across Bangalore, Chennai, Hyderabad, Pune and Mumbai, a-iTrust is well positioned to capitalise on the growing IT and logistics industries in India.

Our strategy is simple – to generate attractive portfolio returns for Unitholders by investing in income-producing real estate used primarily as business space in India. Our properties provide quality and reliable business space to our discerning tenants. This differentiation helps us attract and retain prominent tenants that commit to long leases, thereby fostering a stable income profile for the Trust.

Our growth is founded on a prudent approach to capital management. We are geared towards maintaining a strong balance sheet that meets the liquidity needs of the business.

## CONTENTS

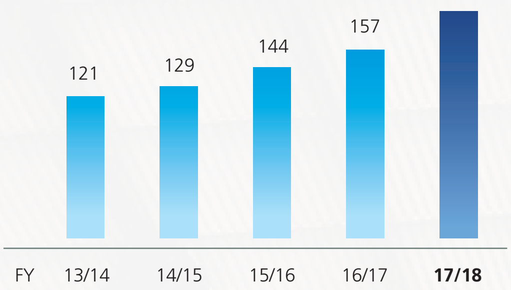
# AT A GLANCE

## 7 IT PARKS AND 6 WAREHOUSES

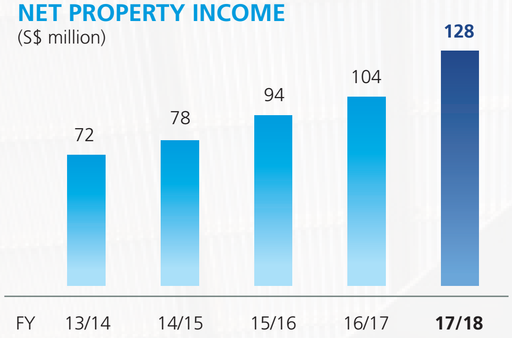
### REVENUE
S$188 million
▲20% year-on-year

### NET PROPERTY INCOME
S$128 million
▲23% year-on-year

**REVENUE**
(S$ million)



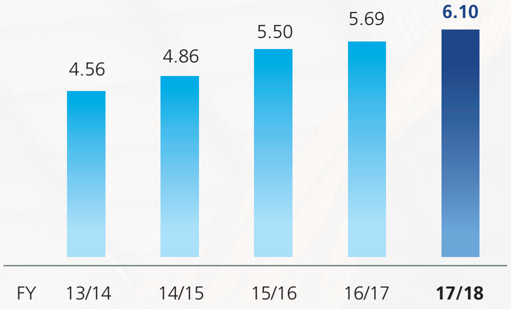

**NET PROPERTY INCOME**
(S$ million)



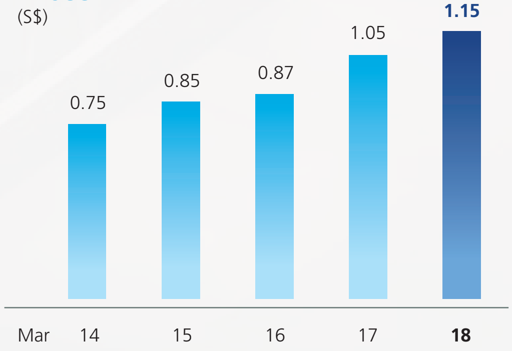

### DPU[1]
S¢6.10
▲7% year-on-year

### ADJUSTED NAV[2]
S$1.15
▲10% year-on-year

**DPU[1]**
(S¢)

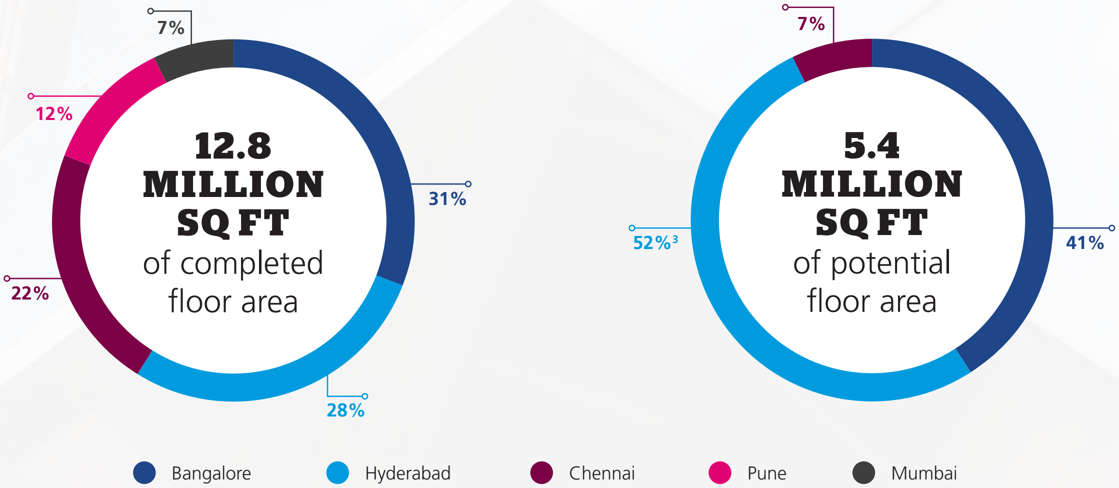


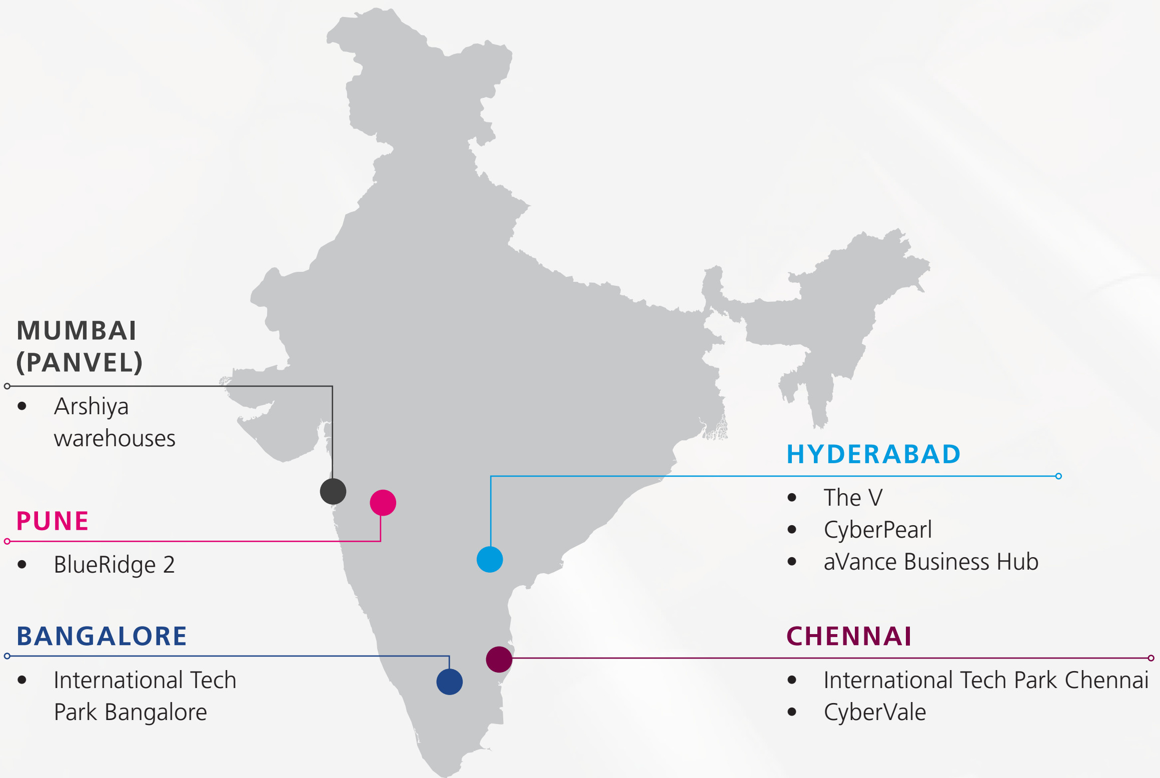

**ADJUSTED NAV[2]**
(S$)




1 Refers to distribution per unit post retention of 10% of income.
2 Adjusted net asset value per unit. Excludes deferred income tax liabilities on capital gains due to fair value revaluation of investment properties.

## ACROSS 5 INDIAN CITIES




For more details on our portfolio, go to pages 44 – 47.

3 In-principle approval received to redevelop The V. Subject to final approval of the building permit from Multi-Storey Building Committee.

# CHAIRMAN'S MESSAGE

"In February 2018, we made our entry into the logistics industry with the acquisition of Arshiya warehouses close to Mumbai. This transaction provides the Trust with a new avenue to grow its revenues and profitability."

**CHIANG CHIE FOO**
Chairman & Independent Director

**Dear Unitholder**

I am pleased to report a sound financial performance for the financial year ended 31st March 2018 (FY17/18) for Ascendas India Trust. FY17/18 revenues grew by 20% to S$188 million compared to the previous year. The Trust's DPU[1] has similarly increased by 7% to 6.10 Singapore cents. The results reflect the growth momentum generated by our investment strategy and organic rental growth in our portfolio.

The implementation of Goods and Services Tax (GST) in FY17/18 heralded a new dawn for the logistics sector in India, providing the impetus for companies to consolidate their warehousing requirements into large logistics hubs. The Real Estate (Regulation and Development) Act, a key legislation to protect property buyers and enhance transparency in the property market, came into force in 2017. Both policies are expected to provide a boost to the logistics and property markets that Ascendas India Trust operates in.

The Indian economy grew at a slightly slower-than-expected GDP growth rate of 6.7%[2] in FY17/18. This was partly due to the lingering effect of demonetisation, as well as the short-term disruptions caused by the implementation of the GST in July 2017. The outlook for India's economy, however, remains positive, with GDP growth forecasted to rebound to 7.4%[2] in FY18/19.

Leasing momentum for office space has been healthy. Office space absorption for the top seven cities in India, in 2017, crossed 44 million square feet, translating to an increase of 7% from the previous year[3]. For the four cities in which our IT parks are located, absorption grew by 21% to 32 million square feet.

While demand for quality office space remains healthy, we are keeping close tabs on the effects of and opportunities presented by recent technological trends such as Artificial Intelligence, Machine Learning and Cloud Computing for our portfolio. In response to which, we are fine-tuning our leasing strategy to focus more on Captive[4] and IT services companies which have a strong digital business, as they are expected to grow at a faster pace, translating into demand for space.

Other than a sharper tenant curation, we seek to manage the Trust's risk-return profile by diversifying our portfolio. In February 2018, we made our entry into the logistics industry with the acquisition of Arshiya warehouses close to Mumbai. This transaction provides the Trust with a new avenue to grow its revenues and profitability. Along with the initial acquisition of 0.8 million square feet of warehouse space, we have also obtained exclusive rights from the seller to acquire up to an additional 2.8 million square feet of warehouse facilities. This pipeline allows Ascendas India Trust to diversify and capitalise on the exciting prospects for India logistics.

1 Refers to distribution per unit post retention of 10% of income.
2 Source: International Monetary Fund World Economic Outlook Update, April 2018.
3 CBRE Research (Cities include National Capital Region (NCR), Mumbai, Bangalore, Chennai, Hyderabad, Pune and Kolkata).
4 Refers to companies that have established their own Indian offices, typically in IT parks, as part of their offshoring business model. Many of these offices function as technology and offshoring centres for their global operations.

# CHAIRMAN'S MESSAGE

Portfolio development and rejuvenation is also a vital component of our investment strategy to unlock and enhance the value of our assets. On the rejuvenation front, we are planning to redevelop The V to leverage on strong demand in Hyderabad. Phase One of the redevelopment entails the demolition of Auditorium and Auriga buildings to build a new 1.2 million square feet building. The entire redevelopment is estimated to take seven to ten years, and will effectively increase the existing leasable floor area by more than two and a half times, adding 2.8 million square feet of leasable area to The V. Over at Bangalore, we are currently constructing a 0.5 million square feet multi-tenanted building that is expected to be completed in the second half of 2019.

As our business continues to grow, it is becoming even more important to maintain our commitment towards integrating the different elements of sustainability - Environmental, Social and Governance (ESG) - into our business practices, so that we attain growth for our stakeholders in a responsible and sustainable manner. The Board works closely with Management to identify, manage, and monitor material ESG matters relevant to our business and our stakeholders. In line with the Singapore Exchange (SGX) sustainability reporting requirements, we are pleased to present our Sustainability Report for FY17/18 on pages 58 to 82 of this Annual Report, which outlines sustainability practices that have been implemented to drive value creation for all our stakeholders.

Looking ahead, while sentiments remain positive, we continue to closely monitor policies and trends that may have an impact on our tenants' plans, e.g. rising protectionism in tenants' home countries. We will also be carefully tracking the Singapore Dollar's performance against the Indian Rupee, especially in light of the Monetary Authority of Singapore's decision to allow the Singapore Dollar to gradually appreciate against major currencies. We may adjust our currency hedging strategy to protect Unitholders' returns if we see higher-than-expected volatility in the movements of the Indian Rupee.

On behalf of my fellow Directors, I would also like to warmly welcome Mrs Zia Mody, who joins us as an Independent Director and a member of the Audit and Risk Committee. Mrs Mody is a highly regarded legal counsel specialising in Indian corporate law. Her experience in dealing with mergers and acquisitions would help us as we continue to invest and grow our business in India. The Board now comprises nine members, six of whom are Independent Directors.

Finally, on behalf of the Board and Management, we would like to express our heartfelt appreciation to our Unitholders, customers and business associates, for their continued trust and support in Ascendas India Trust. I would also like to thank my fellow Directors for their contributions and guidance, and to our staff for their dedication and commitment in the past year, which has culminated in yet another year of strong performance.

**CHIANG CHIE FOO**
*Chairman & Independent Director*

# CEO'S REVIEW

**"Tenant engagement is a key tenet of our asset management strategy; besides organising regular networking events to meet our tenants' management team, myriad activities are held throughout the year for our tenants' employees."**

**SANJEEV DASGUPTA**
Executive Director & CEO

**Dear Unitholder**

I am pleased to share with you a review of Ascendas India Trust's progress and performance in FY17/18.

## OPERATIONAL REVIEW

We adopt a proactive approach to asset management to maximise the operational and financial performance of our properties. Tenant engagement is a key tenet of our asset management strategy; besides organising regular networking events to meet our tenants' management team, myriad activities are held throughout the year for our tenants' employees. These initiatives helped us achieve tenant retention rate of 72%[1] in FY17/18. Portfolio committed occupancy remained healthy as well at 95% as at 31st March 2018. In FY17/18, a confluence of limited market supply and robust demand for quality office space led to strong rental growth in most of the micro-markets that we are in. Positive rental reversions, particularly in Chennai and Hyderabad, contributed to the increase in income for the Trust. Another aspect of asset management that we focus on is ensuring that our properties remain competitive to meet and surpass the demands of our discerning tenants. In FY17/18, we invested close to S$9 million in capital expenditures to upkeep our properties and upgrade building specifications and park facilities. Lastly, we have successfully decommissioned the Dedicated Power Plant (DPP) in ITPB on 31st March 2018. The DPP has served us well since inception of ITPB, providing tenants with reliable power supply to supplement the government grid power. However, we have now switched to utilising grid and solar power, which are equally reliable, cheaper and more sustainable energy sources. Besides reducing our carbon footprint, this will also provide cost savings for the Trust and our tenants.

## INVESTMENT REVIEW

We grow by progressively developing the Trust's land bank and acquiring accretive assets from third parties and our sponsor. In September 2017, we completed the construction of Atria, a 428,000 square feet multi-tenanted building in The V, Hyderabad. The rentals at Atria building, which is fully leased as at 31st March 2018, surpassed our expectations due to the strong rental growth in the Hyderabad market. In Bangalore, we are constructing a 500,000 square feet multi-tenanted building within the Special Economic Zone of ITPB. The building is expected to be completed by the second half of 2019. We have also received in-principle approval to redevelop The V in phases over the next seven to ten years, providing the Trust with a net increase of 2.8 million square feet of leasable area without incurring additional land cost. On the acquisition front, we deepened our presence in Hyderabad through the acquisition of a 390,000 square feet building known as aVance 4. In February 2018, we diversified into the logistics sector by acquiring six operating warehouses with total floor area of 832,000 square feet in the Arshiya Free Trade Warehousing Zone. The warehouses are located in Panvel, near Mumbai, and is in close proximity to the Jawaharlal Nehru Port Trust. This transaction also provides the Trust with a pipeline of at least 2.8 million square feet of warehouses to be built by the vendor.

## BALANCE SHEET REVIEW

We maintain a prudent and disciplined stance on capital management to support the Trust's growth. In February 2018, the Trust tapped the equity market and successfully raised approximately S$100 million through a private placement to finance the acquisition of Arshiya warehouses. Our total effective borrowings[2] stood at S$506 million with a weighted average debt maturity of 2.3 years while gearing

**Committed Occupancy**

**95%**

**as at 31st March 2018**

1 Excludes leases in The V that were affected by the redevelopment and/or consolidation in Atria building. The retention rate would have been 70% if those terminations were included.

2 Calculated by adding/(deducting) derivative financial instruments liabilities/(assets) to/from gross borrowings.

# CEO'S REVIEW

remained healthy at 26% as at 31st March 2018. Immediately after the financial year, the Trust issued JPY 5 billion Notes due 2023 under its Medium Term Note Programme, mainly to refinance existing loans and fund expected disbursement of construction financing. To mitigate currency risk, the Trust has a policy to hedge at least 50% of its borrowings into Indian Rupee. As at 31st March 2018, 65% of total borrowings were denominated in Indian Rupee and 35% in Singapore Dollars. The effective weighted average cost of debt was 6.3% and interest service coverage remained comfortable at 3.6 times. All of the Trust's borrowings are unsecured, while most have fixed interest rates. This allows us to maintain financial flexibility and minimise exposure to interest rate risk.

## FINANCIAL REVIEW

In FY17/18, Ascendas India Trust recognised total fair value gains on investment properties of S$212 million. A combination of new acquisitions, higher rentals, and lower capitalisation and discount rates led to the gains in valuation. As a result, the Trust's adjusted net asset value per unit[3] increased by 10% to S$1.15 as at 31st March 2018. The Trust recorded 20% growth in FY17/18 revenue to S$188 million as compared to the previous year. The increase was supported by additional income from Victor building in Bangalore (which was completed in June 2016), BlueRidge 2 (which was acquired in February 2017), aVance 4 (which was acquired in April 2017), Atria building in Hyderabad (which was completed in September 2017), the Arshiya warehouses (which were acquired in February 2018), and positive rental reversions. Total property expenses grew by 15% to S$60 million, mainly due to property expenses contributed by new properties. As a result, net property income rose by 23% to S$128 million. The Trust's Distribution per Unit (post retaining 10% of income) grew by 7% to 6.10 cents.

### FY17/18 DPU[4]

**6.10 cents**

**7% increase compared to FY16/17**

## OUTLOOK

Looking forward, we remain optimistic of India's office market. Demand for office space remains strong in 2017 with gross absorption across the seven major cities[5] recorded at 44 million square feet, an increase of about 7% compared to 2016[6]. Property consultants expect vacancy rates in the markets we are in to remain low, which bodes well for further rental growth. The outlook for the logistics sector remains promising, spurred by regulatory reforms and growth in e-commerce.

**SANJEEV DASGUPTA**
*Executive Director & CEO*

3 Excludes deferred income tax liabilities of ₹12.6 billion (S$255 million) on capital gains due to fair value revaluation of investment properties.
4 Refers to distribution per unit post retention of 10% of income.
5 National Capital Region, Mumbai, Bangalore, Chennai, Hyderabad, Pune and Kolkata.
6 Source: CBRE Research

# Q&A WITH CEO

**1a. Following a-iTrust's diversification into logistics, what proportion of logistics assets does the Trust target to hold within the portfolio?**

**1b. What is the outlook of the Indian logistics industry?**

While we have not set a firm target on the proportion of logistics assets to be held within our portfolio, it could potentially comprise up to a quarter of our portfolio over the longer term. As the Indian logistics industry is still at the nascent stage, our ability to grow via acquisition of third-party logistics assets may be constrained by the limited supply of modern warehouses. To overcome this market limitation, we signed a forward purchase agreement with the vendor of Arshiya warehouses to acquire an additional 2.8 million square feet of warehouse facilities in Panvel. In addition, the Ascendas-Firstspace platform, which is a joint-venture formed by our sponsor Ascendas-Singbridge and Firstspace, is actively undertaking development of state-of-the-art logistics and industrial facilities across major warehousing and manufacturing hubs in India. These assets could form a potential pipeline for the Trust in the future.

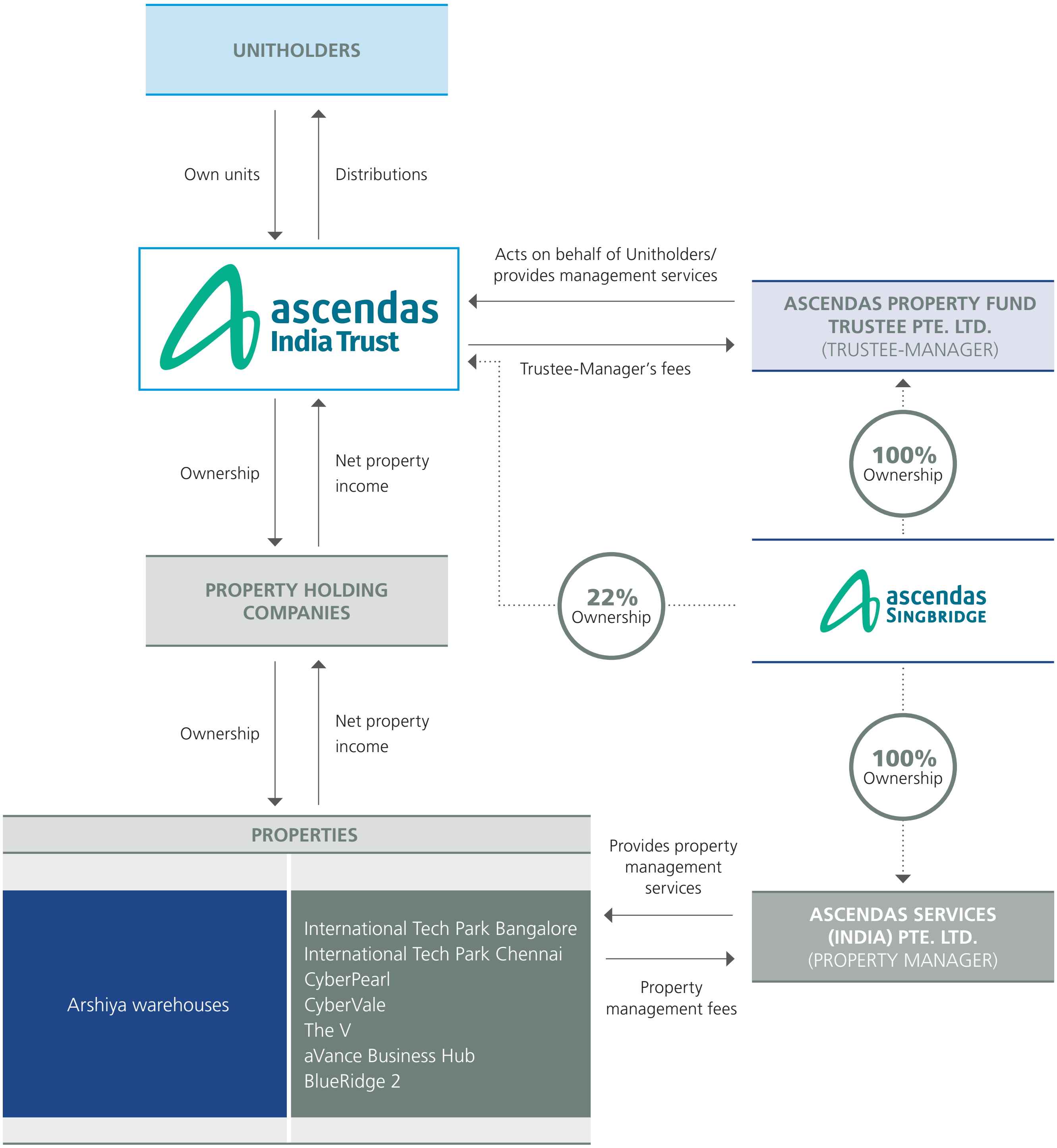
The outlook of the Indian logistics industry remains very positive. The e-commerce boom, rapid progress under the 'Make in India' campaign and the introduction of the Goods and Services Tax have given the logistics sector in India a boost. The demand for warehousing space for e-commerce in the top seven Indian markets (comprising Mumbai, National Capital Region, Bangalore, Chennai, Pune, Hyderabad and Ahmedabad) is forecast to grow by 20% annually between 2016 and 2020[7].

**2. Why did you raise approximately S$100 million of equity to fund the acquisition of Arshiya warehouses in February 2018?**

We adopt a prudent approach to capital management and focus on maintaining a healthy balance sheet to support the growth aspirations for a-iTrust. While the Trust had sufficient debt headroom to fund the acquisition of Arshiya warehouses, we chose to raise equity of approximately S$100 million through a private placement to finance the acquisition. Besides strengthening the Trust's financial position, the corresponding reduction in gearing provides a-iTrust with additional debt headroom and financial flexibility to grow its business. The issuance of new units from the private placement boosted the free-float of a-iTrust, potentially increasing its trading volume and liquidity, which may in turn help to attract more investors. We are pleased that the private placement was oversubscribed despite difficult market conditions, and we saw a good mix of existing and new Unitholders supporting the placement.

7 Source: Knight Frank Research

# TRUST & ORGANISATION STRUCTURE



## TRUST OVERVIEW

### Enhanced stability

Although a-iTrust is structured as a business trust, we have voluntarily adopted the following restrictions to enhance the stability of distributions to Unitholders:

- adherence to safeguarding provisions on allowable investments as defined under Monetary Authority of Singapore's Property Funds Appendix;
- gearing ratio capped at 45%;
- property development activities limited to 20% of Trust property; and
- minimum 90% of distributable income to be distributed.

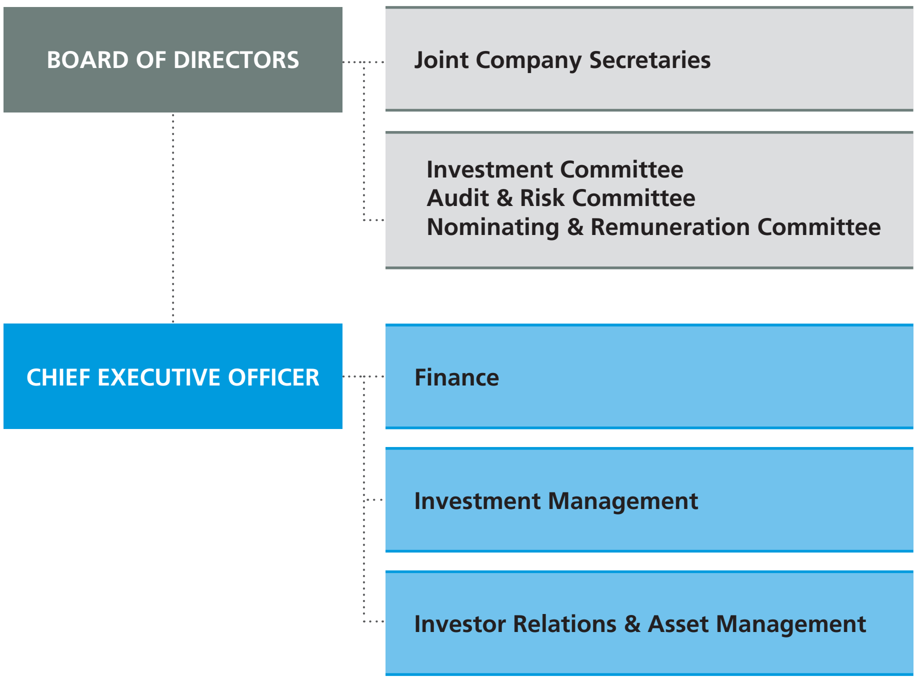
### Tax-exempt distributions

Distributions made by a-iTrust, being a registered business trust, are not subjected to Singapore income tax in the hands of all Unitholders, i.e. regardless of whether they are corporates or individuals, foreign or local. Our distributions are free of Singapore withholding tax or tax deducted at source.

### Asset and property management

a-iTrust is managed by Ascendas Property Fund Trustee Pte. Ltd. (Trustee-Manager), a wholly-owned subsidiary of Ascendas-Singbridge Group. The Trustee-Manager has the dual responsibility of safeguarding the interests of Unitholders, and managing the business conducted by a-iTrust. Ascendas Services (India) Pte. Ltd. (Property Manager) is responsible for managing the daily operations and maintenance of our properties.

**ASCENDAS PROPERTY FUND TRUSTEE PTE. LTD.**
(TRUSTEE-MANAGER)




For more details on the Board of Directors, go to pages 14 – 19.
For more details on the Trustee-Manager, go to pages 20 – 21.

# BOARD OF DIRECTORS

MR CHIANG CHIE FOO

MR MANOHAR KHIATANI

## MR CHIANG CHIE FOO

**Chairman and Independent Director**
**Chairman, Nominating and Remuneration Committee**

Mr Chiang was appointed Independent Director on 1st April 2016. He was subsequently appointed Chairman of the Board of Directors on 8th July 2016.

Mr Chiang retired in September 2013, after an illustrious career with the Singapore civil service spanning 32 years. He has held numerous leadership positions within the civil service, including in the Ministry of Home Affairs, Ministry of Education, Prime Minister's Office and Ministry of Defence.

Mr Chiang was previously Chairman of Rowsley Ltd. He is currently Chairman of the Central Provident Fund Board and PUB, Singapore's National Water Agency, and Senior Advisor to the Ministry of Defence. He is also a Director of Lee Kuan Yew Exchange Fellowship and Valencia Club de Fútbol and an Independent Director of ComfortDelGro Corporation Limited. He serves as a Member of the Asia Pacific Breweries Foundation's Board of Trustees and the MCYC Management Committee of the MCYC Community Services Society.

Mr Chiang holds a Bachelor of Electronic Engineering (First Class Honours) from the University of Western Australia and a Master in Public Administration from the Harvard University.

## MR MANOHAR KHIATANI

**Deputy Chairman and Non-Executive Director**
**Chairman, Investment Committee**
**Member, Nominating and Remuneration Committee**

Mr Khiatani was appointed Non-Executive Director on 1st June 2013. He was subsequently appointed Deputy Chairman on 8th July 2016.

Mr Khiatani is the Deputy Group CEO of Ascendas-Singbridge (ASB), a leading provider of integrated urban development and business space solutions. ASB has presence across 29 cities in Asia and Australia with Assets under Management exceeding US$15 billion. Before joining Ascendas in 2013, he served as the CEO of JTC Corporation (JTC), the Singapore Government's lead agency to plan, promote and develop industrial infrastructure and facilities. At JTC, he spearheaded the development of specialised infrastructure solutions for various sectors and positioned the organisation as an industrial infrastructure innovator. Prior to joining JTC in 2009, he was the Deputy Managing Director at the Singapore Economic Development Board (EDB). He joined the EDB in 1986 where he played an instrumental role in the development and transformation of important sectors in Singapore's economy such as aerospace, marine and offshore, electronics, precision engineering, logistics, infocomms and media, and clean technology. He was also in charge of the EDB's operations in the Americas and Europe. Between 1994 and 1999, he was the Managing Director of Preussag SEA, a diversified German conglomerate, where he was responsible for developing the group's business in Southeast Asia. In 1999, he returned to EDB.

Mr Khiatani is a Board Member of several companies listed on the Singapore Stock Exchange. This includes

MR JONATHAN YAP

Ascendas Funds Management (S) Limited (the Manager of Ascendas Real Estate Investment Trust), Ascendas Hospitality Fund Management Pte. Ltd./Ascendas Hospitality Trust Management Pte. Ltd. (the Managers of Ascendas Hospitality Trust) and SIA Engineering Company Limited.

Mr Khiatani's previous Board Directorships include JTC, Jurong International, Jurong Port, SPRING Singapore and Media Development Authority.

Mr Khiatani holds a Master's Degree (Naval Architecture) from the University of Hamburg, Germany. He also attended the Advanced Management Program at the Harvard Business School in 2006.

## MR JONATHAN YAP

**Non-Executive Director**
**Member, Investment Committee**

Mr Yap was appointed Non-Executive Director on 8th July 2016.

Mr Yap is the Group Chief Financial Officer (CFO) of Ascendas-Singbridge, overseeing the finance, corporate strategy and development functions of Ascendas-Singbridge Group. He was the Chief Investment Officer and Head of Real Estate Funds, both roles which he performed since the formation of Ascendas-Singbridge and before his appointment as Group CFO in September 2017. He was CEO, India from 2010 to 2015, CEO, India Funds from 2007 to 2014 and CEO, India Operations from 2004 to 2007. During which, he led the listing of the award-winning Ascendas India Trust on the Singapore Exchange. He was also Assistant Group CEO for Overseas Funds & India of Ascendas Pte Ltd from 2012 to 2015. Prior to joining Ascendas, he was with the Australian Securities Exchange-listed Lend Lease Corporation from 1997 to 2004. He last held the concurrent positions of Investment Director of its Asia business, and Deputy Fund Manager of Asia Pacific Investment Companies I and II. During his term, he was based in Singapore and Australia, and had regional investment, asset and development management roles. From 1992 to 1997, he was with Tan Chong Realty (the real estate arm of Hong Kong Stock Exchange-listed Tan Chong Group) and the Inland Revenue Authority of Singapore, having held positions in asset management, property development and valuation.

Mr Yap graduated from the National University of Singapore with a Bachelor of Science in Estate Management (Honours). He also holds a Master of Science in Project Management from the National University of Singapore.

# BOARD OF DIRECTORS


MR SANJEEV DASGUPTA


MR ALAN RUPERT NISBET

## MR SANJEEV DASGUPTA

**Executive Director and Chief Executive Officer**

Mr Dasgupta was appointed Executive Director and Chief Executive Officer on 1st October 2014.

Mr Dasgupta has around 22 years of experience in the areas of real estate fund management, corporate finance, strategy and financial control. Prior to joining Ascendas, he was working as President of Real Estate at ICICI Venture Funds Mgmt. Co. Ltd., a leading private equity fund manager in India. In that role, he was responsible for investments and portfolio management of the Real Estate funds of around USD 600 million. Before joining ICICI Venture, he managed real estate investments of around USD 430 million as Managing Director at Future Capital Real Estate, a leading real estate development oriented fund manager. He led several landmark investments in metros such as Mumbai and Bangalore and in high-growth tier 2 cities. His prior work experience included stints with organisations such as Tata Group and Merrill Lynch across India, Hong Kong and London.

Mr Dasgupta holds a Bachelor of Commerce from the Mumbai University, India and a Master of Business Administration from the London Business School, United Kingdom. He is a qualified Chartered Accountant and a Graduate Company Secretary, India.

## MR ALAN RUPERT NISBET

**Independent Director**
**Chairman, Audit and Risk Committee**
**Member, Nominating and Remuneration Committee**

Mr Nisbet was appointed Independent Director on 30th September 2015.

Prior to his retirement after a 38-year international career with Deloitte in 2011, Mr Nisbet was the leader of Audit & Assurance Services for Deloitte Southeast Asia with responsibilities for the overall audit and assurance operations, business development and quality control. Whilst at Deloitte, he also established the Deloitte Enterprise Risk Service (ERS) function in Singapore and led that practice division for four years and was responsible for the delivery of Corporate Governance, Risk Management, Internal Audit and IT Security services. He has worked in Australia, the United States and the Asia Pacific region and has experience in multiple industries including energy and resources, aviation and transport services, manufacturing, life sciences and healthcare, and real estate.

Mr Nisbet is an Independent Director of Standard Chartered Bank (Singapore) Limited, KrisEnergy Ltd and Keppel REIT Management Limited (Manager of Keppel REIT), and the Lead Independent Director of Halcyon Agri Corporation Limited. He is also a Director of several private companies in Singapore.

Mr Nisbet holds a Diploma in Business Studies, Accounting from the Caulfield Institute of Technology, Melbourne. He is a Member of the Institute of Singapore Chartered Accountants.

MR T.V. MOHANDAS PAI

## MR T.V. MOHANDAS PAI

**Independent Director**
**Member, Audit and Risk Committee**
**Member, Investment Committee**

Mr Pai was appointed Independent Director on 1st December 2011.

Mr Pai is Chairman of Manipal Global Education Services Private Limited. Before joining Manipal Global, he was a Member of the Infosys Board of Directors and Head – Administration, Education & Research, Finance, Human Resources and Infosys Leadership Institute. He joined Infosys in 1994 and served on its Board from May 2000 onwards. He was the Chief Financial Officer (CFO) from 1994 to 2006 and was instrumental in transforming Infosys into one of the world's most respected and widely known software service companies. In 2006, he voluntarily stepped down from the office of CFO to lead efforts in the areas of human resources, education and research. Mr Pai was an integral part of the Infosys team that enabled the first listing of an India-registered company on NASDAQ and the first sponsored secondary offering of American Depositary Shares by an Indian company. He was voted the 'CFO of the Year' in 2001 by IMA India. He won the 'Best CFO in India' award from Finance Asia in 2002, and 'Best Chief Financial Officer in India' in the Best Managed Companies poll conducted by Asia Money in 2004.

Mr Pai is a Non-Executive Non-Independent Director of Havells India Limited, and a Director on the boards of various private companies. He serves as a Director of the International Tax Research and Analysis Foundation, the Invest Karnataka Forum and the National Stock Exchange India Limited. He is also a Designated Partner of Aarin Asset Advisors LLP, Co-Founder and Partner of Aarin Capital, Partner of 3one4capital Advisors LLP and 3one4 Holdings LLP, Beneficiary of the 3one4 Meridian Trust, Nominee-Body Corp Partner of Neev Assets Advisors LLP and Ideaspring Advisors LLP and Proprietor of Mohan Pai & Co.

Mr Pai holds a Bachelor of Commerce from St Joseph's College of Commerce, Bangalore and a Bachelor of Laws from the Bangalore University. He is also a Fellow of the Institute of Chartered Accountants of India and a Trustee of the International Accounting Standards Committee Foundation, the body that oversees the International Accounting Standards Board.

# BOARD OF DIRECTORS

MR GIRIJA PRASAD PANDE

MR NG ENG LENG

## MR GIRIJA PRASAD PANDE

**Independent Director**
**Member, Investment Committee**

Mr Pande was appointed Independent Director on 15th January 2013.

Mr Pande is Chairman of Apex Avalon Consulting Pte Ltd. He has over three decades of experiences in senior positions with ANZ Banking Group across three countries in Asia and then in Tata Consultancy Services (TCS) Ltd where he spent over 11 years. In his last role as Chairman of TCS, he grew its APAC business from scratch to over 11,000 associates in 14 countries. He was conferred the best CEO award from Singapore HR Institute. He was also Vice Chairman of TCS's joint-venture with the Chinese Government and instrumental in building the business to over 2,500 associates in six cities in China. He served as Economic Advisor to the Mayor of Guangzhou and was a Member of the Singapore Government's Manpower Council set up by the Infocomm Development Authority.

Mr Pande is an Independent Director of Micro-Mechanics (Holdings) Ltd. and several private companies. He is also a Director of the National Council of Social Services and the Singapore International Chamber of Commerce, as well as a Trustee of the Singapore Indian Development Association and a Member of the Management Board of the Institute of South Asia Studies – NUS.

Mr Pande holds a Bachelor of Engineering from the Birla Institute of Technology and Science at the Pilani Campus (BITS Pilani) and a Master of Business Administration from the Indian Institute of Management, Ahmedabad.

## MR NG ENG LENG

**Independent Director**
**Member, Audit and Risk Committee**

Mr Ng was appointed Independent Director on 1st April 2013.

A senior partner with Dentons Rodyk & Davidson LLP since October 2011, Mr Ng leads and specialises in mergers and acquisitions and corporate work, and runs an active practice in domestic, regional and cross-border private and public mergers and acquisitions, privatisations, takeovers, corporate commercial, corporate finance, corporate restructurings, securities law, private equity and general corporate law work. His breadth and depth of experience and expertise extend across several industries and sectors including financial institutions, healthcare and technology.

Mr Ng's work in public and private mergers and acquisitions and corporate and commercial transactions include acting for both the sell-side and the buy-side (bilateral as well as by way of auction). He advises on and is also active in solvent and insolvent corporate restructurings, schemes of arrangement, investments, joint ventures, shareholder arrangements, and listed companies work. Clients include domestic and international corporates (listed and unlisted), private equity firms and family offices.

Mr Ng is an Independent Director of Hyphens Pharma International Limited.

Mr Ng holds a Bachelor of Laws (Honours) and a Master of Laws from the National University of Singapore. He is an Advocate and Solicitor, Singapore, and is admitted to the Roll of Solicitors, England & Wales.

MRS ZIA MODY

## MRS ZIA MODY

**Independent Director**
**Member, Audit and Risk Committee**

Mrs Mody was appointed Independent Director on 1st February 2018.

Mrs Mody is the Founder and Senior Partner of top Indian law firm, AZB & Partners. She stands widely respected as one of India's top corporate lawyers and has advised several International and Indian clients in significant M&A transactions. Among her many awards, she has received "India Managing Partner of the Year", "India's 10 Most Powerful Women" and "Asia's 50 Power Businesswomen". She is hailed as one of the 'Market Leading Lawyers' in the fields of Corporate Mergers & Acquisition, Banking & Finance, Private Equity and Investment Funds.

Mrs Mody is the Deputy Chairman of the Board and a Member of the Risk Committee of The Hongkong and Shanghai Banking Corporation Limited (Asia-Pacific Board), and an Independent Non-Executive Director and a Member of Human Resources & Remuneration Committee of the Board of CLP Holdings Limited (listed on the Stock Exchange of Hong Kong). She also serves as a Director of London Court of International Arbitration (India) Private Limited, Non-Executive Director of Cambridge India Research Foundation, Non-Executive Member of ICCA Foundation, Inc. (the Governing Board), and Non-Executive Trustee of Observer Research Foundation. In addition, she is a director on the board of a few family-owned unlisted companies.

Mrs Mody holds a Bachelor of Laws from the University of Cambridge and a Master of Laws from the Harvard University. She is admitted to the New York State Bar and the Bar Council of Maharashtra and Goa.

# TRUSTEE - MANAGER

## MR SANJEEV DASGUPTA
**Executive Director and Chief Executive Officer**

Mr Dasgupta is both an Executive Director and the Chief Executive Officer of the Trustee-Manager. His experience can be found under the Board of Directors section.

## MR TAN CHOON SIANG
**Chief Financial Officer**

As Chief Financial Officer, Mr Tan is responsible for financial accounting and reporting, treasury, taxation, risk management and compliance.

Mr Tan has more than 17 years of experience in financial management, investments, corporate finance, treasury and investment banking. Immediately prior to joining the Trustee-Manager, he was the Head of Corporate Finance & Treasury at Ascendas-Singbridge Pte. Ltd., where he oversaw Ascendas-Singbridge Group's corporate finance and treasury activities across the region. Prior to that, he was Vice President of Corporate Finance at Genting Singapore Plc, a company listed on the Main Board of the Singapore Exchange Securities Trading Limited. At Genting Singapore, he was responsible for the company's investments, financing and treasury functions. Mr Tan joined Genting Singapore in 2011 and held various positions within the company, including Vice President of Investments and Director of Corporate Planning. Between 2006 and 2011, Mr Tan was at Goldman Sachs in Hong Kong and Singapore where he was an Executive Director in the Securities Division. Before Goldman Sachs, Mr Tan's experience also included stints in the Investment Banking Division at Deutsche Bank and the Ministry of Finance, Singapore.

Mr Tan holds a Master's Degree in Economics from Massachusetts Institute of Technology and a Bachelor of Science in Economics from Massachusetts Institute of Technology.

## MR ADRIAN TAN BAN LENG
**Vice President, Investments**

Mr Tan was appointed Vice President, Investments with effect from 1st April 2018. Mr Tan is responsible for developing and executing Ascendas India Trust's investment and business development strategy. He leads the team in seeking asset acquisitions and development opportunities.

Mr Tan joined Ascendas-Singbridge in 2015 and has more than 10 years of experience in real estate investment and asset management across Singapore and Australia. His last position was with Ascendas Reit, where as Vice President, Investment & Business Development, he helped the Reit enter and grow its Australian presence. Before that, Mr Tan was with CapitaMall Trust, where he was responsible for investments, as well as asset management of a portfolio of Singapore retail malls.

Mr Tan holds a Bachelor's in Business Administration Degree from the National University of Singapore.

## MR JAMES GOH CHAT SHEN
**Head, Investor Relations and Asset Management**

Mr Goh heads both the Investor Relations (IR) and Asset Management (AM) departments for a-iTrust. As Head of IR, he plans and executes investor outreach initiatives for the Trust, and ensures clear and transparent communication with the investment community. In his role as Head of AM, he is responsible for the financial and operational performance of assets in the Trust portfolio.

Mr Goh has more than 17 years of experience in the fields of investor relations, asset management, analytical research, and strategic planning. He has extensive experience in the real estate industry, having worked at several leading property companies.

Prior to joining the Trustee-Manager in 2011, Mr Goh was a key member of the investor relations team at Global Logistics Properties, and the Head of Investor Relations and Research at Frasers Centrepoint Trust.

Mr Goh is a CFA charter holder and a graduate of Nanyang Technological University with a Bachelor of Accountancy (Honours) degree.

## MS MARY JUDITH DE SOUZA
**Joint Company Secretary**

Ms de Souza joined Ascendas-Singbridge in 2005 and has more than 18 years of practice as a corporate and commercial lawyer.

Ms de Souza's experience was acquired during her appointment as a legal counsel with a government-linked technology group and thereafter, while in practice in a local law firm based in Singapore with several branches in the region. Ms de Souza has worked with both local and foreign companies and has acquired a broad-based understanding of concerns and needs of investors in Southeast Asia. As a result of her regional exposure while in legal practice, Ms de Souza has been able to acquire first hand knowledge of the commercial, business, cultural, and operational issues encountered in doing business outside Singapore.

Ms de Souza currently heads Ascendas-Singbridge's Legal team. She holds an LL.B. (Hons) degree from the National University of Singapore and is an advocate and solicitor of the Supreme Court of Singapore.

### MR HON WEI SENG
**Joint Company Secretary**

Mr Hon joined Ascendas-Singbridge in 2015 and has more than 18 years of practice as a corporate and commercial lawyer.

Prior to that, Mr Hon served as a corporate counsel for Genting Singapore PLC, Stamford Land Corporation, Singapore Power, ST Telemedia and Frontline Technologies (since merged with BT Group).

Admitted as an Advocate & Solicitor of the Supreme Court of Singapore, Mr Hon holds LL.B. (Hons) and LL.M. degrees from National University of Singapore, and a MTM degree from the University of Queensland, Australia.

# PROPERTY MANAGER

### MR VINAMRA SRIVASTAVA
**Chief Executive Officer, ASIPL**

Mr Srivastava was appointed Chief Executive Officer of ASIPL with effect from 1st April 2018.

In his new role, Mr Srivastava will oversee operations, business development, strategic planning and significantly contribute to expanding and enhancing the Group's portfolio of assets in India.

Mr Srivastava was previously based in Singapore heading Group Corporate Strategy & Development. He contributed to the successful Ascendas-Singbridge post-merger integration process and has played a key leadership role to develop the India strategy for the Group across investment, development, operations and asset management.

Prior to joining Ascendas-Singbridge, Mr Srivastava was a Principal Consultant with Roland Berger Strategy Consultants where he led projects primarily in Singapore, India, Southeast Asia and the Middle East.

He graduated with a Bachelor of Engineering degree from the University of Pune and a MBA from the Indian Institute of Management Ahmedabad.

### MR BHAVESH MADEKA
**Head, Finance, ASIPL**

Mr Madeka oversees the Finance function for Ascendas-Singbridge's India operations which includes accounting and reporting, financial strategy and analysis, funding, treasury, tax matters and other key aspects.

Mr Madeka joined Ascendas-Singbridge in December 2013. He was earlier heading the Business Development unit before taking over the role as Head, Finance in October 2016. He has spent over 18 years working in Singapore with various companies and has handled Finance for the large part of his career.

Mr Madeka is a qualified Chartered Accountant with over 30 years of experience in the field of finance and investments. He is also trained in general law from the University of Mumbai.

Prior to joining Ascendas-Singbridge, Mr Madeka was Deputy Head – India with Mapletree India Management Services Pvt. Ltd. overseeing the India operations. In his prior corporate experiences, he has handled the roles of Director at Zen Consulting, Financial Controller at School of Audio Engineering Asia Pte. Ltd., Finance Director of Goldhill Properties Pte. Ltd., apart from other assignments.

# STRATEGY

**MISSION**

Generate attractive portfolio returns for Unitholders by investing in quality IT parks, warehouses, and other real estate used primarily as business space in India.

## 01 INVESTMENT MANAGEMENT

**Objective:**
To develop or acquire quality assets which provide attractive cash flows, enhance earnings, and improve the diversification of the portfolio.

**What we do:**
We grow by developing our land bank and acquiring stabilised properties from third parties and our sponsor.

To read more, go to pages 28 – 33.

## 02 ASSET MANAGEMENT

**Objective:**
To maximise the financial and operational performance of the properties.

**What we do:**
We provide distinctive spaces and nurture strong tenant relationships to attract and retain quality tenants.

To read more, go to pages 34 – 37.

## 03 CAPITAL MANAGEMENT

**Objective:**
To maintain a strong financial position as we grow the portfolio.

**What we do:**
We diversify our funding sources. We consider raising equity and debt to fund our growth, to maintain the Trust's gearing at an appropriate level. We also employ strategies to manage our exposure to interest rate, currency and liquidity risks.

To read more, go to pages 38 – 39.

## 04 RISK MANAGEMENT

**Objective:**
To protect and optimise returns for Unitholders.

**What we do:**
We maintain an enterprise-wide risk management process that identifies material risks and implements key controls to mitigate those risks.

To read more, go to pages 40 – 41.

## 05 INVESTOR RELATIONS

**Objective:**
To help investors make informed investment decisions on a-iTrust.

**What we do:**
We provide timely and transparent information to the investment community to apprise them of significant developments regarding the Trust.

To read more, go to pages 42 – 43.

## 06 BUSINESS SUSTAINABILITY

**Objective:**
To run our business in a sustainable and responsible manner.

**What we do:**
We incorporate sound environmental, social and governance practices into our business.

To read more, go to pages 58 – 82.


WELCOME TO LIVEWIRE 2018
LIVEWIRE 2018
02
01
04
05
ascendas
COFFEE
COFFEE
CLINIC
BANK
03
06

# MARKET REVIEW

Source: Cushman & Wakefield Research

## MARKET REVIEW

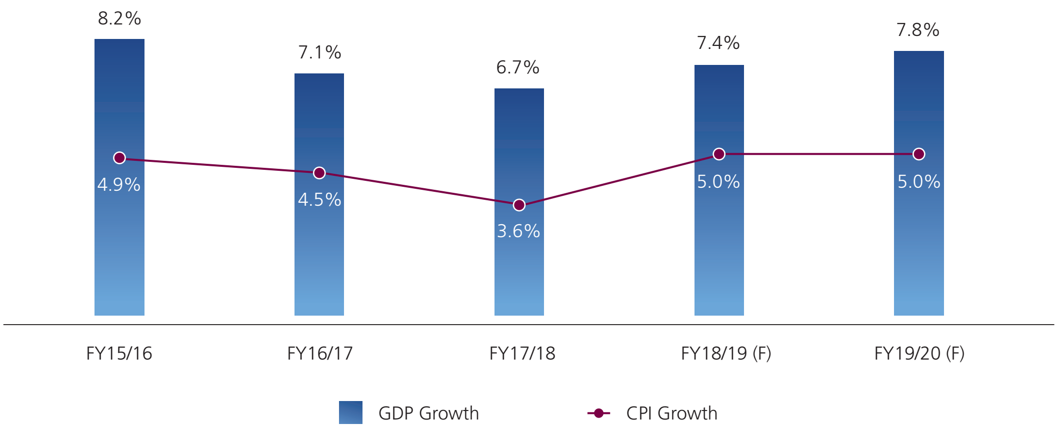
### Economic overview

India is one of the fastest-growing economies in the world and ranks as the seventh largest economy at market exchange rates, and the third largest economy when adjusted for purchasing power parity[1]. The Indian government has initiated reforms such as demonetisation, the Insolvency and Bankruptcy Code, Goods and Services Tax (GST), and established the Real Estate and Regulatory Authority (RERA), over the last two years.

While the lingering effect of demonetisation and the disruption caused by the implementation of the GST in July 2017 led to a lower GDP growth rate of 6.7% in FY17/18, GDP growth is projected to recover to about 7.4% in FY18/19 and 7.8% in FY19/20[2] as the impact of GST and other key structural reforms are expected to have a positive impact on the Indian economy in the medium to long term.

Consumer Price Index (CPI) decreased to 3.6% in FY17/18, compared to 4.5% in FY16/17, though it is projected to rebound to 5.0% in both FY18/19 and FY19/20[2].

▶ India's GDP and Inflation (Year-on-Year growth)




Sources: IMF (World Economic Outlook April 2018), and RBI

1 World Bank, 2017
2 International Monetary Fund (IMF): World Economic Outlook, April 2018

## IT industry overview

The table below highlights IT industry performance over the last few years:

| Particulars | Unit | FY12/13 | FY13/14 | FY14/15 | FY15/16 | FY16/17 | FY17/18 | FY18/19 (F) |
|---|---|---|---|---|---|---|---|---|
| **IT- BPM Revenues*** | USD billion | 109 | 119 | 132 | 143 | 154 | 167 | 180 |
| **Growth in IT-BPM Revenues** | % | 8.0 | 9.7 | 10.4 | 8.5 | 8.6 | 7.8 | 8.0 |
| **Exports** | USD billion | 77 | 86 | 98 | 108 | 116 | 126 | 136 |
| **Growth in Exports** | % | 11.6 | 11.6 | 12.3 | 10.3 | 7.6 | 8.6 | 7.9 |
| **Exports as % of Total IT-BPM Revenues** | % | 71 | 72 | 74 | 76 | 75 | 75 | 75 |
| **Domestic Revenue** | USD billion | 32 | 33 | 34 | 35 | 38 | 41 | 44 |
| **Employment** | in million | 3.0 | 3.3 | 3.5 | 3.7 | 3.9 | 4.0 | 4.1 |
| **Increase in Employment** | number | 191,000 | 323,000 | 231,000 | 200,000 | 170,000 | 105,000 | 100,000 |

* Values exclude revenue from e-commerce sector
Source: National Association of Software and Services Companies (NASSCOM)

The IT industry in India has emerged as a growth engine for the economy, contributing substantially to GDP, urban employment and export growth. The Indian Information Technology and Business Process Management (IT-BPM) segment, in particular, has seen revenue growth at 18.7% CAGR from USD 9 billion in FY00/01 to USD 167 billion in FY17/18[3]. In FY18/19, IT-BPM export revenues are forecast to grow by 7.9%[3]. Despite headwinds from increased protectionism, Brexit and currency volatility, the IT-BPM segment continues to grow and establish itself as a digital partner across the world, with revenues expected to grow to USD 350 billion by 2025[4]. This is due to the increasing demand from digital adoption, improved start-up environment, technology investments and partnerships with service providers, global in-house centres, multi-national companies with platform providers, start-up companies and academia.

3 NASSCOM Annual Guidance FY2018, dated 20 Feb 2018
4 NASSCOM Review, May 2017

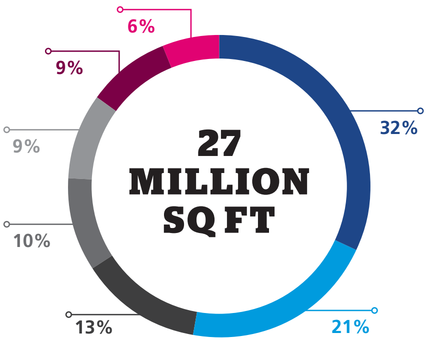
# MARKET REVIEW

Source: Cushman & Wakefield Research

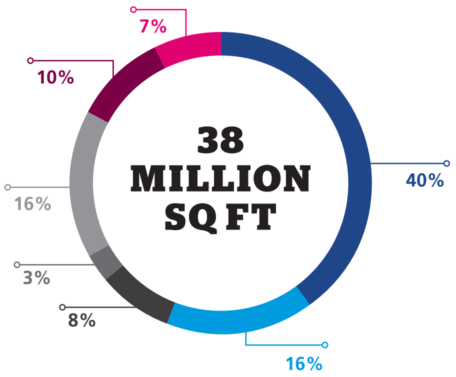
### Office market overview

The India office market is concentrated in seven key cities in India, which comprise the majority of investment-grade office stock in the country.

▶ Grade-A Office Supply CY2017




▶ Grade-A Office Absorption CY2017




Bangalore | Hyderabad | Mumbai | Kolkata | NCR | Chennai | Pune

Source: Cushman & Wakefield Research

### Supply trend

The commercial office sector saw the introduction of 27 million sq ft of Grade-A supply across the top seven leading cities (Bangalore, Hyderabad, Mumbai, Kolkata, NCR, Chennai and Pune) during CY2017. This represented a decline of 12% as compared to CY2016, mainly due to substantial delays in building completion in Bangalore. Nonetheless, Bangalore witnessed the highest supply of office space of 9 million sq ft followed by Hyderabad and Mumbai with a supply of 6 million sq ft and 3 million sq ft, respectively. The cities of Bangalore, Chennai, Hyderabad and Pune collectively accounted for approximately 68% of the supply in CY2017.

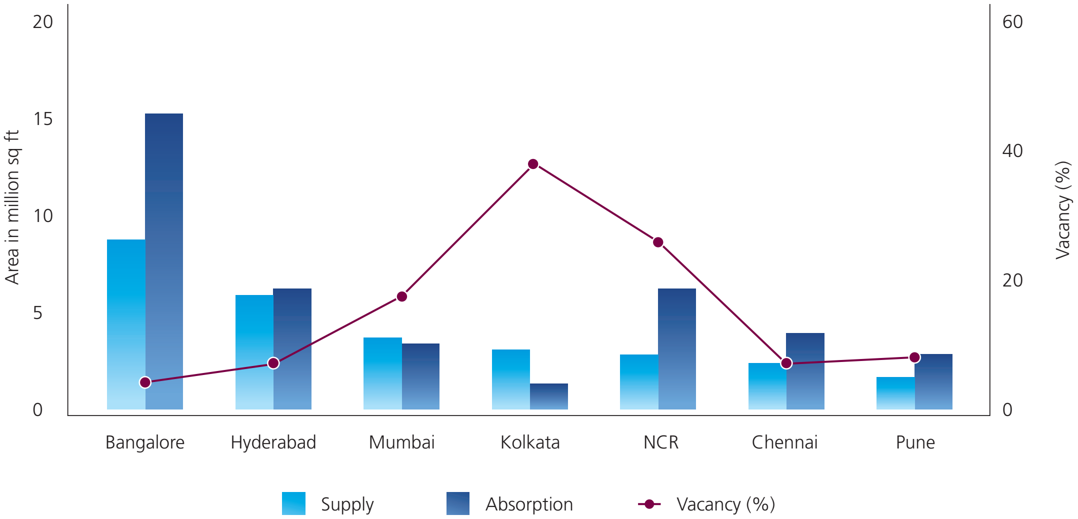
### Absorption trend

Due to increased occupier interest, demand for Grade-A office space picked up in most cities during CY2017. Gross absorption of Grade-A office space across seven leading cities for CY2017 was 38 million sq ft, an increase of 9% compared to 35 million sq ft of absorption in CY2016.

Bangalore saw the highest quantum of gross office space absorption, at 15 million sq ft, which is approximately 40% of the total gross absorption, followed by NCR region and Hyderabad with absorption of approximately 6 million sq ft each. The market saw 50 large leasing deals that were over 100,000 sq ft in CY2017, which amounted to 12 million sq ft of total absorption.

The limited availability of quality office space has led to 12 million sq ft of pre-commitments of upcoming supply in CY2017, the majority of which are in Hyderabad, Bangalore and NCR. The cities of Bangalore, Chennai, Hyderabad and Pune collectively accounted for approximately 73% of the absorption in CY2017.

### ▶ Supply, Absorption and Vacancy in CY2017




Source: Cushman & Wakefield Research

## Vacancy trend

The weighted average vacancy level across the top seven cities, at 15% as of December 2017, was the lowest in the last five years. This is due to the narrowing supply-absorption gap whereby absorption increased by 9% while supply decreased by 12% during CY2017. Bangalore had the lowest vacancy level among the top seven cities, at 5%, followed by Hyderabad and Chennai at 8% each.

## Outlook

The commercial real estate sector has improved in tandem with the overall economy over the last few years, resulting in healthy overall office space absorption. Going forward, construction activity is expected to accelerate, resulting in an increase in supply as several key projects are at an advanced stage of construction. Meanwhile, demand is expected to remain strong due to the expansion of technology, banking, financial and professional services sectors.

With the growing corporate demand for flexible space options, co-working space has recently gained momentum and is expected to contribute more to the overall office space demand going forward.

Furthermore, with various strategic government programmes such as 'Make In India' and 'Start Up India' in full swing, there is a clear focus on the long-term stability of the Indian economy. The 'Make In India' initiative is expected to attract higher FDI, generating new employment opportunities and encouraging adoption of advanced technology. 'Start Up India' is aimed at encouraging innovation, improvement in existing processes, improvement in delivery of products and services, entrepreneurship and wealth creation.

Over the last 3-4 years, commercial real estate developers, private equity funds and pension funds had invested in office space and firmed up their plans to list the same under the REIT platform. The expected listing of India's first REIT in 2018 will likely increase transparency in the real estate sector and provide diversification as an additional asset class for retail investors, as compared to traditional real estate investments. In particular, the commercial office space sector is expected to witness positive impact over the next 2-3 years with the introduction of REITs.

# INVESTMENT MANAGEMENT

## OVERVIEW

**Objective**

Our investment management objectives include:

- progressively developing the Trust's land bank, taking into consideration market conditions and leasing demand, so as to reduce risks and maximise returns; and
- acquiring quality assets which provide attractive cash flows, enhance earnings, and improve the diversification of the portfolio.

## DEVELOPMENT STRATEGY

Since listing, a-iTrust has developed 4.4 million sq ft of commercial space from its land bank. The Trust continues to hold substantial land in Bangalore, Chennai and Hyderabad, with total development potential of 5.4 million sq ft[1].

In Hyderabad, we will be redeveloping The V to maximise the leasable space, rejuvenate the park, and leverage strong demand in Hyderabad. The redevelopment of The V would unlock significant value for Unitholders as it doubles the Trust's development land bank without incurring incremental land cost. We plan to redevelop The V in phases over next seven to ten years to increase the leasable area from 1.7 million sq ft to 4.5 million sq ft[2]. Phase I of the redevelopment will be a 1.2 million sq ft multi-tenanted building. In September 2017, we completed Atria and have secured 100% leasing commitment within three months after completion. We expect Atria and the redevelopment plan to boost the income of a-iTrust after its completion.

In July 2017, we commenced the construction of a new 0.5 million sq ft multi-tenanted IT building in International Tech Park Bangalore in view of the market demand for IT space in this micro-market. This building is expected to be completed by end 2019. After constructing this building, we still have 1.7 million sq ft of potential built-up area within International Tech Park Bangalore that will be developed in phases to meet market demand.

Lastly, in Chennai, CyberVale has a 4.4 acres vacant plot with the potential to build a 0.4 million sq ft IT building. Construction will commence when we have clear visibility of leasing demand in that micro-market.

1 Including the 0.5 million sq ft development in International Tech Park Bangalore currently under construction and additional 2.8 million sq ft available at The V based on the in-principle approval received from Telangana State Industrial Infrastructure Corporation Limited.

2 Subject to final approval of the building permit from the Multi-Storey Building Committee.

## ACQUISITION STRATEGY

We pursue acquisitions that offer attractive cash flows and returns relative to a-iTrust's weighted average cost of capital. We seek acquisitions that enhance the diversification of the portfolio and optimise risk-adjusted returns to Unitholders.

IT/ITES office space will continue to be our principal focus. We are also actively evaluating acquisitions in the logistics/warehousing and corporate office segment to enhance the diversification of the portfolio. In February 2018, we completed our first investment in the logistics sector through the acquisition of operating warehouses in the Arshiya Free Trade Warehousing Zone (FTWZ), located at Panvel, near Mumbai.

We have targeted Bangalore, Chennai, Hyderabad, Mumbai, National Capital Region (comprising Delhi, Gurgaon and Noida) and Pune for new acquisitions. These cities were chosen because of their sound infrastructure, sizeable pool of talented workforce and substantial economic base.

When sourcing for third-party properties, we leverage Ascendas-Singbridge Group's presence in India and access to market information to gain a competitive advantage.

We focus on the following criteria when evaluating new acquisitions:

- Location – its proximity to residential developments, social infrastructure, and access to public transportation and skilled workforce.
- Tenancy profile – the credit standing of its tenants and diversification of tenant base.
- Design and specification – the quality of the property, including its size, age, and state of maintenance.
- Land title and land tenure – to ensure clear and marketable title, and reasonably high residual land tenure.
- Rental and capital growth prospects – its passing rent and capital value compared to comparable properties; the overall market outlook.
- Opportunity to add value – the potential to increase rental/occupancy rates or enhance value through selective renovations and/or other enhancement works.

### Sponsor pipeline

Ascendas-Singbridge Group has granted a-iTrust the Right of First Refusal (ROFR) to acquire income-producing properties from the following entities:

- Ascendas Land International Pte Ltd, which holds International Tech Park Pune, an IT SEZ in Pune, with 1.9 million sq ft of completed space and land with development potential of 0.4 million sq ft; and
- Ascendas India Growth Programme (AIGP), a real estate investment programme that targets business space developments and pre-stabilised completed business space assets. It has a target asset size of S$600 million.

Additional deal flow is also expected from the Ascendas-Firstspace platform (ASB FS). ASB FS is a joint venture between Ascendas-Singbridge and Firstspace Realty for investments in logistics and industrial infrastructure which targets to develop close to 15 million sq ft of space over the next few years.

# INVESTMENT MANAGEMENT

### AURUM IT SEZ pipeline

In May 2018, a-iTrust entered into a construction funding and forward-purchase agreement to acquire two buildings (combined floor area of 1.4 million sq ft) in AURUM IT SEZ, located in Navi Mumbai. The transaction also provides the Trust a ROFR on the remaining two buildings (with total estimated floor area of 1.5 million sq ft). Buildings 1 & 2 are expected to be completed by second half 2018 and early 2020 respectively. Building 1 has attained leasing commitment of approximately 0.2 million sq ft as at May 2018.

Upon completion of each building, and within a period of up to two years post completion, a-iTrust will acquire the building by paying the vendor a top-up consideration based on the leasing commitment at the time of acquisition. The total purchase price (including the top-up consideration) is not expected to exceed ₹9,300 million (S$186 million[3]).

The acquisition marks our first foray into Navi Mumbai, which is an important market for large multi-national companies. The property is strategically located close to the Thane-Belapur Expressway, and is in close proximity to the train station and other large corporate campuses. The acquisition will further diversify and grow a-iTrust's portfolio by 11% from 12.8 million sq ft to 14.2 million sq ft. This acquisition is expected to contribute positively to the financial performance of the Trust.

### aVance Business Hub pipeline

Our agreement with the Phoenix Group provides us the right to acquire six buildings individually as and when they are completed. The buildings are part of an IT park located in Hitec City, Hyderabad, named aVance Business Hub.

In February 2012, a-iTrust acquired aVance 1 & 2 for ₹1,765 million (S$45 million[4]). These two buildings have a total floor area of 0.4 million sq ft, and were fully occupied at the point of acquisition.

In July 2015, we completed the acquisition of aVance 3 for an aggregate consideration of ₹2,940 million (S$63 million[4]). The building is currently fully leased with multi-national companies such as UnitedHealth Group and ValueLabs as anchor tenants.

In April 2017, we completed the acquisition of aVance 4. The aggregate consideration (including deferred component for vacant space) is estimated to be ₹1,953 million (S$42 million[4]). The building has attained a leasing commitment of 94% with IBM India as the anchor tenant.

In addition to the above four buildings already acquired, a-iTrust has entered into an agreement to provide construction funding for two additional buildings, aVance 5 (estimated floor area of 1.2 million sq ft) and aVance 6 (estimated floor area of 0.6 million sq ft). a-iTrust will acquire both buildings together on the completion of aVance 5, subject to required leasing levels being met, amongst other conditions.

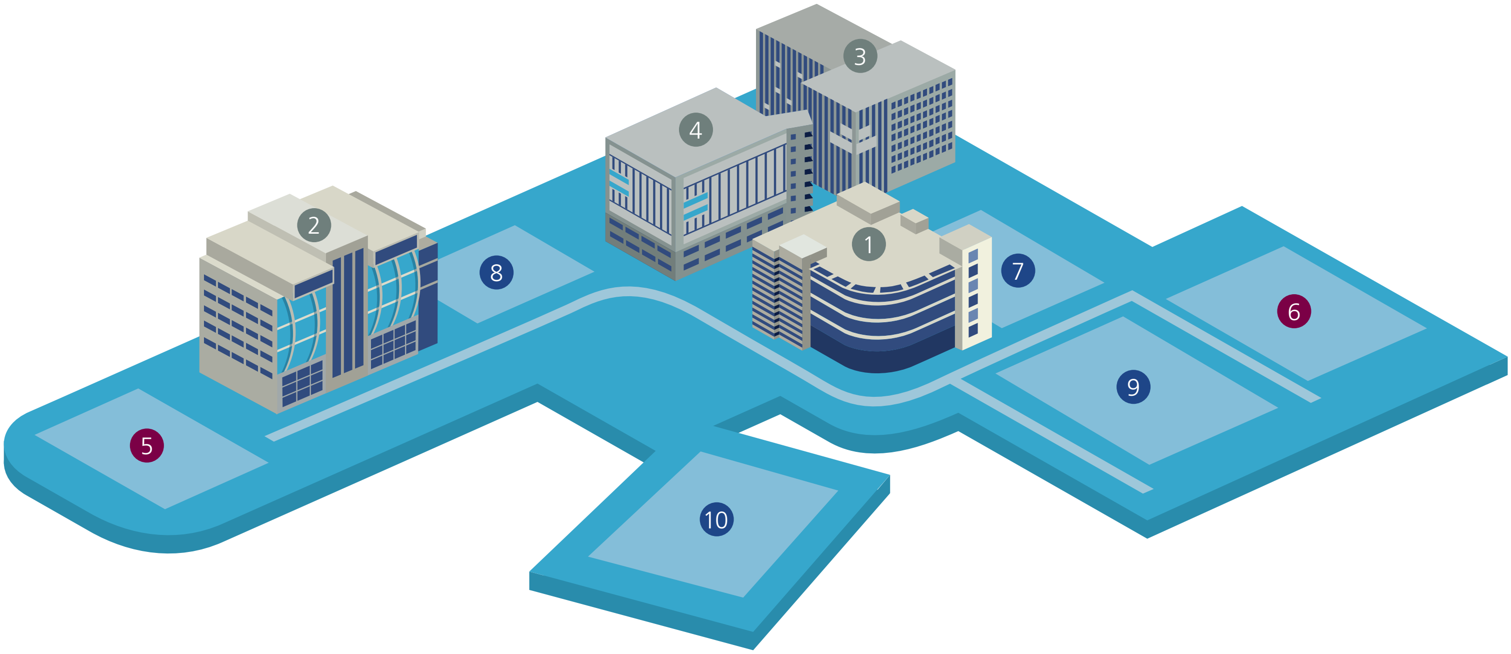
In addition to the aVance Business Hub, the Phoenix Group has plans to develop aVance Business Hub 2, which sits on 14.4 acres of land. It comprises seven buildings to be developed over five to nine years. a-iTrust has entered into a separate agreement with Phoenix Group to acquire five out of the seven future buildings when completed, subject to required leasing levels being met, amongst other conditions.

3 Amount translated into Singapore Dollars using exchange rate of S$1:₹50.0.
4 Amount translated into Singapore Dollars using spot exchange rate at the time of investment.

### Summary of aVance Business Hub

| | Building | Floor area (million sq ft) | Status |
|---|---|---|---|
| **a-iTrust properties** | aVance 1 | 0.2 | Acquired |
| | aVance 2 | 0.2 | Acquired |
| | aVance 3 | 0.7 | Acquired |
| | aVance 4 | 0.4 | Acquired |
| | **Total** | **1.5** | |
| **Right to acquire** | aVance 5 | 1.2 | Basement construction work in progress |
| | aVance 6 | 0.6 | Construction completed; finishing work is in advanced stage. ~98% of the building has been leased to Amazon[5] |
| | **Total** | **1.8** | |
| **Right of first refusal to acquire** | aVance 7 | 0.2 | Completed |
| | aVance 8 | 0.3 | Completed |
| | aVance 9 | 0.2 | Completed |
| | aVance 10 | 0.4 | Completed |
| | **Total** | **1.2** | |

5 Amazon Development Center (India) Pvt. Ltd.



# INVESTMENT MANAGEMENT

Case Study

# ACQUISITION OF WAREHOUSES IN ARSHIYA FTWZ

In February 2018, we completed the acquisition of six Grade-A warehouses (0.8 million sq ft floor area) at the Arshiya Free Trade Warehousing Zone (FTWZ) from Arshiya Limited.

The purchase consideration comprised upfront payment of ₹4.3 billion (S$91 million[6]) and deferred consideration of up to ₹1.0 billion (S$21 million[6]) to be paid over four years based on performance milestones.

a-iTrust has entered into an operating lease arrangement with the vendor for a six-year term.

**KEY HIGHLIGHTS OF THE ACQUISITION**

- Strategically located at Panvel, which has emerged as a key warehousing hub
- The warehouses are operating at full occupancy; key tenants include DHL Logistics, Huawei and Cisco Systems
- The acquisition provides a-iTrust diversification into the fast-growing warehousing sector[7]
- The transaction terms also provide a-iTrust (i) the right to co-finance, and (ii) the exclusive right to acquire future development in the FTWZ (estimated potential of 2.8 million sq ft)

6 Amount translated into Singapore Dollars using spot exchange rate at the time of investment.
7 Expected to grow between 20-25% over the next five years as per KPMG study.

# ASSET MANAGEMENT

## OVERVIEW

### Objective

Our asset management objectives include:

- providing distinctive spaces and end-to-end solutions to tenants;
- nurturing strong and long-standing relationships with tenants; and
- maximising the financial and operational performance of the properties.

## PRODUCT STRATEGY

We offer distinctive space that is built to international specifications and standards. Our properties have won multiple awards for their distinguished quality; foremost amongst them are two Gold awards from the FIABCI Prix d' Excellence Award. Both International Tech Park Bangalore and International Tech Park Chennai have received this top accolade, affirming our ability to construct and manage world-class properties. We also place great emphasis on incorporating sound environmental practices into our business. Many of our buildings have green certifications, as shown in the list below.

| Year | Building | Property | City | Award |
|---|---|---|---|---|
| 2011 | Pinnacle | ITPC | Chennai | USGBC LEED[1] Silver |
| | Voyager | ITPB | Bangalore | IGBC[2] Silver |
| 2012 | Crest | ITPC | Chennai | USGBC LEED Gold |
| 2014 | Aviator | ITPB | Bangalore | IGBC Platinum |
| | Zenith | ITPC | Chennai | USGBC LEED Platinum |
| 2015 | Auriga, Capella, Mariner, Orion & Vega | The V | Hyderabad | IGBC Green Building, Platinum |
| 2016 | Discoverer, Innovator & Creator | ITPB | Bangalore | USGBC LEED Gold |
| | Explorer, Inventor & Navigator | ITPB | Bangalore | IGBC Gold |
| 2017 | Buildings 1 – 3 | BlueRidge 2 | Pune | IGBC Silver |
| | Victor | ITPB | Bangalore | USGBC LEED Platinum |
| | Pinnacle | ITPC | Chennai | USGBC ARC Gold |

We differentiate our properties by providing reliable solutions to customers. Our tenants are assured of smooth and uninterrupted infrastructure support within our properties. We have installed backup generators to provide continual power to our facilities. We also implement best practices in the key areas of safety, fire, utilities and security systems and processes as part of our business continuity plan.

With the rising threat of terrorism, our properties are fitted with a combination of security features to provide tenants with a peace of mind. Our security officers are trained to handle different threats and contingency situations. Armed guards, vehicle arrestors at main entrances and power fencing lining the boundary walls are added precautions provided in our properties. In addition, we work closely and regularly receive intelligence inputs from the local police, the State Intelligence Bureau and the Centre for Counter Terrorism.

1 U.S. Green Building Council Leadership in Energy and Environmental Design
2 Indian Green Building Council

We provide an international business lifestyle within our properties that inspires knowledge workers. Extensive amenities are provided within aesthetically landscaped settings incorporating lush gardens and artworks. Amenities in our IT parks include gymnasium and fitness facilities, large food courts, restaurants and cafes. Conveniences range from automated teller machines, banks, gift shops and travel agencies to pharmacies.

## TENANT STRATEGY

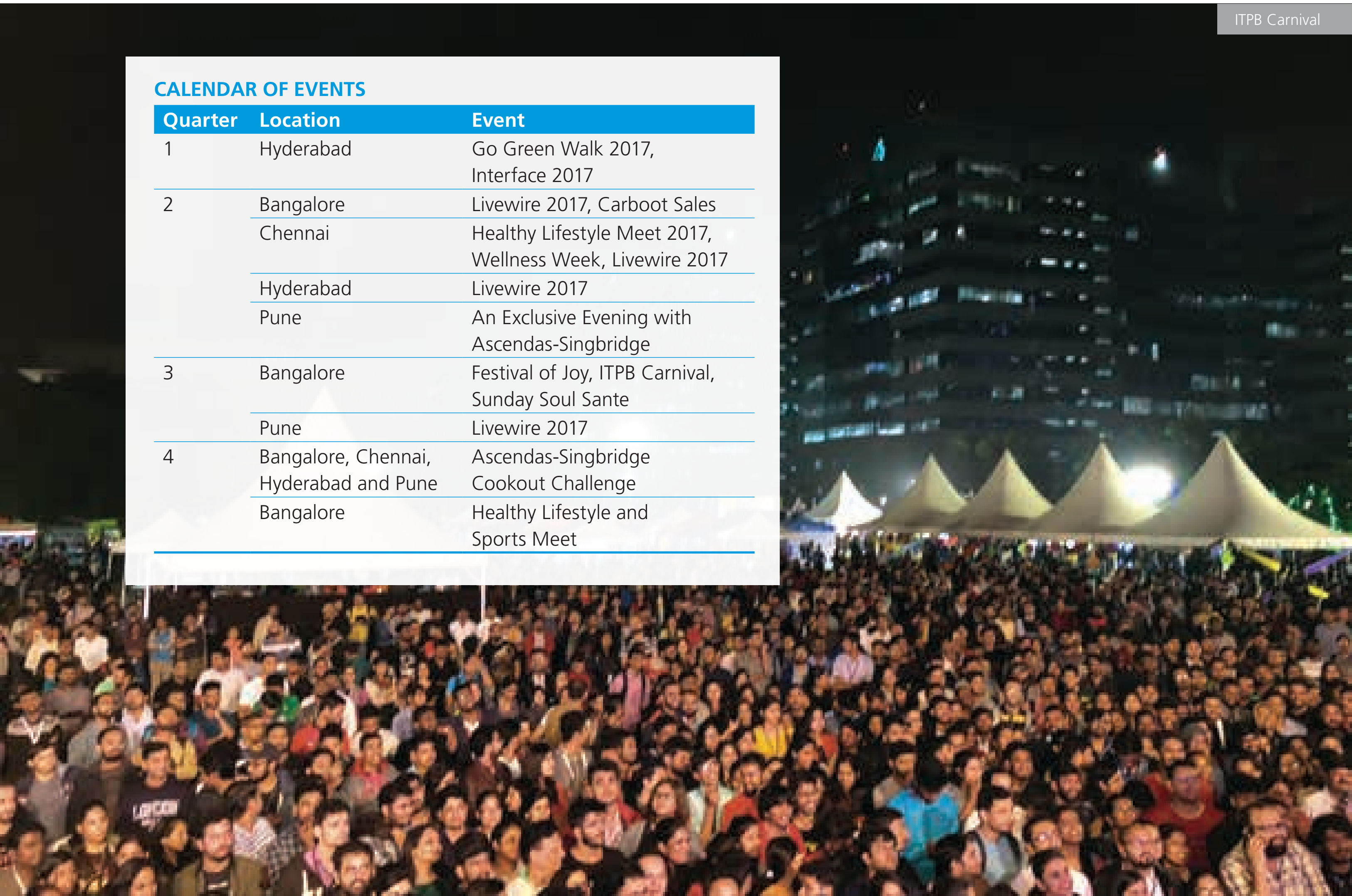
To attract quality customers that are willing to commit to long leases, we offer innovative and end-to-end solutions that go beyond meeting their basic requirements. Throughout their tenure with us, we maintain open communication to ensure smooth operations, and in the process, forge enduring relationships with our customers.

This way, our customers can take their minds off their real estate needs and be able to focus on, and compete more effectively in their business.

We actively engage our partners and customers through various networking events and meetings. 'Ascendas Interface' is one such event that allows us to socialise and interact with our partner property agents. The Property Manager gave out awards and prizes to the top performing agents. In this financial year, over 90 property agents attended this event in Hyderabad. In addition, we regularly organise activities including festive celebrations and sporting and charity events to create a vibrant and balanced lifestyle for our tenants. We have received constant feedback from our tenants that such events help keep their employees engaged and satisfied, which in turn lowers their staff attrition rate.

### CALENDAR OF EVENTS

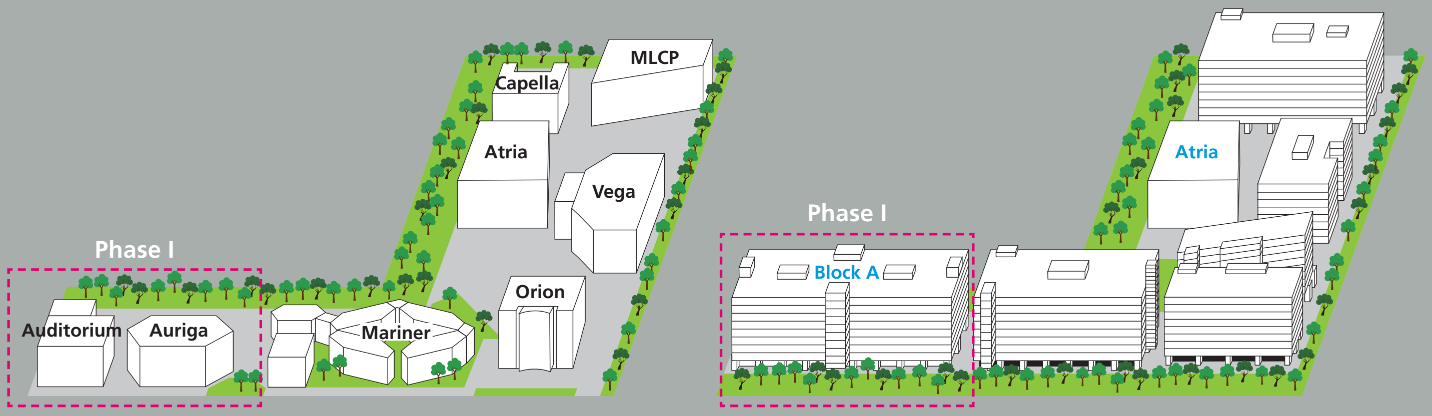
| Quarter | Location | Event |
|---|---|---|
| 1 | Hyderabad | Go Green Walk 2017, Interface 2017 |
| 2 | Bangalore | Livewire 2017, Carboot Sales |
| | Chennai | Healthy Lifestyle Meet 2017, Wellness Week, Livewire 2017 |
| | Hyderabad | Livewire 2017 |
| | Pune | An Exclusive Evening with Ascendas-Singbridge |
| 3 | Bangalore | Festival of Joy, ITPB Carnival, Sunday Soul Sante |
| | Pune | Livewire 2017 |
| 4 | Bangalore, Chennai, Hyderabad and Pune | Ascendas-Singbridge Cookout Challenge |
| | Bangalore | Healthy Lifestyle and Sports Meet |



ITPB Carnival

# ASSET MANAGEMENT

Artist's impression




Existing Master Plan (1.7m sq ft)

Proposed Master Plan (4.5m sq ft)

Case Study

# REDEVELOPMENT OF THE V, HYDERABAD[3] TO SUBSTANTIALLY INCREASE LEASABLE AREA AND CREATE A VIBRANT AND MODERN CAMPUS FOR OUR TENANTS

The V, one of Hyderabad's most prominent IT parks, is located within Hitec City which is in close proximity to large residential districts and enjoys good connectivity to the central business district and airport. The 19-acre park has a total floor area of 1.7 million sq ft and comprises six multi-tenanted buildings, namely Mariner, Auriga, Orion, Capella, Vega and Atria.

In January 2018, the Trust announced the receipt of in-principle approval from the regulatory authorities to redevelop The V. The redevelopment would increase the total leasable area by more than two times to 4.5 million sq ft, rejuvenate the park, and leverage strong demand in Hyderabad. Redevelopment of the existing buildings (Mariner, Auriga, Orion, Capella and Vega) will unlock significant value from the land without incurring additional land costs. The redevelopment will be carried out in multiple phases over the next seven to ten years.

Phase I of the redevelopment entails the building of a new block that has a total floor area of 1.2 million sq ft in place of Auriga and the auditorium. In preparation for this, we have started relocating tenants out of Auriga.

3 Subject to final approval of the building permit from Multi-Storey Building Committee.

# CAPITAL MANAGEMENT

## OVERVIEW

**Objective**

Our capital management objectives include:

- employing the appropriate strategy to manage currency risk;
- diversifying our funding sources;
- maintaining a healthy balance sheet by keeping gearing at a sensible level; and
- ensuring sufficient liquidity to meet our business requirements.

**Key Indicators**

| Indicator | As at 31st March 2018 | As at 31st March 2017 |
|---|---|---|
| Gearing ratio[1] | 26% | 29% |
| Interest service coverage (Adjusted EBITDA[2] / Interest expenses) | 3.6 times | 3.7 times |
| Percentage of Indian Rupee debt | 65% | 73% |
| Percentage of fixed rate debt | 86% | 99% |
| Percentage of unsecured borrowings | 100% | 100% |
| Effective weighted average cost of debt | 6.3% | 6.8% |
| Available debt headroom[3] | S$649 million | S$456 million |
| Net asset value | S$0.90 per unit | S$0.81 per unit |
| Adjusted net asset value[4] | S$1.15 per unit | S$1.05 per unit |

**Use of Gross Proceeds from Private Placement in February 2018 (as at 31st March 2018)**

| | Announced use of proceeds (S$ million) | Actual use of proceeds (S$ million) | Balance of proceeds (S$ million) |
|---|---|---|---|
| To repay bridging loan drawn down to finance the acquisition of the Arshiya warehouses. | 84.0 | 84.0 | – |
| Partial repayment of the existing indebtedness of a-iTrust. | 14.8 | 14.5 | 0.3 |
| To pay the fees and expenses incurred by a-iTrust in connection with the private placement. | 1.2 | 1.3 | (0.1) |
| **Total** | **100.0** | **99.8** | **0.2** |

1 Ratio of effective borrowings to the value of Trust properties.
2 Earnings before interest expense, tax, depreciation & amortisation (excluding gains/losses from foreign exchange translation and mark-to-market revaluation from settlement of loans). Earnings include interest income.
3 Available debt headroom is based on approved gearing limit of 45% in accordance with the Trust Deed.
4 Excludes deferred income tax liabilities on capital gains due to fair value revaluation of investment properties.

## FUNDING STRATEGY

Our strategy is to diversify funding sources from financial institutions and capital markets to reduce the Trust's reliance on any single source of funding. The Trust has established a S$500 million Medium Term Note (MTN) programme and its principal bankers include DBS Bank, UOB, Mizuho Bank, Citibank, J.P. Morgan, HSBC and Standard Chartered Bank. As at 31st March 2018, the Trust has total effective borrowings[5] of S$506 million, comprising S$191 million of MTN notes, S$309 million of bilateral loans and S$6 million of deferred consideration[6].

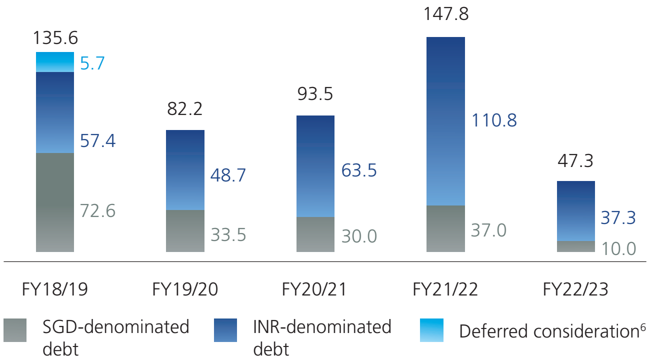
Our approach to equity raising is predicated on maintaining a strong balance sheet by keeping the Trust's gearing ratio at an appropriate level. We will carefully consider the impact on a-iTrust's DPU and net asset value before making any decision on raising equity. During FY17/18, total gross proceeds of S$100 million were raised in a private placement to mainly fund the acquisition of Arshiya warehouses near Mumbai.

We lower the Trust's borrowing cost by having a mix of Indian Rupee and Singapore Dollar borrowings. As at 31st March 2018, 65% of the Trust's borrowings were denominated in Indian Rupee with the remaining 35% in Singapore Dollar. The weighted average interest cost of Singapore Dollar and Indian Rupee borrowings were 3.0% and 8.1% respectively as at 31st March 2018. a-iTrust's overall weighted average cost of debt was 6.3% as at 31st March 2018.

We do not borrow Indian Rupee loans onshore in India as it costs less to hedge Singapore Dollar borrowings to Indian Rupee-denominated borrowings using cross-currency swaps.

### ▶ Debt expiry profile

(S$ million)




### Debt headroom

As at 31st March 2018, the Trust may increase its borrowings by S$649 million before reaching the gearing limit of 45% as provided for under the Trust Deed of a-iTrust. This provides the Trust with significant resources to fund potential acquisitions and developments using additional borrowings.

## CASH MANAGEMENT

The Trust monitors and maintains a level of cash and cash equivalents deemed adequate to meet the Trust's operations as well as to meet any short term liabilities. The cash generated from operations at Indian entities are placed in bank fixed deposits to maximise interest income prior to the intended repatriation event.

## INCOME HEDGING STRATEGY

We hedge the Trust's distributable income. Income is repatriated semi-annually from India to Singapore in May and November. The Trust enters into forward contracts on a monthly basis to hedge a substantial portion of income. This mitigates the risk of large currency fluctuations in the period before income is repatriated to Singapore.

The gain or loss associated with the forward contract before its maturity is recognised as unrealised fair value gain or loss on derivative financial instruments in the income statement. On maturity of the forward contract, the gain or loss is recognised as realised fair value gain or loss on derivative financial instruments in the income statement.

## DISTRIBUTION POLICY

The Trust's policy is to distribute at least 90% of its distributable income. Since April 2012, a-iTrust has retained 10% of its distributable income to provide greater flexibility in growing the Trust. a-iTrust makes distributions to Unitholders on a semi-annual basis for every six-month period ending 30th September and 31st March.

5 Calculated by adding/(deducting) derivative financial instruments liabilities/(assets) to/from gross borrowings, including deferred consideration.
6 Deferred consideration refers to the remaining purchase consideration pertaining to the acquisition of BlueRidge 2 in Pune, aVance 4 in Hyderabad and Arshiya warehouses near Mumbai.

# RISK MANAGEMENT

It is our policy that a-iTrust implements a consistent risk management approach and methodology across its entities, recognising that risk management is integral and essential to achieving our strategic goals and business outcomes.

a-iTrust has no direct employees. Ascendas Property Fund Trustee Pte. Ltd. and Ascendas Services (India) Private Limited act as the Trustee-Manager and Property Manager respectively. Hence the risk management processes and practices are executed by the Trustee-Manager, Property Manager and such other parties providing services to a-iTrust, for or on behalf of a-iTrust.

a-iTrust accepts, as an organisational philosophy, that:

- management of risk is critical to governance and forms part of Management's responsibilities at all levels within the Trust (Board, senior management and, ultimately, all staff);
- guidance for discharge of these responsibilities will be provided via key strategic and operational risk management principles applicable throughout the Trust; and
- external assistance may be engaged periodically to independently verify implementation of this policy and review key risk management principles.

Enterprise-wide risk management process is put in place to ensure potential risks are identified and key controls to mitigate these risks are established and implemented. This is continuously assessed, monitored and reviewed in light of changing circumstances and regulatory requirements, and realigned as required.

**Enterprise-Wide Risk Management Process**

### BOARD

- Approves overall risk framework.
- Identifies key risks with Management.
- Regularly reviews business risks.
- Examines liability management and risks.

### AUDIT AND RISK COMMITTEE

- Assists the Board in examining the effectiveness of risk management policies.
- Reviews and guides Management in the formulation of risk policies and processes.
- Ensures that a robust risk management system is maintained.

### MANAGEMENT

- Reports to Audit and Risk Committee.
- Performs risk management and internal control functions.
- Maintains an internal control system which covers key strategic, financial, investment, operational and compliance risks.
- Completes a checklist verifying that adequate internal controls are in place at the end of each financial year.

| Risk | Details | Mitigation |
|---|---|---|
| **Operational risk** | Operational risk encompasses risks associated with the day-to-day operations of the Trust. | Risk management measures are integrated into the day-to-day activities of the Trustee-Manager and Property Manager across all functions. These include comprehensive operating, reporting and monitoring controls put in place to manage risks arising from leasing, management and maintenance activities of the Trust. These controls are closely monitored and regularly reviewed, and improvements are made whenever necessary. |
| **Investment risk** | Investment risk arises when the Trust develops existing land within the portfolio, acquires new properties, or does not divest existing investments when it is timely to do so. Such risks encompass market risk as well as the impact of the investment on the existing portfolio. | The following measures are implemented to mitigate investment risk:<br>• a research-driven investment approach focusing on the relevant national macroeconomic outlook, analysis of the relevant micro real estate markets (including supply and demand, vacancy and rental), and detailed asset analysis;<br>• detailed property and technical due diligence prior to any new acquisition;<br>• independent valuation as a guide to the purchase price;<br>• detailed evaluation of the impact of the proposed acquisition on the portfolio income, geographical and tenant diversification, and lease expiry profile; and<br>• review and approval of the investment by the Investment Committee and Board of Directors. |
| **Credit risk** | Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the Group, as and when they fall due. | The Property Manager conducts financial assessments on tenants before entering into lease agreements. Tenants are required to place significant amount of security deposits for lease and fit-out rentals. The Property Manager monitors their account receivable balances on an ongoing basis to minimise the impact of a defaulting customer on the performance of the property. Accounting provision for impairment is made when rental in arrears exceed the security deposits. |
| **Tenant concentration risk** | Tenant concentration risk arises when a single tenant or a small group of tenants contributes a disproportionate percentage of rental income to the Trust. | Tenant concentration risk is mitigated by diversifying the Trust's tenant base, which included 321 tenants as at 31st March 2018. On average, a single tenant occupied 36,800 sq ft of space. The largest tenant accounted for 7% of portfolio base rents. Collectively, the top 10 tenants contributed 35% of portfolio base rents. |
| **Currency risk** | The Trust is exposed to foreign currency risk as a result of having operations in two countries; it earns income in Indian Rupee (its functional currency), but makes distribution to Unitholders in Singapore Dollar (its reporting currency). | To mitigate the risk of large currency fluctuations in the period before income is repatriated to Singapore, the Trust enters into monthly forward contracts to hedge income that will be repatriated.<br><br>The currency exposure as a result of borrowing in Singapore Dollar and Japanese Yen to fund developments and/or acquisitions in India is managed through cross-currency swaps. The Trust's policy is to hedge at least 50% of its borrowings to Indian Rupee. As at 31st March 2018, 9% of the Trust's asset value was exposed to currency risk[1] as a result of its exposure to Singapore Dollar borrowings. |
| **Interest rate risk** | The Trust's exposure to changes in interest rates relates primarily to interest-earning financial assets and interest-bearing financial liabilities. | The Trust enters into interest rate swaps to hedge its floating-rate borrowings into fixed-rate obligations. As at 31st March 2018, 86% of the Trust's borrowings carry fixed-rate interest. |
| **Refinancing risk** | The inability to refinance borrowings when they are due. | The Trust maintains a well-spread out debt maturity profile, and has S$199.4 million of available revolving credit facilities as at 31st March 2018 to meet short-term refinancing requirements. |
| **Liquidity risk** | The risk that the Trust does not have sufficient cash and cash equivalents to meet its immediate business requirements. | The Trust maintains sufficient cash and cash equivalents to meet the normal operating cash requirement. In addition, the Trust regularly monitors its bank covenants for borrowings to ensure that it does not default on any borrowings. |

1 Value-at-risk is calculated by multiplying (i) Singapore Dollar borrowings as a percentage of total effective borrowings, and (ii) gearing ratio; 35% X 26% = 9%

# INVESTOR RELATIONS

**OVERVIEW**
We value our relationships with all analysts and investors. We are committed to timely and transparent communications to keep the investment community apprised of significant developments of a-iTrust.

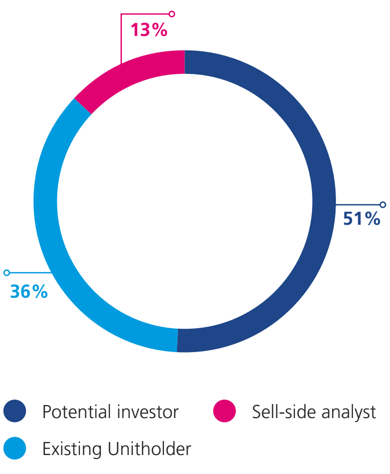
Care is exercised to ensure that we avoid selective disclosure of material information. All price-sensitive information is released to investors at the same time via the Singapore Exchange (SGX-ST) and a-iTrust's corporate website, in accordance with regulatory requirements.

We closely monitor investors' perceptions and expectations of a-iTrust and actively convey that information to our Board of Directors (Directors). Major Unitholders' views are canvassed in a detailed investor survey which is conducted by an external consultant. The investor perception report is sent in its entirety to Directors so that they may take into consideration investors' views when reviewing our performance and planning our strategy.

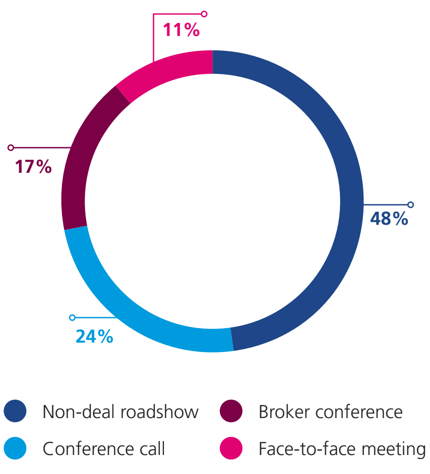
We actively engage sell-side analysts and institutional investors via face-to-face meetings and conference calls. All requests from institutional investors to meet Management are met insofar as our schedules permit. Besides quarterly earnings conference calls, we participate in local and overseas investor conferences and non-deal roadshows to meet Unitholders and potential investors. Apart from such discussions, we also conduct site visits to our properties in India for fund managers and analysts. These visits provide them with first-hand insight into the overall quality of a-iTrust's portfolio. Individual Unitholders are given the opportunity to meet and seek clarification from Directors and Management at each annual general meeting. We focus on responding to all queries from individual Unitholders in a timely fashion.

In FY17/18, we met or spoke to 185 analysts and investors. The charts show the breakdown in terms of the investor type, meeting type and location that we met them.

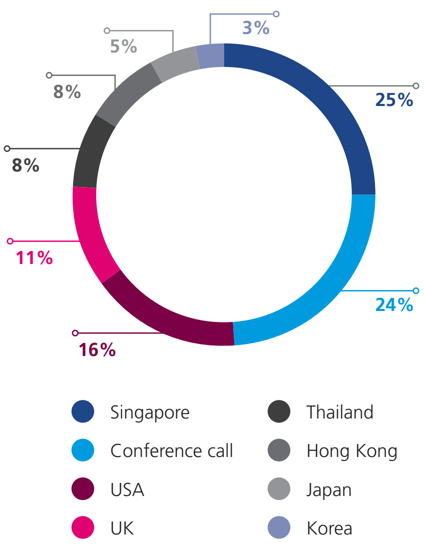
▶ Investor Type




▶ Meeting Type




▶ Meeting Location



## WEBSITE

Our corporate website is constantly updated to ensure that investors can access relevant and up-to-date information about a-iTrust. All information uploaded on SGX-ST's website is made available on our website. Investors may also view webcasts of our half and full year results presentation online.

**URL:** www.a-itrust.com

**Webcast:** http://aitrust.listedcompany.com/webcast.html

## SUPPLEMENTARY INFORMATION

An excel spreadsheet with detailed financial and operational information may be downloaded from our website. The contents include portfolio, tenant, and balance sheet data, as well as the full annual income statements in Singapore Dollar and Indian Rupee.

**Go online to download the supplementary information file:**
http://aitrust.listedcompany.com/financials.html

## RESEARCH COVERAGE

Four brokerage firms cover a-iTrust as at 31st March 2018. We maintain open channels of communication to ensure that the analysts understand and are kept updated on our performance and strategy.

### Brokerage firm

1. Citigroup
2. DBS Vickers
3. Jefferies
4. J.P. Morgan

**Go online for details of analysts who cover a-iTrust:**
http://aitrust.listedcompany.com/research.html

## MEDIA

We focus on increasing a-iTrust's media exposure by ensuring all press releases are distributed to key media agencies, including print, online and broadcast medium, in Singapore and India. In addition, we maintain good relationships with media agencies and respond promptly to media requests for information or interviews.

**Go online to view our press releases and announcements:**
http://aitrust.listedcompany.com/newsroom.html/cat/522

## FINANCIAL CALENDAR (TENTATIVE)

| Month | Event |
|---|---|
| **July 2018** | 1Q FY18/19 results announcement |
| **October 2018** | 2Q FY18/19 results announcement |
| **November 2018** | 1H FY18/19 distribution to Unitholders |
| **January 2019** | 3Q FY18/19 results announcement |
| **April 2019** | 4Q FY18/19 results announcement |
| **May 2019** | 2H FY18/19 distribution to Unitholders |
| **June 2019** | Annual general meeting |

**Go online to view the dates of upcoming events:**
http://aitrust.listedcompany.com/financial_calendar.html

## ENQUIRIES

Unitholders with queries relating to a-iTrust or their unitholding may contact:

### The Trustee-Manager

Ascendas Property Fund Trustee Pte. Ltd.
James Goh, CFA
Head, Investor Relations & Asset Management
Phone: (65) 6774 1033
Email: james.goh@a-itrust.com

### Unit Registrar

Boardroom Corporate & Advisory Services Pte. Ltd.
Phone: (65) 6536 5355
Fax: (65) 6536 1360
Website: www.boardroomlimited.com

**Go online to sign up for free email alerts:**
http://aitrust.listedcompany.com/email_alerts.html

# PORTFOLIO

## International Tech Park Bangalore (ITPB)

| | |
|---|---|
| City | **Bangalore** |
| Site area (acres) | **68.5** |
| Land tenure | **Freehold** |
| Stake | **93%[1]** |
| Type | **IT Park** |
| Floor area owned by a-iTrust ('m sq ft) | **4.0** |
| Number of buildings | **10** |
| Park population | **38,500** |
| Development potential of land bank ('m sq ft) | **2.2** |
| Committed occupancy | **96%** |
| Purchase price | |
| (₹ 'm) | **13,670** |
| (S$ 'm)[3] | **478.5** |
| March 2017 valuation | |
| (₹ 'm) | **25,000** |
| (S$ 'm)[4] | **535.3** |
| March 2018 valuation | |
| (₹ 'm) | **27,516** |
| (S$ 'm)[5] | **555.8** |

## International Tech Park Chennai (ITPC)

| | |
|---|---|
| City | **Chennai** |
| Site area (acres) | **15.0** |
| Land tenure | **Freehold** |
| Stake | **89%[2]** |
| Type | **IT Park** |
| Floor area owned by a-iTrust ('m sq ft) | **2.0** |
| Number of buildings | **3** |
| Park population | **21,800** |
| Development potential of land bank ('m sq ft) | **–** |
| Committed occupancy | **99%** |
| Purchase price | |
| (₹ 'm) | **5,533** |
| (S$ 'm)[3] | **193.7** |
| March 2017 valuation | |
| (₹ 'm) | **14,704** |
| (S$ 'm)[4] | **314.9** |
| March 2018 valuation | |
| (₹ 'm) | **16,867** |
| (S$ 'm)[5] | **340.7** |

1 Remaining 7.2% owned by Karnataka Industrial Area Development Board.
2 Remaining 11.0% owned by Tamil Nadu Industrial Development Corporation Limited.
3 Based on exchange rate of S$1:₹28.6 for ITPB, ITPC, The V and CP, S$1:₹39.4 for aVance 1 and 2, S$1:₹46.7 for aVance 3, S$1:₹46.0 for aVance 4, Lakeview and Springfield in CV, S$1:₹48.8 for the third building in CV, S$1:₹47.0 for BlueRidge 2 and S$1:₹47.5 for Arshiya warehouses.

## CyberVale (CV)

| | |
|---|---|
| City | **Chennai** |
| Site area (acres) | **18.2** |
| Land tenure | **99 years[6]** |
| Stake | **100%** |
| Type | **IT Park** |
| Floor area owned by a-iTrust ('m sq ft) | **0.8** |
| Number of buildings | **3** |
| Park population | **10,000** |
| Development potential of land bank ('m sq ft) | **0.4** |
| Committed occupancy | **100%** |
| Purchase price | |
| (₹ 'm) | **2,286** |
| (S$ 'm)[3] | **49.2** |
| March 2017 valuation | |
| (₹ 'm) | **2,768** |
| (S$ 'm)[4] | **59.3** |
| March 2018 valuation | |
| (₹ 'm) | **3,539** |
| (S$ 'm)[5] | **71.5** |


## CyberPearl (CP)

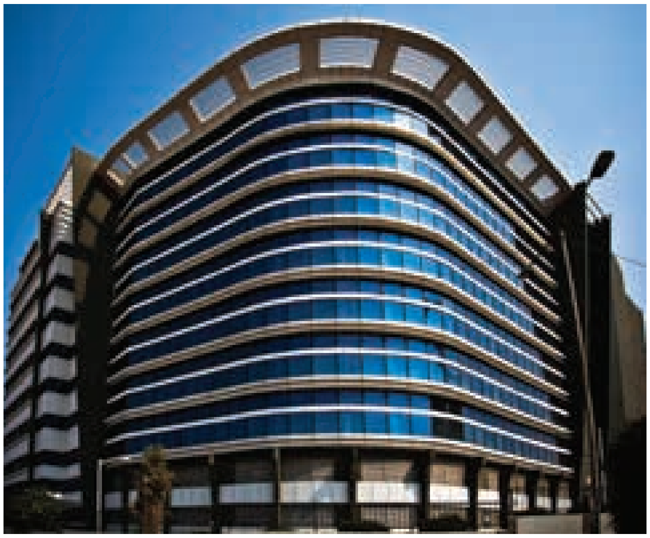
| | |
|---|---|
| City | **Hyderabad** |
| Site area (acres) | **6.1** |
| Land tenure | **Freehold** |
| Stake | **100%** |
| Type | **IT Park** |
| Floor area owned by a-iTrust ('m sq ft) | **0.4** |
| Number of buildings | **2** |
| Park population | **4,400** |
| Development potential of land bank ('m sq ft) | **–** |
| Committed occupancy | **99%** |
| Purchase price | |
| (₹ 'm) | **2,001** |
| (S$ 'm)[3] | **70.0** |
| March 2017 valuation | |
| (₹ 'm) | **2,600** |
| (S$ 'm)[4] | **55.7** |
| March 2018 valuation | |
| (₹ 'm) | **3,077** |
| (S$ 'm)[5] | **62.2** |

4 Based on exchange rate of S$1:₹46.7.
5 Based on exchange rate of S$1:₹49.5.
6 99-year lease commencing on 12th January 2006, renewable for a further 99-year as provided in the lease deed.

# PORTFOLIO

## The V

| | |
|---|---|
| City | **Hyderabad** |
| Site area (acres) | **19.4** |
| Land tenure | **Freehold** |
| Stake | **100%** |
| Type | **IT Park** |
| Floor area owned by a-iTrust ('m sq ft) | **1.7** |
| Number of buildings | **6** |
| Park population | **10,500** |
| Development potential of land bank ('m sq ft) | **2.8** |
| Committed occupancy | **93%** |
| Purchase price | |
| (₹ 'm) | **5,439** |
| (S$ 'm)[3] | **190.4** |
| March 2017 valuation | |
| (₹ 'm) | **9,378** |
| (S$ 'm)[4] | **200.8** |
| March 2018 valuation | |
| (₹ 'm) | **13,102** |
| (S$ 'm)[5] | **264.7** |



## aVance Business Hub (aVance)

| | |
|---|---|
| City | **Hyderabad** |
| Site area (acres) | **25.7** |
| Land tenure | **Freehold[7]** |
| Stake | **100%** |
| Type | **IT Park** |
| Floor area owned by a-iTrust ('m sq ft) | **1.5** |
| Number of buildings | **4** |
| Park population | **12,000** |
| Development potential of land bank ('m sq ft) | **–** |
| Committed occupancy | **98%** |
| Purchase price | |
| (₹ 'm) | **6,658[8]** |
| (S$ 'm)[3] | **150.2[8]** |
| March 2017 valuation | |
| (₹ 'm) | **5,956[9]** |
| (S$ 'm)[4] | **127.5[9]** |
| March 2018 valuation | |
| (₹ 'm) | **9,657** |
| (S$ 'm)[5] | **195.1** |

7 33-year lease renewable for further 33-year leases at the Trust's option at nominal lease rentals.
8 Estimated purchase price, inclusive of deferred consideration to be paid after 31st March 2018.
9 Does not include aVance 4 which was acquired in April 2017.

## BlueRidge 2

| | |
|---|---|
| City | **Pune** |
| Site area (acres) | **5.4** |
| Land tenure | **Freehold[10]** |
| Stake | **100%** |
| Type | **IT Park** |
| Floor area owned by a-iTrust ('m sq ft) | **1.5** |
| Number of buildings | **3** |
| Park population | **7,000** |
| Development potential of land bank ('m sq ft) | – |
| Committed occupancy | **81%** |
| Purchase price | |
| (₹ 'm) | **6,900[8]** |
| (S$ 'm)[3] | **147.3[8]** |
| March 2017 valuation | |
| (₹ 'm) | **7,058** |
| (S$ 'm)[4] | **151.1** |
| March 2018 valuation | |
| (₹ 'm) | **7,668** |
| (S$ 'm)[5] | **154.9** |

## Arshiya warehouses

| | |
|---|---|
| City | **Panvel, Mumbai** |
| Site area (acres) | **24.5** |
| Land tenure | **Freehold[11]** |
| Stake | **100%** |
| Type | **Warehouse** |
| Floor area owned by a-iTrust ('m sq ft) | **0.8** |
| Number of buildings | **6** |
| Park population | – |
| Development potential of land bank ('m sq ft) | – |
| Committed occupancy | **100%[12]** |
| Purchase price | |
| (₹ 'm) | **4,340[13]** |
| (S$ 'm)[3] | **91.4[13]** |
| March 2017 valuation | |
| (₹ 'm) | – |
| (S$ 'm)[4] | – |
| March 2018 valuation | |
| (₹ 'm) | **4,762** |
| (S$ 'm)[5] | **96.2** |

10 99-year lease renewable for further 99-year leases at the Trust's option at nominal lease rentals.
11 30-year lease renewable for further 30-year leases at the Trust's option at nominal lease rentals.
12 Master lease to Arshiya Lifestyle Limited (part of Arshiya Group) for operation and management of the warehouse for a six-year term.
13 Excludes the deferred consideration of up to ₹1,000 million payable over four years.

# OPERATIONAL REVIEW

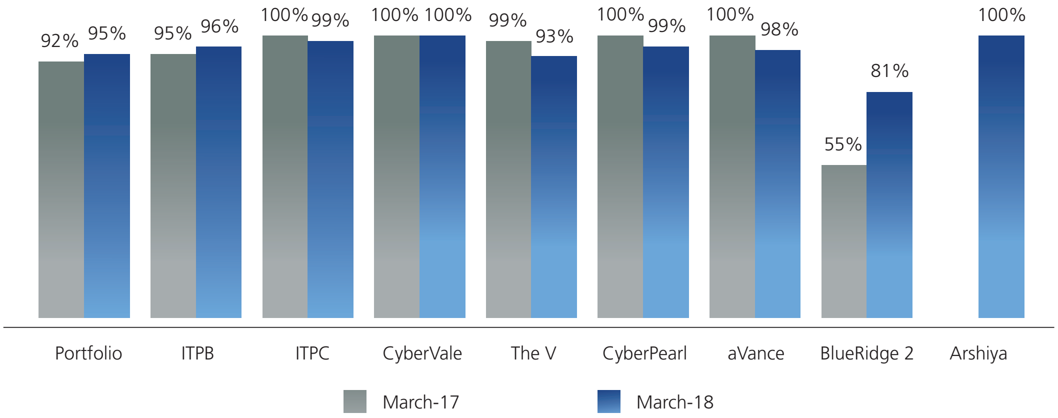
## ASSET REVIEW

### Leasing report

As at 31st March 2018, our portfolio committed occupancy was 95%. In Pune, the lease commitment for BlueRidge 2 has increased from 55% as at March 2017 to 81%. We are also actively marketing the remaining vacant space.

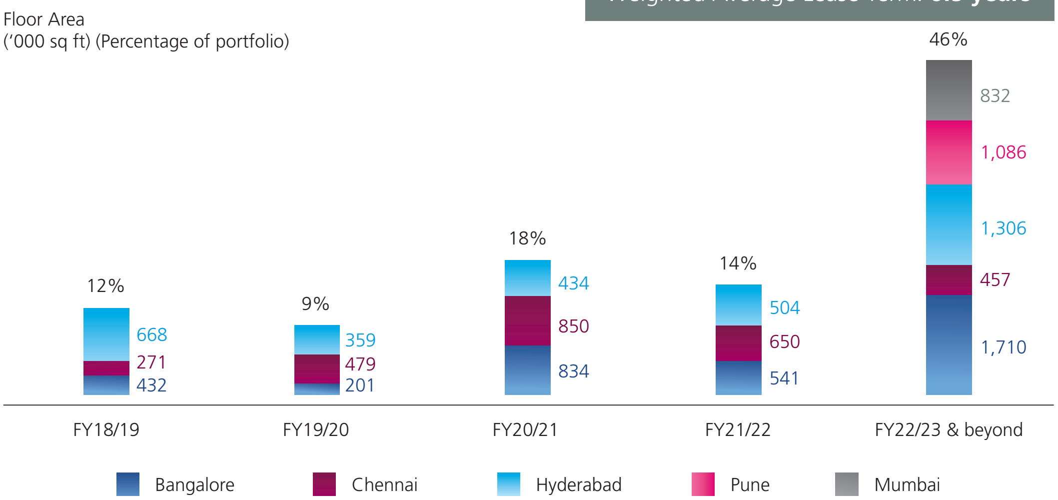
Close to 2.7 million sq ft of floor space was leased or renewed in FY17/18 and we retained 72%[1] of tenants whose leases expired during the financial year. 12% or 1.4 million sq ft of leases would expire in FY18/19. We commence lease renewal negotiations with our tenants six months prior to the expiry of their leases. This gives us time to secure a replacement tenant if the existing customer does not renew their lease.

▶ Committed Occupancy




▶ Lease Expiry Profile

Weighted Average Lease Term: **6.5 years**




1 Excludes leases in The V that were affected by the redevelopment and/or consolidation in Atria building. The retention rate would have been 70% if those terminations were included.

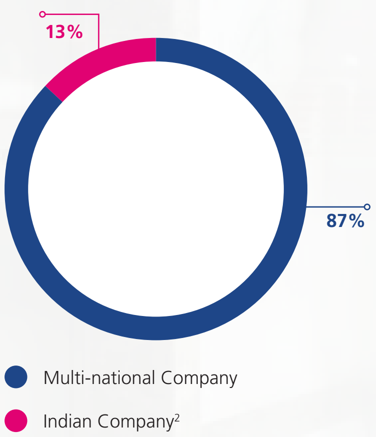
## TENANT PROFILE

Many of our top ten tenants are on the Fortune 500 list, and most are multi-national companies with excellent credit standing.

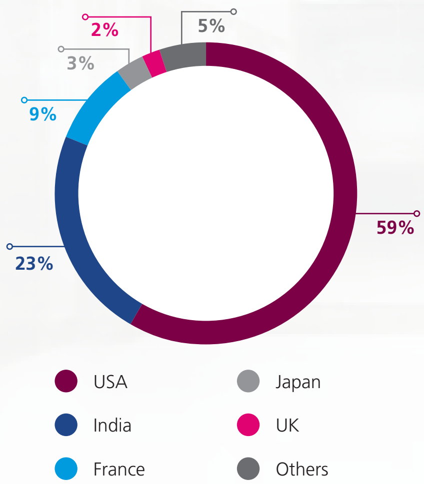
We had in total 321 tenants as at 31st March 2018. 87% of our tenants are multi-national companies. 59% of our tenants come from the US. Indian and mainly European companies make up the rest of our portfolio.

| No. | Company (by alphabetical order) |
|---|---|
| 1 | Arshiya Limited |
| 2 | Bank of America |
| 3 | Cognizant |
| 4 | IBM |
| 5 | Mu Sigma |
| 6 | Renault Nissan |
| 7 | Societe Generale |
| 8 | Tata Consultancy Services |
| 9 | The Bank of New York Mellon |
| 10 | UnitedHealth Group |

### Tenant Company Structure
(by Base Rental)




### Tenant Country of Origin
(by Base Rental)



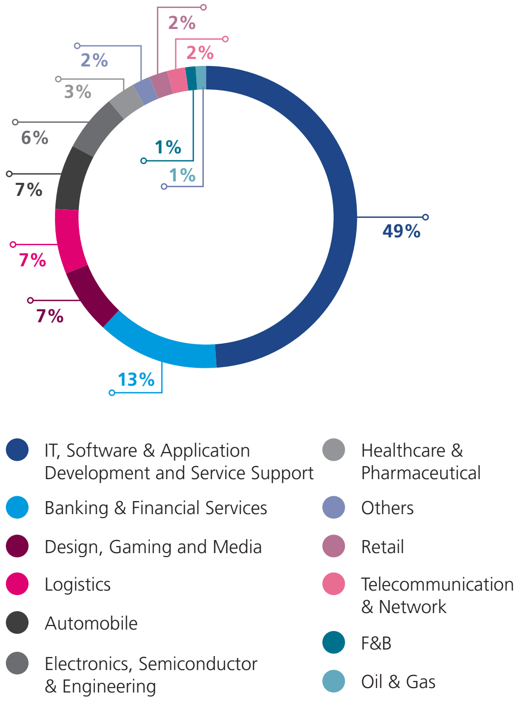

2 Comprises Indian companies with local operations only.

# OPERATIONAL REVIEW

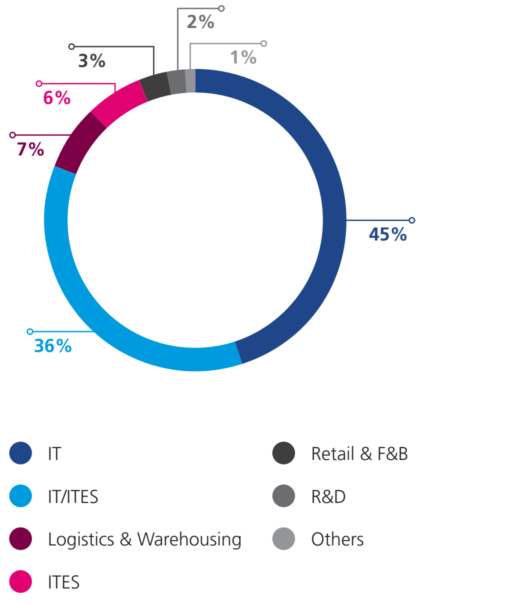
Our acquisition of the Arshiya warehouses has provided diversification benefits to the Trust portfolio. The proportion of IT and software tenants has fallen from 51% in March 2017 to 49% this year.

In terms of business activity, 86% of our tenants conduct IT-related work within our premise, down from 93% a year ago. The proportion of tenants undertaking mainly ITES[3] work remains low at 6%. Since listing, we have been reducing our reliance on ITES customers as they tend to be more cost conscious and require office space with lower specifications. The segment IT/ITES refers to tenants which undertake both types of activities within their premises.

## ▶ Tenant Core Business
(by Base Rental)




## ▶ Tenant Activity
(by Base Rental)




3 IT Enabled Services, captures lower value-added services such as call centres and business process outsourcing functions.

# FINANCIAL REVIEW

FY17/18 COMPARED TO FY16/17

## OVERVIEW

| a-iTrust Results | FY17/18 ₹ million | Change | FY17/18 S$ million | Change |
|---|---|---|---|---|
| Total property income | 8,943 | 18% | 188.2 | 20% |
| Total property expenses | (2,854) | 12% | (60.1) | 15% |
| Net property income | 6,089 | 21% | 128.1 | 23% |
| Finance costs | (1,556) | 12% | (32.8) | 14% |
| Ordinary profit before tax | 4,065 | 7% | 85.3 | 9% |
| Distribution adjustments | (1,003) | 5% | (21.1) | 7% |
| Income available for distribution | 3,062 | 8% | 64.2 | 9% |
| Income to be distributed | 2,756 | 8% | 57.8 | 9% |

| Exchange Rate Movement | FY17/18 | FY16/17 | Change |
|---|---|---|---|
| Average SGD/INR exchange rate | 47.5 | 48.5 | (2%)[1] |

## TOTAL PROPERTY INCOME

| FY17/18 vs FY16/17 | ₹ million | Change | S$ million | Change |
|---|---|---|---|---|
| Base rent | 5,976 | 25% | 125.7 | 27% |
| Amenities income | 102 | 4% | 2.1 | 6% |
| Fit-out rental income | 76 | 17% | 1.6 | 19% |
| Operations, maintenance and utilities income | 2,325 | 4% | 49.0 | 6% |
| Car park and other income | 465 | 20% | 9.7 | 22% |
| **Total property income** | **8,943** | **18%** | **188.2** | **20%** |

Total property income for FY17/18 increased by 18% (₹1,357 million) to ₹8,943 million. This was mainly due to incremental property income of ₹1,156 million from:

- Victor, which was leased out in phases after development was completed in June 2016;
- BlueRidge 2, which was acquired in February 2017;
- aVance 4, which was acquired in April 2017;
- Atria at The V, which was completed in September 2017;
- Arshiya warehouses, which were acquired in February 2018; and
- positive rental reversions.

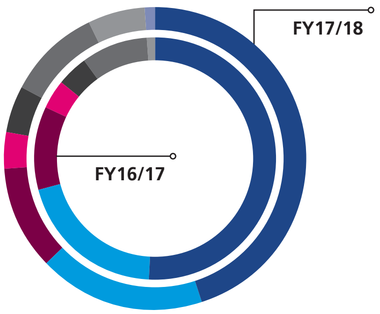
In Singapore Dollar terms, total property income increased by 20% (S$31.5 million) to S$188.2 million.

The Singapore Dollar depreciated by 2% against the Indian Rupee over the same period last year.

1 The Singapore Dollar depreciated by 2% against the Indian Rupee.

# FINANCIAL REVIEW

▶ Total Property Income




| Property (₹ million) | FY17/18 | | FY16/17 | |
|---|---|---|---|---|
| ITPB | 4,001 | 45% | 3,839 | 51% |
| ITPC | 1,595 | 18% | 1,458 | 20% |
| The V | 1,015 | 11% | 866 | 11% |
| CP | 336 | 4% | 320 | 4% |
| CV | 406 | 5% | 331 | 4% |
| aVance | 929 | 10% | 675 | 9% |
| BlueRidge 2 | 579 | 6% | 97 | 1% |
| Arshiya warehouses | 82 | 1% | – | – |
| **Total** | **8,943** | **100%** | **7,587** | **100%** |

## TOTAL PROPERTY EXPENSES

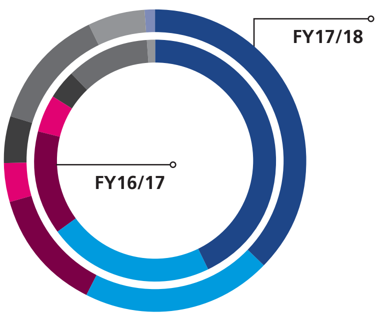
| FY17/18 vs FY16/17 | ₹ million | Change | S$ million | Change |
|---|---|---|---|---|
| Operations, maintenance and utilities expenses | (1,709) | 1% | (36.0) | 3% |
| Service and property taxes | (259) | 38% | (5.4) | 40% |
| Property management fees | (421) | 18% | (8.9) | 20% |
| Other property operating expenses | (466) | 56% | (9.8) | 59% |
| **Total property expenses** | **(2,854)** | **12%** | **(60.1)** | **15%** |

Total property expenses increased by 12% (₹314 million) to ₹2,854 million, mainly due to additional expenses arising from the addition of Victor, BlueRidge 2, aVance 4, Atria at The V and Arshiya warehouses to the portfolio. In Singapore Dollar terms, total property expenses increased by 15% (S$7.6 million) to S$60.1 million.

## NET PROPERTY INCOME

Net property income grew by 21% (₹1,042 million) to ₹6,089 million, which is in line with the growth in total property income. In Singapore Dollar terms, net property income grew by 23% (S$23.9 million) to S$128.1 million.

▶ Net Property Income

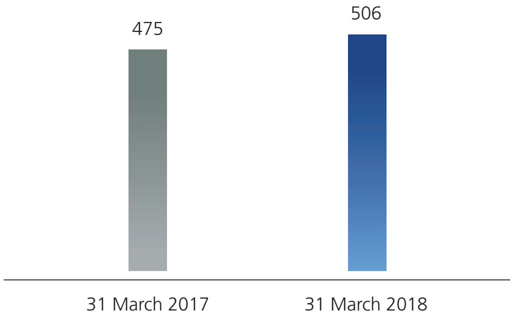



| Property (₹ million) | FY17/18 | | FY16/17 | |
|---|---|---|---|---|
| ITPB | 2,279 | 37% | 2,152 | 43% |
| ITPC | 1,244 | 20% | 1,119 | 22% |
| The V | 813 | 13% | 697 | 14% |
| CP | 241 | 4% | 232 | 5% |
| CV | 284 | 5% | 225 | 4% |
| aVance | 764 | 13% | 557 | 11% |
| BlueRidge 2 | 385 | 6% | 65 | 1% |
| Arshiya warehouses | 79 | 1% | – | – |
| **Total** | **6,089** | **100%** | **5,047** | **100%** |

## FINANCE COSTS

Finance costs increased by 12% (₹164 million) to ₹1,556 million mainly due to an increase in borrowings. These additional loans were taken to invest in or develop BlueRidge 2, aVance 4 and Atria. In Singapore Dollar terms, finance costs increased by 14% (S$4.1 million) to S$32.8 million.

▶ Effective Borrowings[2]
(S$ million)




## INTEREST INCOME

Interest income decreased by 66% (₹449 million) to ₹234 million mainly due to lower interest income pertaining to BlueRidge 2 and aVance 4 debentures, which were treated as inter-company income after acquisition, and hence, were eliminated on consolidation. Cash reserves were also used to partially fund the acquisitions thereby lowering the interest income. In Singapore Dollar terms, interest income decreased by 65% (S$9.1 million) to S$4.9 million.

## INCOME AVAILABLE FOR DISTRIBUTION

After accounting for distribution adjustments, income available for distribution for FY17/18 grew by 8% (₹219 million) to ₹3,062 million. In Singapore Dollar terms, income available for distribution increased by 9% (S$5.5 million) to S$64.2 million.

## INCOME TO BE DISTRIBUTED

a-iTrust's distribution policy is to distribute at least 90% of its income available for distribution. The remaining 10% of its income available for distribution is retained to provide greater flexibility in growing the Trust. Post retention, income to be distributed for FY17/18 grew by 8% (₹197 million) to ₹2,756 million. In Singapore Dollar terms, income to be distributed increased by 9% ($5.0 million) to S$57.8 million. This translates to a DPU of 6.10 Singapore cents, which is a 7% increase compared to FY16/17, despite the increase in equity base of 97.4 million units through the private placement in February 2018.

a-iTrust makes distributions to Unitholders on a half-yearly basis for every six-month period ending 30th September and 31st March.

| Financial Year | Period | Payment Date | Semi-Annual DPU (S¢) | Full Year DPU (S¢) |
|---|---|---|---|---|
| FY17/18 | 14th Feb 2018 – 31st Mar 2018 | 25th May 2018 | 0.85 | 6.10 |
| | 1st Oct 2017 – 13th Feb 2018 | 12th Mar 2018 | 2.44 | |
| | 1st Apr 2017 – 30th Sep 2017 | 27th Nov 2017 | 2.81 | |
| FY16/17 | 1st Oct 2016 – 31st Mar 2017 | 26th May 2017 | 2.96 | 5.69 |
| | 1st Apr 2016 – 30th Sep 2016 | 28th Nov 2016 | 2.73 | |

2 Calculated by adding/deducting derivative financial instrument liabilities/(assets) to/from gross borrowings, including deferred consideration.

# FINANCIAL REVIEW

## VALUATION AND NET ASSET VALUE

As at 31st March 2018, a-iTrust's properties were valued at ₹86,188 million by Cushman & Wakefield (India) Private Limited, which was approximately 28% (₹18,724 million) higher than FY16/17's valuation of ₹67,464 million. In Singapore Dollar terms, portfolio valuation grew by 21% (S$297.3 million) to S$1,741.0 million. The increase was mainly due to the annual fair value revaluation of investment properties and the addition of Arshiya warehouses, aVance 4 and Atria. Excluding aVance 4 and Arshiya warehouses which were acquired in April 2017 and February 2018 respectively, the portfolio valuation was 17% (₹11,474 million) higher at ₹78,938 million and in Singapore Dollar terms, 10% (S$150.8 million) higher at S$1,594.5 million. In FY17/18, a-iTrust recognised fair value gain on investment properties of ₹10,478 million (S$211.8 million). Revaluation gains are non-cash in nature and do not have an impact on income available for distribution.

Net asset value (NAV) per unit as at 31st March 2018 increased by 11% to S$0.90 as compared to 31st March 2017. Excluding deferred tax liabilities arising from fair value adjustments on properties, the adjusted NAV per unit was S$1.15.

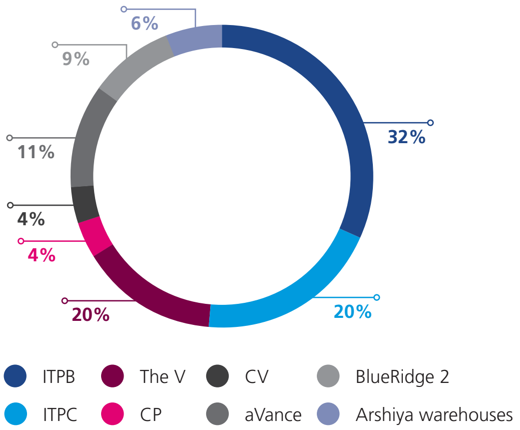
### Valuation of Properties

| Property (₹ mil) | 31st March 2018 Valuation | 31st March 2017 Valuation | Change |
|---|---|---|---|
| **International Tech Park Bangalore** | 27,516 | 25,000 | 10% |
| **International Tech Park Chennai** | 16,867 | 14,704 | 15% |
| **CyberVale** | 3,539 | 2,768 | 28% |
| **CyberPearl** | 3,077 | 2,600 | 18% |
| **The V** | 13,102 | 9,378 | 40% |
| **aVance Business Hub** | 9,657 | 5,956 | 62% |
| **BlueRidge 2** | 7,668 | 7,058 | 9% |
| **Arshiya warehouses** | 4,762 | – | – |
| **Portfolio (in ₹ million)** | **86,188** | **67,464** | **28%** |
| **Portfolio (in S$ million)** | **1,741.0[3]** | **1,443.7[4]** | **21%** |
| **Portfolio – excluding aVance 4 and Arshiya warehouses (in ₹ million)** | **78,938** | **67,464** | **17%** |
| **Portfolio – excluding aVance 4 and Arshiya warehouses (in S$ million)** | **1,594.5[3]** | **1,443.7[4]** | **10%** |

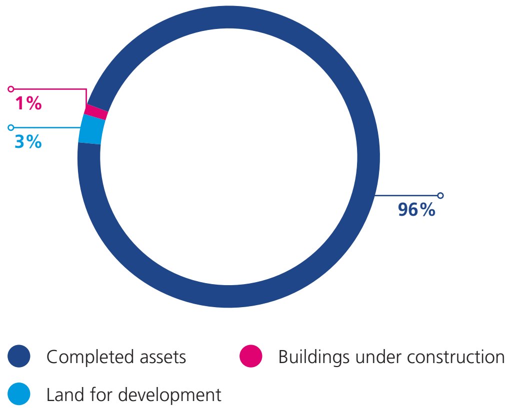
For more details on the valuation, go to pages 191 – 192.

3 Based on the exchange rate of S$1: ₹49.5.
4 Based on the exchange rate of S$1: ₹46.7.

▶ Portfolio Valuation by Property




▶ Portfolio Valuation by Type




## CASH FLOWS AND LIQUIDITY

### Operating Activities

Net cash generated from operating activities for FY17/18 increased by 29% (S$27.7 million) to S$122.6 million, compared to S$94.9 million in the previous financial year, mainly on account of the higher net property income.

### Investing Activities

During the year, S$17.8 million was invested to fund the development of Victor in ITPB, and Atria in The V, Hyderabad. An additional S$9.1 million worth of capital expenditure was spent on maintaining existing properties.

In terms of new investments, a-iTrust completed the acquisition of aVance 4 and Arshiya warehouses, with a net payment of S$94.8 million. This is inclusive of deferred consideration of approximately S$11.6 million that may be payable to the vendor for incremental revenue growth. This arrangement allows a-iTrust to acquire the asset at a reasonable valuation.

In the previous financial year, S$9.3 million was invested to fund the development of Victor and Atria. A net consideration of S$70.3 million was also paid to the vendor on acquisition of BlueRidge 2. On capital expenditure, S$6.8 million was invested to refurbish existing properties.

### Financing Activities

During the year, a-iTrust raised loans of S$159.6 million. Net proceeds of S$98.7 million were also raised in a private placement, mainly to fund the acquisition of Arshiya warehouses near Mumbai. Of the funds raised from loans and private placement, S$101.1 million went towards the refinancing of existing loans.

For more details on the private placement, go to page 38.

## SENSITIVITY ANALYSIS

### Interest Rate Risk

As at 31st March 2018, 86% of a-iTrust's total borrowings are on fixed-rate basis, which significantly reduces interest rate volatility. Consequently, income available for distribution is substantially independent of changes in market interest rates, hence interest rate risk is minimal.

### Foreign Exchange Risk

In terms of operating cash flows, which are denominated substantially in Indian Rupees, an estimated 10% appreciation or depreciation of the Indian Rupee would result in a corresponding 11% increase or decrease in a-iTrust's income available for distribution.

### Capital Risk

a-iTrust has a gearing ratio of 26% as at 31st March 2018. A 10% increase or decrease in portfolio valuation would reduce the gearing to 24% or increase the gearing to 29% respectively.

# QUARTERLY RESULTS

| | | ₹ million | | | S$ million | |
|---|---|---|---|---|---|---|
| | FY17/18 | FY16/17 | Change | FY17/18 | FY16/17 | Change |
| **Total property income** | | | | | | |
| Quarter 1 | 2,164 | 1,776 | 22% | 46.7 | 36.1 | 30% |
| Quarter 2 | 2,152 | 1,841 | 17% | 45.6 | 37.1 | 23% |
| Quarter 3 | 2,221 | 1,881 | 18% | 46.5 | 39.3 | 18% |
| Quarter 4 | 2,406 | 2,088 | 15% | 49.3 | 44.2 | 12% |
| **Full Year** | **8,943** | **7,587** | **18%** | **188.2** | **156.7** | **20%** |
| **Net property income** | | | | | | |
| Quarter 1 | 1,408 | 1,164 | 21% | 30.4 | 23.6 | 29% |
| Quarter 2 | 1,492 | 1,247 | 20% | 31.6 | 25.1 | 26% |
| Quarter 3 | 1,556 | 1,265 | 23% | 32.6 | 26.4 | 23% |
| Quarter 4 | 1,633 | 1,371 | 19% | 33.5 | 29.0 | 15% |
| **Full Year** | **6,089** | **5,047** | **21%** | **128.1** | **104.2** | **23%** |
| **Income available for distribution** | | | | | | |
| Quarter 1 | 626 | 690 | (9%) | 13.5 | 14.0 | (3%) |
| Quarter 2 | 737 | 701 | 5% | 15.6 | 14.1 | 10% |
| Quarter 3 | 812 | 703 | 15% | 17.0 | 14.7 | 16% |
| Quarter 4 | 888 | 749 | 18% | 18.1 | 15.9 | 14% |
| **Full Year** | **3,062** | **2,843** | **8%** | **64.2** | **58.7** | **9%** |
| **Income to be distributed** | | | | | | |
| Quarter 1 | 564 | 621 | (9%) | 12.2 | 12.6 | (3%) |
| Quarter 2 | 663 | 631 | 5% | 14.1 | 12.7 | 10% |
| Quarter 3 | 731 | 633 | 15% | 15.3 | 13.2 | 16% |
| Quarter 4 | 799 | 674 | 18% | 16.3 | 14.3 | 14% |
| **Full Year** | **2,756** | **2,559** | **8%** | **57.8** | **52.9** | **9%** |

| | | ₹ | | | S¢ | |
|---|---|---|---|---|---|---|
| | FY17/18 | FY16/17 | Change | FY17/18 | FY16/17 | Change |
| **Income to be distributed (DPU)** | | | | | | |
| Quarter 1 | 0.60 | 0.67 | (10%) | 1.31 | 1.36 | (4%) |
| Quarter 2 | 0.71 | 0.68 | 5% | 1.50 | 1.37 | 10% |
| Quarter 3 | 0.79 | 0.68 | 15% | 1.64 | 1.42 | 15% |
| Quarter 4 | 0.81 | 0.72 | 12% | 1.65 | 1.54 | 8% |
| **Full Year** | **2.91** | **2.75** | **6%** | **6.10** | **5.69** | **7%** |

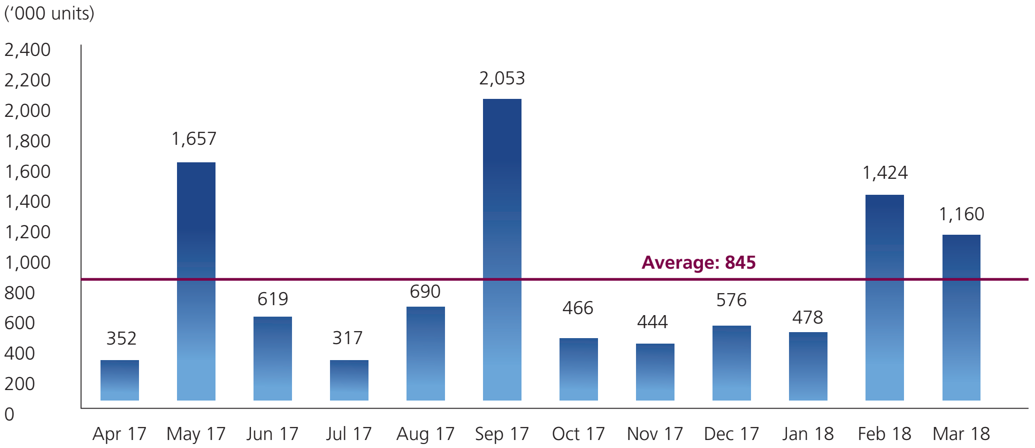
# UNIT PRICE REVIEW

## UNIT PRICE AND VOLUME

▶ a-iTrust Unit Price (1st April 2017 to 31st March 2018)


| | |
|---|---|
| **Period open** | S$1.125 |
| **Period close** | S$1.010 |
| **Period high** | S$1.245 |
| **Period low** | S$0.990 |

▶ Average Monthly Trading Volume




Go online to download a-iTrust's historical trading price and volume data: http://aitrust.listedcompany.com/historical_price.html

# SUSTAINABILITY REPORT

## ABOUT THIS REPORT

This is Ascendas India Trust's ("a-iTrust", or "the Trust") second Sustainability Report, reflecting a-iTrust's annual update on its sustainability strategies, goals, initiatives and progress on three key pillars: Environment, Social and Governance (ESG), across its value chain.

### Reporting Period and Scope

This report provides sustainability information covering the period 1$^{st}$ April 2017 to 31$^{st}$ March 2018 (FY17/18), with prior periods (FY16/17) data for comparison, where available.

This report covers a-iTrust's portfolio[1], comprising the seven IT parks in Figure 1.

▶ Figure 1: Portfolio in Reporting Scope

| City | Portfolio |
|---|---|
| Hyderabad | The V[2]<br>CyberPearl<br>aVance Business Hub |
| Bangalore | International Tech Park Bangalore |
| Chennai | International Tech Park Chennai<br>CyberVale |
| Pune | BlueRidge 2 |

## REPORTING STANDARDS

This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option and the GRI Construction and Real Estate Sector Supplement (CRESS), and applies the GRI Reporting Principles for Report Content and Report Quality. The GRI Standards were selected because they offer a globally relevant framework that supports a standardised approach for businesses to report on critical sustainability issues, encouraging a degree of transparency and consistency that makes information useful to markets and society.

This report is published in accordance with the SGX Sustainability Reporting requirements set out in Listing Rule 711A and 711B. Reference has also been made to the SGX Sustainability Reporting Guide of Practice Note 7.6.

This report has not been externally assured. The Trustee-Manager may consider seeking external assurance as the sustainability reporting process matures over time.

1 This report excludes the six operating warehouses at Arshiya Free Trade Warehousing Zone in Panvel, as their acquisition was only completed in February 2018. For comparability purposes, these properties would be included in the reporting scope when full year data is available.
2 This report excludes Atria, a multi-tenanted building in The V as its construction was only completed in September 2017. For comparability purposes, this building would be included in the reporting scope when full year data is available.

## STAKEHOLDER ENGAGEMENT

### Stakeholder Communications

The Trustee-Manager and Property Manager (the Managers) value the relationships with all stakeholders. The influence and interest of all stakeholders are taken into account when identifying and prioritising the key stakeholder groups for the Trust. Through regular engagements, the Managers gather timely insights from key stakeholders and offer solutions that create sustainable value. Examples of stakeholder engagement modes are included in Figure 2 below.

▶ Figure 2: Stakeholder engagement

| Key Stakeholder Groups | Needs and Expectations of Stakeholder Groups | Key Engagement Modes | | Actions and Goals |
|---|---|---|---|---|
| **Investment Community** | • Strategic and sustainable growth, total returns<br>• Timely and transparent communications and updates | • Annual General Meeting | Yearly | The Trustee-Manager aims to provide timely and transparent communications to keep the investment community apprised of significant topics relating to corporate developments, portfolio performance, asset and capital management, acquisitions and divestments. |
| | | • Annual Report & Sustainability Report | Yearly | |
| | | • Investor perception survey | Yearly | |
| | | • Meetings and conference calls | Throughout the year | |
| | | • Non-deal roadshows | Regular | |
| **Employees** | • Active engagement<br>• Job rotation & attachment, and career development<br>• Competitive remuneration, employee benefits<br>• Learning and development opportunities<br>• Workplace safety, health and wellness | • Employee forums | Yearly | The Managers strive to create a cohesive and healthy workplace based on trust, mutual respect and active communication. With that, great emphasis is placed on employee empowerment and equal opportunity for all. The Human Resources team continuously reviews employment practices and engagement methods to improve the welfare and team culture. |
| | | • Employee engagement survey, "OurVoice @ ASB" | Biennially | |
| | | • 360 degree feedback on Leadership | Every 2-3 years | |
| | | • Induction and e-learning programmes | Regular | |
| | | • Internal communication through Intranet portal | Regular | |
| | | • Performance feedback and career developing planning discussions | Throughout the year | |
| | | • Training and bite-size learning workshops | Regular | |
| | | • Wellness, sports and social activities | Regular | |
| **Tenants** | • Competitive rental rates<br>• Quality of facilities<br>• Safety and security practices | • Active communication | Throughout the year | The Managers are committed to providing end-to-end integrated premium quality solutions of business infrastructure and services to meet the needs of tenants. In addition, securing properties from threats and ensuring the health and hygiene of tenants and visitors is of paramount importance. |
| | | • Networking events | Throughout the year | |
| | | • Tenant engagement activities | Throughout the year | |
| **Local Communities** | • Creation of employment opportunities<br>• Operate in a responsible manner<br>• Support social development and community activities | • Corporate social responsibility (CSR) activities through the non-profit charitable foundation, the "Ascendas-Singbridge Gives Foundation" | Ad hoc | The Managers advocate the spirit of caring and sharing for the communities they operate in. Carefully managing and minimising the societal and environmental impacts of its operations is critical in fulfilling its duties as a responsible corporate citizen. |
| | | • Participation in social and community activities | Ad hoc | |

# SUSTAINABILITY REPORT

## CORPORATE SOCIAL RESPONSIBILITY

ASCENDAS - SINGBRIDGE GIVES FOUNDATION

We are committed to helping people and organisations, nurturing talents, enhancing educational endeavours and improving living conditions, thus enabling the communities where we work and play to flourish.

We believe in and advocate the spirit of caring and sharing with our communities, by giving them the space to grow and excel through programmes under our three pillars – Arts, Community and the Environment.

As part of Ascendas-Singbridge Group ('Ascendas-Singbridge', or the 'Group'), the Managers participate in the Ascendas-Singbridge Gives Foundation, a non-profit charitable foundation that supports employees to take on more active roles in working with communities and partnering with beneficiaries to bring about positive change. Few key activities that the Managers are involved in during FY17/18 include the following:

- Provision of infrastructure, renovation, and upgrading works for schools and institutes
- Organising learning activities for special needs children
- United Nations Children's Fund (UNICEF) awareness drive
- Blood donation drives
- Provision of medical equipment for cancer treatment
- Tree planting at Guangyang Primary School

Case Study

## TREE PLANTING AT GUANGYANG PRIMARY SCHOOL

As part of the Greening Schools for Biodiversity initiative by National Parks (NParks), 12 volunteers from Ascendas-Singbridge partnered students from Guangyang Primary School to plant trees in the school compound. The initiative aims to encourage students to learn, appreciate and support local biodiversity as well as to encourage student participation in caring for their school grounds and the environment.

# SUSTAINABILITY REPORT

## MATERIALITY ASSESSMENT

The Trustee-Manager faces a wide spectrum of sustainability matters to which it can report on. In identifying the sustainability matters that merit inclusion in the report, a rigorous materiality assessment process is put in place. The Trustee-Manager examines and prioritises the sustainability matters based on the significance of their perceived importance to the Trust's internal and external stakeholders. The sustainability matters validated for reporting reflect the Trust's significant ESG impacts and substantively influences the assessments and decisions of stakeholders. The Trustee-Manager continues to evaluate the gross universe of potentially material sustainability matters on an annual basis to ensure that the reported sustainability matters remain relevant.

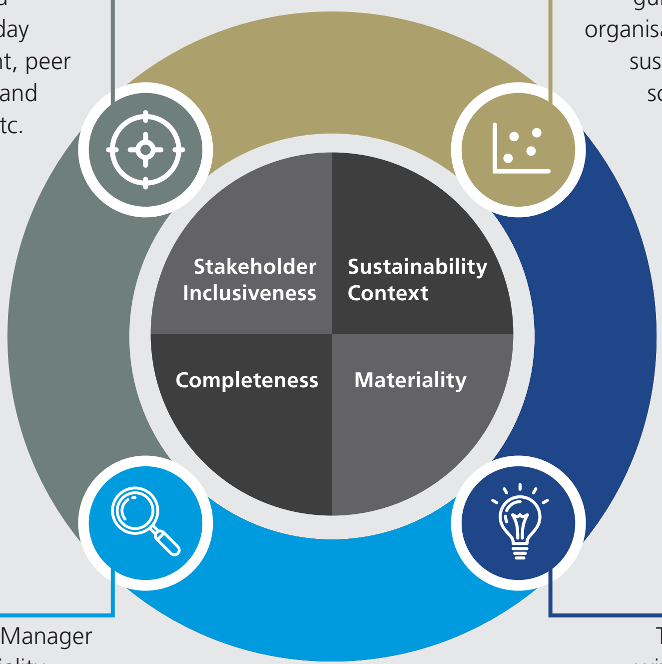
▶ Figure 3: Materiality Assessment Process

### A IDENTIFICATION

The Trustee-Manager regularly updates a gross universe of sustainability risks and opportunities, through a combination of day-to-day stakeholder engagement, peer review, scan of internal and external environment, etc.

### B PRIORITISATION

In FY16/17, the Trustee-Manager undertook its first formal Materiality Assessment exercise, guided by an independent organisation. Potential material sustainability matters were scored in regards to their perceived importance on stakeholders.



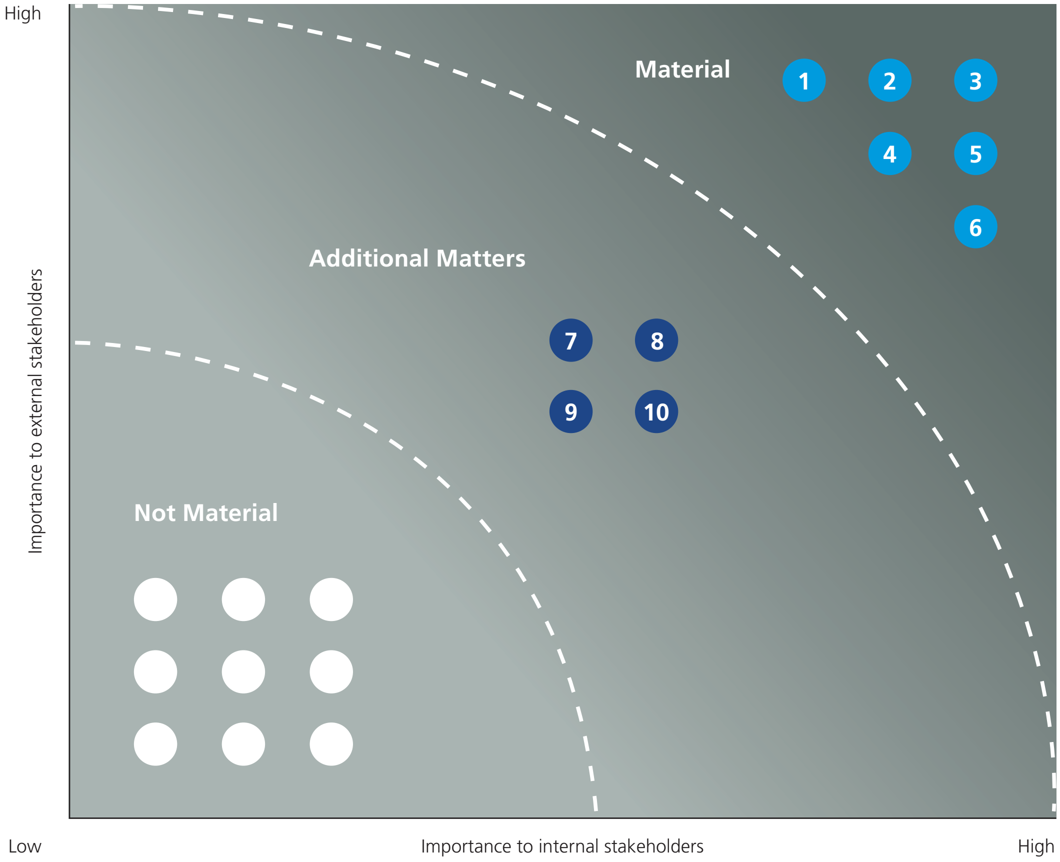

### C VALIDATION

The Board works closely with the Trustee-Manager to oversee the sustainability process. A total of 6 material sustainability matters and 3 additional sustainability matters were validated by the Board for reporting.

### D REVIEW

In FY17/18, the Trustee-Manager has reviewed the Materiality Matrix based on the GRI Reporting Principles and confirmed that there are no changes to the material sustainability matters identified for reporting. An additional sustainability matter, "Water Management" has been included for reporting.

▶ Figure 4: a-iTrust's Materiality Matrix




| No. | | ESG Matters |
|---|---|---|
| 1 | G | High Standards of Corporate Governance |
| 2 | G | Business Ethics and Employee Conduct |
| 3 | G | Regulatory Compliance |
| 4 | S | Stakeholder Communications |
| 5 | S | Security of IT Parks and Properties |
| 6 | S | End-to-end Premium Quality Solutions |
| 7 | E | Reducing Energy and Carbon Footprint |
| 8 | S | Fair Employment Practices |
| 9 | S | Health, Hygiene and Safety of General Public and Adjacent Communities |
| 10 | E | Water Management |

# SUSTAINABILITY REPORT

## GOVERNANCE AND ETHICS

### High Standards of Corporate Governance and Business Ethics[3]

Good corporate governance is one of the Trust's core values. It goes beyond the implementation of forms of best practices and structures, internal checks and balances, transparency and compliance. The highest standards of corporate governance serve as a crucial foundation in delivering value to its stakeholders. These standards have been translated into a comprehensive and robust corporate governance framework that guides the evaluation of strategies, systems, procedures and actions, which in turn addresses business risks, boosts performance and raises investors' confidence.

The Managers are part of Ascendas-Singbridge Group and are aligned to the corporate governance framework set out by the Group to maintain its cohesiveness. All employees are regarded as ambassadors of the Trust, the Trustee-Manager and the Group. Employees are expected to faithfully and diligently exhibit high standards of discipline, integrity and impartiality when executing their official duties.

In line with the Group's position to maintain high ethical standards, the following corporate policies and guidelines must be adhered to and have been communicated to all directors, employees and officers, where applicable:

▶ Figure 5: The Group's Policies and Guidelines relating to Corporate Governance and Business Ethics

| The Group's Policies and Guidelines | Summary |
|---|---|
| **Anti-Bribery and Corruption Policy and Guidelines** | • Zero tolerance approach to acts of bribery and corruption<br>• Full compliance with all applicable laws and regulations<br>• Guidelines and procedures for providing and/or receiving gifts, donations and sponsorships |
| **Code of Ethics and Conduct** | • High standards of employee conduct<br>• Zero tolerance approach on any forms of workplace harassment, fraud, gratification, corruption and bribery |
| **Conflict of Interest** | • Guidelines and procedures on conflict of interest, including corporate opportunities, subsequent acquisition of interest, disclosure of confidential information, etc. |
| **Employment of Relatives** | • Guidelines and procedures on hiring, placement and transfer of relatives of current employees, etc. |
| **External Directorship** | • Guidelines and procedures on external directorships, interests, etc. |
| **Misconduct and Disciplinary Action** | • Guidelines and procedures for handling misconduct and to ensure that the inquiry and disciplinary processes are fair, objective and equitable |
| **Outside Employment** | • Guidelines and procedures for outside employment, etc. |
| **Whistleblowing** | • Whistleblowing reporting channels and structure, confidentiality, etc. |

| Focus Area | Perpetual Target | FY17/18 Performance |
|---|---|---|
| Breaches or lapses in business ethics and employee conduct | 0 Breaches or lapses | ● 0 Breaches or lapses |

3 The Corporate Governance Report, found on pages 83 to 103 of the Annual Report, further sets out the corporate governance practices for FY17/18 with reference to the principles of the Code of Corporate Governance 2012.

### Regulatory Compliance

All directors, officers and employees must comply with applicable laws in the countries of operation (Singapore and India). The laws that may apply include the Prevention of Corruption Act, Chapter 241 of the Singapore Statutes, the U.S Foreign Corrupt Practices Act, the U.K. Bribery Act 2010, and the Prevention of Corruption Act, 1988 in India.

Ascendas-Singbridge Group Legal has established a dedicated Compliance function to focus on the oversight and management of corporate governance and regulatory compliance matters. To ensure all employees keep abreast of the applicable best practices and principles, the Compliance Officer, with the support of Group Legal, proactively updates the internal repository of applicable guidelines and best practices.

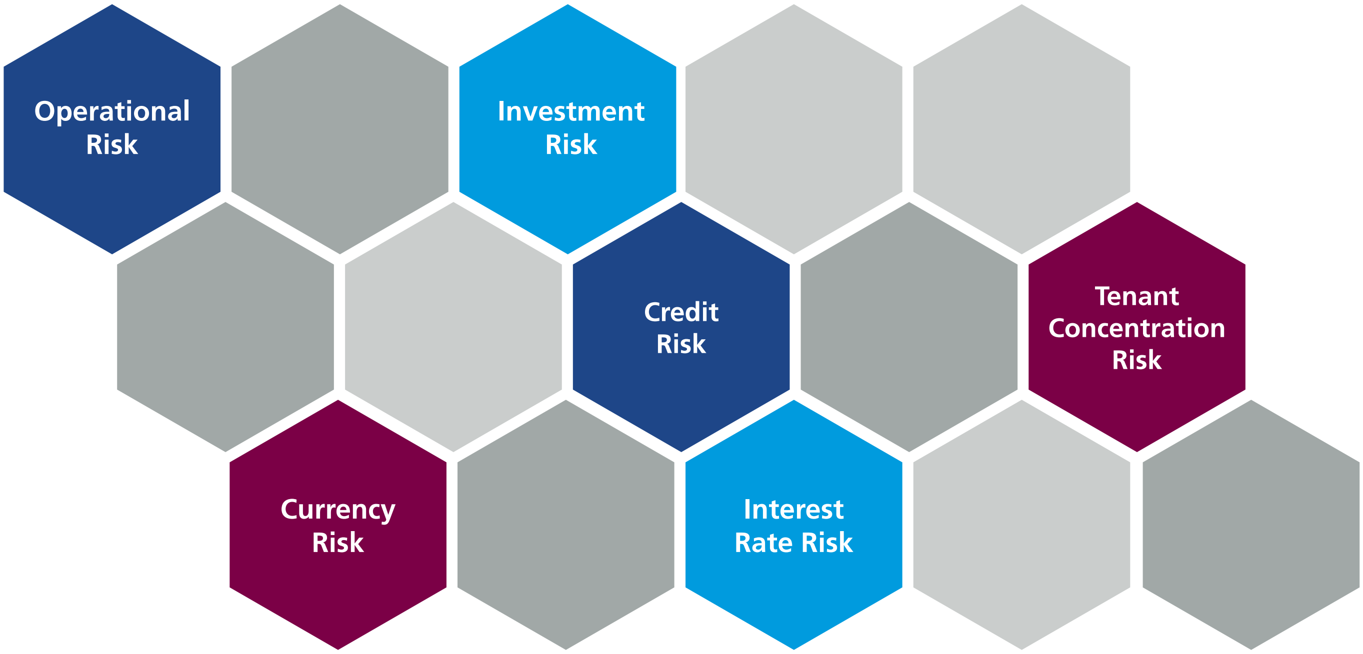
All employees are charged with continually maintaining the highest standards of corporate governance. During the year, there were no reported cases involving such breaches or non-compliance with all applicable laws and regulations.

| Focus Area | Perpetual Targets | FY17/18 Performance |
|---|---|---|
| Breaches or lapses in corporate governance best practices and principles | 0 Breaches or lapses | ● 0 Breaches or lapses |
| Compliance to applicable laws and regulations | 100% Compliance | ● 100% Compliance |

### Enterprise Risk Management[4]

The Trustee-Manager puts in place a consistent enterprise-wide risk management process to ensure potential key risks are identified, and key controls to mitigate these risks are established and implemented. This is continuously assessed, monitored and reviewed in light of changing circumstances and regulatory requirements, and realigned as required.

▶ Figure 6: Key risks faced by the Trust




4 More information on the Trustee-Manager's enterprise risk management approach can be found on pages 40 to 41 of the Annual Report.

# SUSTAINABILITY REPORT

## PROPERTY

### End-to-end Premium Quality Solutions

The Managers strive towards value creation for all stakeholders by providing end-to-end integrated premium quality solutions of business infrastructure and services. This is achieved by following the P.O.S.T strategy:

**P — PROCESS IMPROVEMENT**
Optimising business processes, standard operating procedures and meeting requirements of relevant quality standards

**O — OPERATIONAL EXCELLENCE**
Enhancing performance of the properties to deliver superior value to all stakeholders at all stages across the value chain

**S — SUSTAINABLE DEVELOPMENT**
Integrating elements of sustainability into business strategies, policies and practices to meet the needs of stakeholders today and in the future

**T — TECHNOLOGY ADOPTION**
Harnessing the power of innovation and technology to enhance the sustainability performance of the properties

### Awards and Certifications

The Managers are committed to a multi-faceted approach throughout the entire real estate life cycle, including adopting sustainable architecture and design, use of sustainable building materials and resources, and integrating innovative development to promote energy efficiency.

The Managers aim to achieve U.S. Green Building Council (USGBC) Leadership in Energy and Environmental Design (LEED) or Indian Green Building Council (IGBC) Gold certification for all new buildings. LEED is a green building certification program that recognises best-in-class building strategies and practices. To receive the LEED certification, building projects satisfy prerequisites and earn points to achieve different levels of certifications. Over the years, the Trust is proud to have garnered several certifications for its properties that recognise its ongoing effort in reducing its environmental footprint.

▶ Figure 7: Sustainability Awards

| Year | Building | Award |
|---|---|---|
| **2011** | Pinnacle, International Tech Park Chennai | USGBC LEED Silver, Operations and Maintenance |
| | Voyager, International Tech Park Bangalore | IGBC Silver, Core and Shell |
| **2012** | Crest, International Tech Park Chennai | USGBC LEED Gold, Operations and Maintenance |
| **2014** | Aviator, International Tech Park Bangalore | IGBC Platinum, Core and Shell |
| | Zenith, International Tech Park Chennai | USGBC LEED Platinum, Operations and Maintenance |
| **2015** | The V (Auriga, Capella, Mariner, Orion & Vega), Hyderabad | IGBC Green Building, Platinum |
| **2016** | Discoverer, International Tech Park Bangalore | USGBC LEED Gold |
| | Innovator, International Tech Park Bangalore | USGBC LEED Gold |
| | Creator, International Tech Park Bangalore | USGBC LEED Gold |
| | Explorer, International Tech Park Bangalore | IGBC Gold |
| | Inventor, International Tech Park Bangalore | IGBC Gold |
| | Navigator, International Tech Park Bangalore | IGBC Gold |
| **2017** | BlueRidge 2 (Buildings 1–3), Pune | IGBC Silver |
| | Victor, International Tech Park Bangalore | USGBC LEED Platinum |
| | Pinnacle, International Tech Park Chennai | USGBC ARC Gold |

## Tenant Satisfaction

Enhancing tenants' perceptions and experiences at the properties are vital to strengthening the brand image of a-iTrust. Regular engagement with tenants is essential to keep the Trust moving in the right direction in providing end-to-end integrated premium quality solutions. The Managers put in substantial effort to gather data and information through surveys and other channels for tenants to express their feedback and grievances. Through this, the Managers are also able to identify areas where they are able to provide more value-added services (e.g. development of cafeterias, day care clinics and other amenities) and park enhancements (e.g. introduction of bicycles and buggies for parkites to commute within the park).

Grievance mechanisms are developed to track the operational performance and ensure that all concerns are resolved efficiently and effectively. In FY17/18, 100% of all grievances filed during the year were addressed and resolved.

# SUSTAINABILITY REPORT

### Security, Health and Safety at IT Parks

In 2017, geopolitical and technological risks continue to take center stage in the global risks landscape, with 'Terrorist attacks', 'Data fraud or theft' and 'Cyberattacks' assessed to be amongst the top risks in terms of likelihood and impact[5]. More than ever, the increasing polarisation of societies and rising cyber dependency call for the Managers' focus on carefully managing both physical and information security.

A panoramic, top-down approach is adopted to identify lapses or areas for improvement throughout all operations at the properties. Property management staff are equipped with the right knowledge and tools to promote the safety culture to tenants, visitors and all users at the properties.

### PHYSICAL SECURITY

01 Power fencing along boundary walls of parks

02 Armed guards deployment

03 Use of unique hologram identification sticker for vehicles and personnel

04 Random vehicular and personnel checks

05 Closed-circuit television (CCTV)

### INFORMATION SECURITY

06 Vulnerability Assessment and Penetration Testing

07 Data Loss Prevention software

08 Information Technology audits

09 Next Generation End-Point Protection

10 Privilege Account Management System

### HEALTH, HYGIENE AND SAFETY

11 Emergency preparedness

12 Public health management

13 Safety training and awareness campaigns

14 Safety risk assessments

15 Incident reporting and investigation

16 Safety performance monitoring

17 First aid and personal protective equipment

▶ Figure 8: Examples of Security, Health and Safety practices at the IT parks


5 World Economic Forum Global Risks Report 2017


THE MANAGERS
14
15
16
TENANT SPACE
06
07
08
09
10
COMMON AREAS
13
17
05
04
03
02
01

# SUSTAINABILITY REPORT

### Property Security

In the current context of heightened security concerns and terror threats, the Managers are cognisant of the need to promulgate vigilance and readiness at the ground-level. The Managers work closely with the external security vendors to regularly review protocols and trainings to ensure that they are well-prepared to tackle varying threats and emergency situations. Standard operating procedures are in place for key security areas such as building evacuation, video-surveillance backup, visitor, material and vehicular-entry checks. The Property Manager works closely with and receives intelligence inputs from the local police, the State Intelligence Bureau and the Centre for Counter Terrorism to keep abreast with any incidents that may compromise the security of the IT parks and properties.

| Focus Area | Perpetual Target | FY17/18 Performance |
|---|---|---|
| Terrorism threats, trespassing violations and incidences of theft | 0 Cases | ● 0 Cases |

### Information Security

The rise of cyberattacks and major data breaches globally have led the Managers to redouble efforts to protect and strengthen the capabilities of data systems. The Managers take safeguarding the data and information of customers (investors and tenants) and their organisations very seriously. The Ascendas-Singbridge Group Integrated Technology Risk Framework guides the Managers in managing technological risks and reduces the probability of data breaches. In addition, Vulnerability Assessment and Penetration Testing are conducted yearly by external vendors to identify security gaps. There is great emphasis placed on information security awareness at the workplace. Newsletters are circulated to all employees on a monthly basis and modules on information security have to be completed by new employees before they are confirmed in their position. In addition, the Managers respect the various laws or regulations in place to promote the responsible use of data such as the Personal Data Protection Act and MAS Technology Risk Management Guidelines, where applicable. Disclosure and use of data are not for any purposes other than those agreed upon with customers.

Figure 9: Information Technology (IT) initiatives

**PRIVILEGE ACCOUNT MANAGEMENT SYSTEM**

- A system to control and monitor the usage of privilege/administrative accounts in Ascendas-Singbridge to prevent exploitation by users as well as to reduce the risk of hackers gaining control of such accounts.

**SIMULATED EMAIL PHISHING CAMPAIGN**

- Campaign to raise the awareness of Ascendas-Singbridge staff and better prepare them to identify and spot phishing emails.
- Staff who are "phished" will be asked to attend e-learning modules.

**VULNERABILITY ASSESSMENT AND PENETRATION TESTING**

- External vendors are engaged on an annual basis to identify security gaps. There are at least two IT audits every year.

| Focus Area | FY17/18 Targets | FY17/18 Performance |
|---|---|---|
| Enhancing information security | • Zero incidents of hacking, website defacement or loss of data that has a huge negative impact on the corporation in terms of big financial loss or reputational loss. | Achieved |
| | • Response & Recovery: Optimal Data Recovery Test Results | Achieved by developing a disaster recovery plan and a comprehensive disaster recovery exercise |
| Substantiated complaints regarding breaches in tenant privacy and loss of tenant data | 0 Cases | 0 Cases |

# SUSTAINABILITY REPORT

## Health, Hygiene and Safety

Providing a safe environment for stakeholders is fundamental in building trusted relationships. The Managers commit to a safety culture with Ascendas-Singbridge's Workplace Safety and Health Management System (WSHMS), which is certified to the high standards of the international Occupational Health and Safety Management System 18001. Yearly preparedness exercises and fire evacuation drills are conducted to familiarise all tenants and property management staff with emergency response procedures for contingencies such as fire or bomb threats. There are also measures in place to respond to public health situations such as dengue fever outbreaks, flu pandemics and haze.

| Focus Area | Perpetual Target | FY17/18 Performance |
|---|---|---|
| Health and safety incidents for contractors, tenants and visitors[6] | 0 incidents | 1 incident |

To ensure continual improvement, the safety management framework was reviewed and enhanced to enforce the work safety compliance in all properties:

▶ Figure 10: Action plan to improve performance

**OPERATIONAL**
- Carry out detailed survey for risks/hazards identification at workplace and institute corrective measures
- Display bilingual safety posters at all prominent locations in relevance to the trade (e.g. electrical, slip hazard, lockout-tagout procedures, etc.)
- Installation of CCTV cameras in vulnerable areas, basements, terraces, etc.
- Increase lighting/lux levels in basements and utility areas, if required
- Implement a system to periodically review the availability of personal protective equipment (PPEs), first aid boxes, etc.
- Implement a system for shift handover covering safety aspects
- Implement requirement of wearing adequate PPEs, before granted access to work area
- Explore safety week concept to create awareness
- Penalise defaulters and award for good safety compliance

**SERVICE AGREEMENTS FOR VENDORS/CONTRACTORS**
- Incorporate a clause on adherence to safety/usage of relevant PPEs, if not already included
- Review Service Level Agreements and incorporate penalty clause, in case of any deviations
- Pledges by contract staff that they understand and abide all the safety norms

**TRAININGS**
- Institute periodic briefings and lectures to contractor staff to create awareness
- Periodic monthly briefings to staff as a part of WSHMS activities
- Introduce safety videos and online trainings
- Conduct a risk and safety workshop

6 Incidents are defined as cases of injuries, occupational diseases, or fatalities of contractors, tenants and visitors at the properties.

## PEOPLE

### Team Profile

Employees are the most valuable assets in creating value and achieving sustainable growth of the Trust. The Trustee-Manager dedicates time and effort to nurture its employees, ensure that their well-being are taken care of, and recognise the value they create as part of the team.

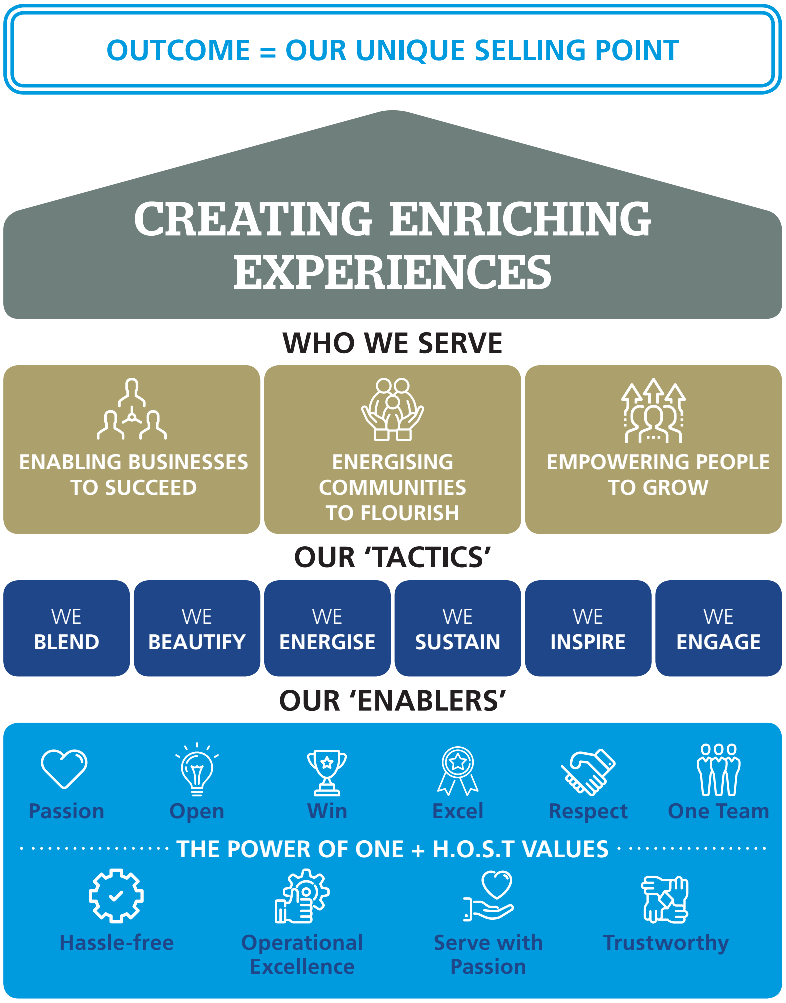
In FY17/18, the Trustee-Manager had a total team size of 13 full-time employees based in Singapore.

### Culture and Values

The Group's culture and H.O.S.T values enable every team member to be ambassadors for Ascendas-Singbridge. Team members exhibit the Power of ONE driven behaviours to create enriching experiences that deliver value for businesses, communities and people.

These values are ingrained principles that guide the daily actions and decisions of all employees. It has been the core focus of the Group's people engagement efforts - including communication, group-wide training, recognition and awards. Management strives to inspire the team to embrace and uphold these values during formal and informal gatherings such as employee forums, town-hall meetings, department meetings, team-bonding events and training programmes.

▶ Figure 11: Creating Enriching Experiences




## OUR VALUES

Our **POWER** of **ONE** values guide us on our journey towards achieving our vision.

**PASSION**
Be passionate. Love what we do. Have fun at work.

**OPEN**
Be open. Share information to help each other. Seek new ideas.

**WIN**
Having a winning mindset. Work with speed. Deliver quality.

**EXCEL**
Be the best we can be. Have courage to challenge limits.

**RESPECT**
Respect each other. Show appreciation. Be humble.

**ONE TEAM**
We are ONE team. We break down walls that stand between us. Do the right thing for the company.

# SUSTAINABILITY REPORT

The Trustee-Manager recognises the importance of creating a safe working environment and places great emphasis on promoting health beyond the workplace. It provides a comprehensive flexible-benefits package (e.g. health screenings, dental benefits, medical insurance, etc.) for its employees. The Trustee-Manager strives to increase the morale and productivity of employees, and actively encourages employees to lead a healthy lifestyle.

The work office is designed for the well-being of all employees. The modern set-up boasts of multiple cozy-corners, made available to encourage workplace collaboration and fun-at-work. There are also fitness machines, massage chairs, well-equipped pantries with free flow of healthy snacks and beverages to promote a culture of healthy living.

### Fair Employment Practices

Employment practices are founded on trust, mutual respect and above all, relationships. Cultivating healthy relationships with team members boosts their motivation and efficacy, which in turn enables them to transpose that vivacity in the work they do – in meeting or even surpassing customers' expectations. This fosters even stronger customer relationships, which ultimately maintains business continuity, growth and long-term prospects for Unitholders.

As a signatory of the Employers' Pledge for Fair Practices with the Tripartite Alliance for Fair & Progressive Employment Practices (TAFEP)[7], the Trustee-Manager adheres to the TAFEP 5 Principles of Fair Employment Practices and strives to ensure that all employees are treated with respect and without discrimination, regardless of nationality, gender, ethnic origin, religious background and any other status.

### TAFEP 5 PRINCIPLES OF FAIR EMPLOYMENT PRACTICES

1. Recruit and select on the basis of merit (such as skills, experience or ability to perform the job) regardless of age, race, gender, religion, marital status and family responsibilities, or disability.
2. Treat your employees fairly and with respect and put in place progressive human resource management systems.
3. Provide employees with equal opportunities to be considered for training and development based on their strengths and needs, to help them achieve their full potential.
4. Reward your employees fairly based on their ability, performance, contribution and experience.
5. Abide by labour laws and adopt the Tripartite Guidelines on Fair Employment Practices.

| Focus Area | Perpetual Target | FY17/18 Performance |
|---|---|---|
| Substantiated cases of discrimination at the workplace | 0 Cases | ● 0 Cases |

7 The TAFEP works with employers, unions and the government to create awareness and facilitate adoption of fair employment practices. For more information, please refer to https://www.tafep.sg/

## PLANET

### Reducing Energy and Carbon Footprint[8]

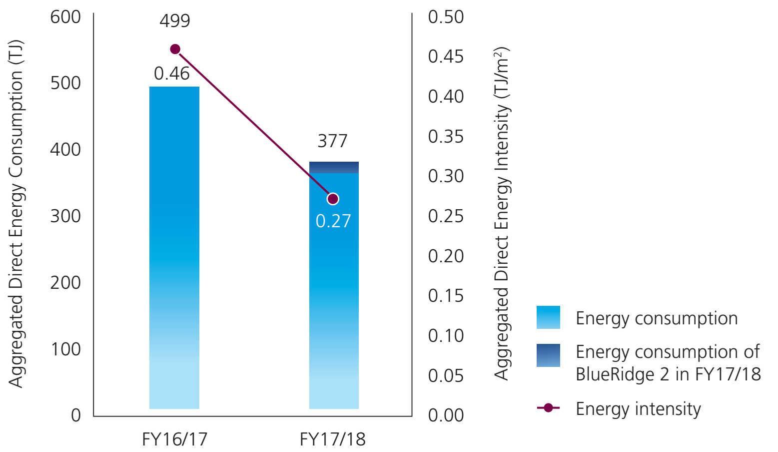
India is the world's third largest carbon emitter, with a share of approximately 7% of global carbon emissions[9]. With continuing GDP growth, paired with significant increases in fossil fuel consumption, studies have shown that globally, India has the largest 5-year growth rates for $CO_2$ emissions and the second largest absolute increase of 4.7% in 2016[10]. Understanding that India has ratified its commitment to reduce the emissions intensity of its GDP by 33-35% by 2030 from 2005 levels, the Managers recognise the importance of the role they have to play in contributing to the nation's efforts to meet its climate change targets.

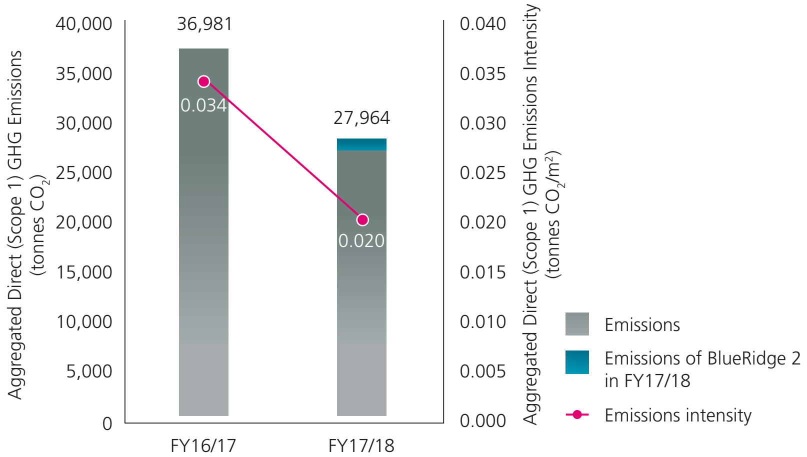
The total emissions (Scope 1 and Scope 2) for a-iTrust's properties were 83,735 tonnes $CO_2$ in FY17/18, reflecting a reduction of 2% compared to emissions from FY16/17. The details on the breakdown of emissions and reductions initiatives are elucidated in the sections below.

### Direct energy consumption and greenhouse gas (GHG) emissions

Direct energy consumption mainly relates to High Speed Diesel and Heavy Fuel Oil consumed at the dedicated power plant at ITPB, and small amounts used for emergency genset testing across all properties. In FY17/18, a total of 377 TJ of direct energy was consumed, translating to 27,964 tonnes of $CO_2$. This 24% decrease from FY16/17 levels is testament to the high levels of commitment and sustainability excellence at the properties. Furthermore, the fossil fuel based captive power plant in ITPB was decommissioned in FY17/18 as part of our plans to switch to greener sources of energy.

▶ Figure 12: Aggregated Direct Energy Consumption & Intensity and Direct (Scope 1) GHG Emissions & Intensity




8 The Managers strive to improve its environmental performance data collection and reporting as its sustainability reporting matures. For this report, the metric selected to calculate the respective intensity ratios is the effective gross floor area (expressed in $m^2$) and calculated considering the gross floor area and the occupancy rate. In addition, the reporting scope has also been expanded to include fuel consumption at the dedicated power plant in ITPB, and tenant consumption for air-conditioning across all properties. The data for FY16/17 has been revised accordingly to reflect these improvements.

9 European Commission Joint Research Centre Emissions Database for Global Atmospheric Research (EDGAR), "Fossil $CO_2$ and GHG emissions of all world countries, 2017"

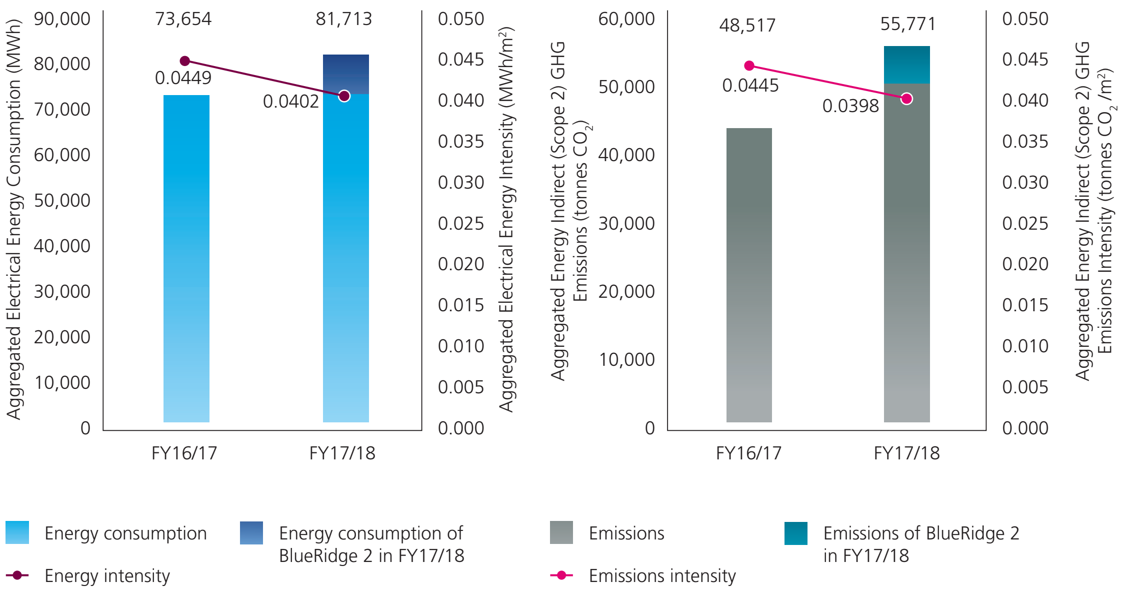
10 PBL Netherlands Environmental Assessment Agency, "Trends in global $CO_2$ and total GHG emissions, 2017"

# SUSTAINABILITY REPORT

### Electrical energy consumption and GHG emissions

Electrical energy mainly relates to landlord consumption for common areas and air-conditioning, and tenant consumption for air-conditioning. In FY17/18, a total of 81,713 MWh of electrical energy was consumed, translating to 55,771 tonnes of $CO_2$[11]. An overall increase of electrical energy consumption by 11% to 81,713 MWh is contributed mainly by the addition of BlueRidge 2 in the reporting scope. However, the Managers' energy-saving initiatives (Figure 14) have helped to reduce the overall electrical energy intensity by 10% (to 0.0402 MWh/m$^2$) in FY17/18.

▶ Figure 13: Aggregated Electrical Energy Consumption & Intensity and Energy Indirect (Scope 2) GHG Emissions & Intensity




▶ Figure 14: Energy saving initiatives

| Energy Saving Initiatives in FY17/18 |
| --- |
| **Asset Enhancement** |
| • Replacement of old chillers at ITPC plant with more energy efficient chillers |
| • Replacement of conventional rubber belt to Polyurethane belt in Air Handling Units (AHU) to conserve energy by reducing abrasion resistance |
| • Retrofitting of Electronically Commutated (EC) fans at ITPC and ITPB ensures better control of air flow thus increasing efficiency |
| • Installation of 114 new smart hand dryers at all restrooms in ITPB with dual blower systems for higher energy efficiency and better hygiene |

11 The emission factor used is the latest estimate obtained from "IGES List of Grid Emission Factors" published by the Institute for Global Environmental Strategies in April 2018.

Case Study

# HARNESSING THE POWER OF RENEWABLES

The Managers continue to adopt cleaner sources of energy in its energy mix. As at 31st of March 2018, the Managers have successfully switched to utilising 100% renewable energy for landlord consumption in Bangalore.

The success of ITPB demonstrates the Managers' commitment to switch from traditional sources of fuel to cleaner and renewable energy sources. Solar energy consumed in ITPB is produced in an off-site solar farm. Phase 2 of the energy procurement agreement started in March 2018, which provides additional units of solar energy for ITPB in FY18/19. ITPB will procure 67.5 MWh of energy annually for the next 10 years as part of the agreement. In addition to purchasing solar energy, the Managers also invested in the installation of solar rooftop panels.

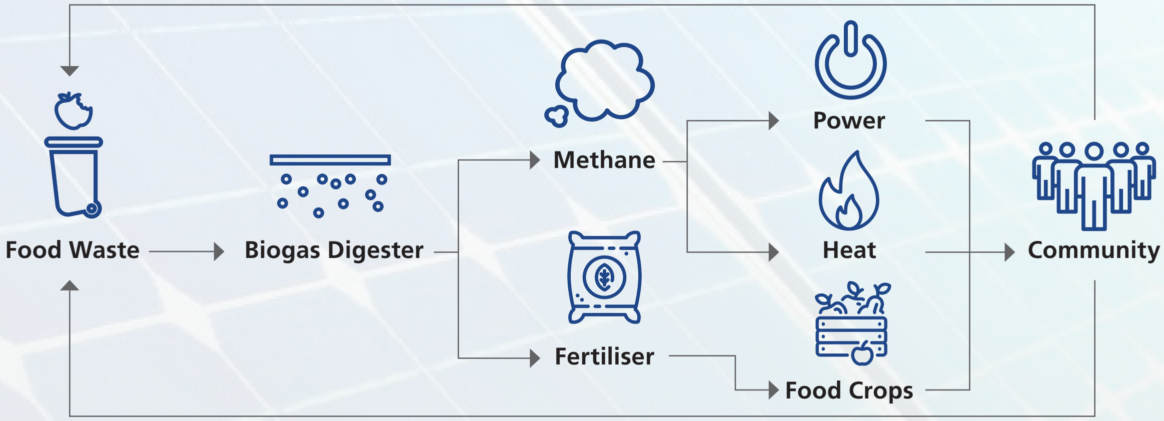
The Managers are proud to disclose that approximately 121 MWh of energy was obtained from renewable sources since FY14/15.

The Managers also seek to look beyond the "take, make and dispose" extractive industrial model towards a circular economy. Prudent waste management enables the Managers to reuse and recycle waste and to minimise its negative impacts. For instance, ITPB is planning to begin operation of a fully functional biomethanation plant in FY18/19. The proposed plant will have the capacity to process approximately 3 tonnes of waste per day to generate approximately 255 to 260 m$^3$ of biogas in a day.

Prevented emission of

**50,235**

tonnes of $CO_2$



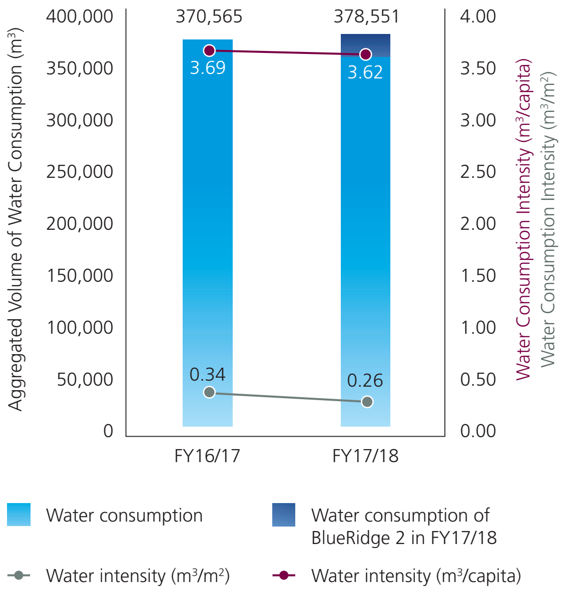
# SUSTAINABILITY REPORT

## Water Management

Water flows through the three pillars of sustainable development. Freshwater is a precious resource vital for India and the rest of the world to alleviate poverty, sustain growth, improve public health, enable food security and establish long-lasting harmony with Earth's essential ecosystems. In 2016, the Indian Government reported that at least 330 million people were affected by the drought and water availability in India's reservoirs were at its lowest in a decade, with stocks at a paltry 29% of their total storage capacity[12].

The Managers understand the importance of managing water usage and seek to promote responsible stewardship of this precious resource. An overall increase of water consumption by 2% to 378,551$m^3$ is contributed mainly by the addition of BlueRidge 2 in the reporting scope. As a result of the Managers' sustainability practices (Figure 16) to encourage water conservation, overall water intensity has decreased by 23% to 0.26 $m^3/m^2$ in FY17/18 while the water consumption per capita remained fairly stable at 3.62 $m^3$/capita[13].

▶ Figure 15: Aggregated Water Consumption & Intensity




▶ Figure 16: Water saving initiatives

| Water Saving Initiatives in FY17/18 |
|---|
| **Operation efficiency** |
| • Implemented low-flow fixtures |
| • Dual-flush system |
| • Effective use of AHU condensate water across a-iTrust properties |
| • Rain water harvesting |
| **Automation of water tanks in ITPB** |
| • Enables real-time monitoring of water consumption for buildings |
| • Allows the data logging of water consumption |
| • Generates water consumption patterns that can be studied to improve current initiatives |

12 Central Water Commission of India
13 Per capita of tenant employees

## GRI CONTENT INDEX

| Disclosure | | Reference(s) or Reasons for Omission |
|---|---|---|
| **General Disclosures** | | |
| **Organisational Profile** | | |
| 102-1 | Name of the organisation | Trust and Organisation Structure (Page 12) |
| 102-2 | Activities, brands, products, and services | Trust and Organisation Structure (Page 12), Strategy (Page 22), Portfolio (Pages 44 – 47) |
| 102-3 | Location of headquarters | Corporate Information (inside back cover) |
| 102-4 | Location of operations | Trust and Organisation Structure (Page 12) |
| 102-5 | Ownership and legal form | Trust and Organisation Structure (Page 12) |
| 102-6 | Markets served | Operational Review (Pages 48 – 50) |
| 102-7 | Scale of the organisation | At a Glance (Pages 2 – 3), Portfolio (Pages 44 – 47), Operational Review (Pages 48 – 50), Financial Review (Pages 51 – 55) |
| 102-8 | Information on employee and other workers | Team Profile (Page 73) |
| 102-9 | Supply chain | Trust and Organisation Structure (Page 12), Strategy (Page 22) |
| 102-10 | Significant changes to the organisation and its supply chain | Trust and Organisation Structure (Page 12), Investment Management (Pages 28 – 33) |
| 102-11 | Precautionary principle and approach | Risk Management (Pages 40 – 41), Governance and Ethics (Pages 64 – 65), Risk Management and Internal Controls (Pages 93 – 94) |
| 102-12 | External initiatives | Fair Employment Practices (Page 74), Reducing Energy and Carbon Footprint (Page 75) |
| 102-13 | Membership of associations | REIT Association of Singapore (REITAS) |
| **Strategy** | | |
| 102-14 | Statement from senior decision-maker | Chairman’s Message (Pages 4 – 6) |
| **Ethics and Integrity** | | |
| 102-16 | Values, principles, standards, and norms of behavior | Governance and Ethics (Pages 64 – 65), Culture and Values (Page 73), Dealings in Units (Page 97), Dealing with Conflicts of Interest (Page 98), Dealing with Interested Person Transactions (Pages 98 – 99) |
| 102-17 | Mechanisms for advice and concerns about ethics | Governance and Ethics (Pages 64 – 65) |
| **Governance** | | |
| 102-18 | Governance structure | Trust and Organisation Structure (Pages 12 – 13), Board of Directors (Pages 14 – 19), Trustee-Manager and Property Manager (Pages 20 – 21), The Board’s Conduct of Affairs (Pages 84 – 86) |
| 102-20 | Executive-level responsibility for economic, environmental, and social topics | Chairman and Chief Executive Officer (Page 87), Access to Information (Pages 89 – 90) |
| 102-22 | Composition of the highest governance body and its committees | Board of Directors (Pages 14 – 19), The Board’s Conduct of Affairs (Pages 84 – 86), Board Composition and Guidance (Pages 86 – 87) |

# SUSTAINABILITY REPORT

| Disclosure | | Reference(s) or Reasons for Omission |
|---|---|---|
| **General Disclosures** | | |
| **Governance** | | |
| 102-23 | Chair of the highest governance body | Chairman and Chief Executive Officer (Page 87) |
| 102-24 | Nominating and selecting the highest governance body | Board Membership (Page 88) |
| 102-25 | Conflicts of interest | Dealings in Units (Page 97), Dealing with Conflicts of Interest (Page 98), Dealing with Interested Person Transactions (Pages 98 – 99) |
| 102-32 | Highest governance body's role in sustainability reporting | Materiality Assessment (Pages 62 – 63), The Board's Conduct of Affairs (Pages 84 – 86), Access to Information (Pages 89 – 90) |
| 102-33 | Communicating critical concerns | The Board's Conduct of Affairs (Pages 84 – 86), Access to Information (Pages 89 – 90) |
| 102-35 | Remuneration policies | Remuneration Matters (Pages 90 – 92) |
| 102-36 | Process for determining remuneration | Remuneration Matters (Pages 90 – 92) |
| **Stakeholder Engagement** | | |
| 102-40 | List of stakeholder groups | Stakeholder Engagement (Page 59) |
| 102-41 | Collective bargaining agreements | All employees within the scope of this report are not covered by collective bargaining agreements, as they are professionals. |
| 102-42 | Identifying and selecting stakeholders | Stakeholder Engagement (Page 59) |
| 102-43 | Approach to stakeholder engagement | Stakeholder Engagement (Page 59) |
| 102-44 | Key topics and concerns raised | Stakeholder Engagement (Page 59) |
| **Reporting Practice** | | |
| 102-45 | Entities included in the consolidated financial statements | Investment in Subsidiaries (Page 166) Reporting Period and Scope (Page 58) |
| 102-46 | Defining report content and topic boundaries | About this Report (Page 58) |
| 102-47 | List of material topics | Materiality Assessment (Pages 62 – 63) |
| 102-48 | Restatements of information | Reducing Energy and Carbon Footprint (Page 75) |
| 102-49 | Changes in reporting | Materiality Assessment (Pages 62 – 63) |
| 102-50 | Reporting period | About this Report (Page 58) |
| 102-51 | Date of most recent report (if any) | Sustainability Report 2016/2017 |
| 102-52 | Reporting cycle | About this Report (Page 58) |
| 102-53 | Contact point for questions regarding the report | Enquiries (Page 43) |
| 102-54 | Claims of reporting in accordance with the GRI Standards | About this Report (Page 58) |
| 102-55 | GRI content index | GRI Content Index (Page 79) |
| 102-56 | External assurance | Reporting Standards (Page 58) |

| Disclosure | | Reference(s) or Reasons for Omission |
|---|---|---|
| **Material Topics: High Standards of Corporate Governance; Business Ethics and Employee Conduct; Regulatory Compliance** | | |
| **Management Approach** | | |
| 103-1 | Explanation of the material topic and its Boundary | Governance and Ethics (Page 64) |
| 103-2 | The management approach and its components | Governance and Ethics (Page 64) |
| 103-3 | Evaluation of the management approach | Governance and Ethics (Page 64) |
| **Anti-Corruption** | | |
| 205-1 | Operations assessed for risks related to corruption | Governance and Ethics (Page 64) |
| 205-2 | Communication and training about anti-corruption policies and procedures | Governance and Ethics (Page 64) |
| 205-3 | Confirmed incidents of corruption and actions taken | Governance and Ethics (Pages 64 – 65) |
| **Environmental Compliance** | | |
| 307-1 | Non-compliance with environmental laws and regulations | Regulatory Compliance (Page 65) |
| **Socioeconomic Compliance** | | |
| 419-1 | Non-compliance with laws and regulations in the social and economic area | Regulatory Compliance (Page 65) |
| **Material Topic: End-to-end Premium Quality Solutions** | | |
| **Management Approach** | | |
| 103-1 | Explanation of the material topic and its Boundary | End-to-end Premium Quality Solutions (Pages 66 – 67) |
| 103-2 | The management approach and its components | End-to-end Premium Quality Solutions (Pages 66 – 67) |
| 103-3 | Evaluation of the management approach | End-to-end Premium Quality Solutions (Pages 66 – 67) |
| **Product and Service Labeling** | | |
| CRE8 | Type and number of sustainability certification, rating and labeling schemes for new construction, management, occupation and redevelopment | Awards and Certifications (Page 67) |
| **Material Topic: Security of IT Parks and Properties** | | |
| **Additional Topic: Health, Hygiene and Safety of General Public and Adjacent Communities** | | |
| **Management Approach** | | |
| 103-1 | Explanation of the material topic and its Boundary | Security, Health & Safety at IT Parks (Page 68) |
| 103-2 | The management approach and its components | Security, Health & Safety at IT Parks (Pages 68 – 72) |
| 103-3 | Evaluation of the management approach | Security, Health & Safety at IT Parks (Pages 68 – 72) |
| **Customer Health and Safety** | | |
| 416-1 | Assessment of the health and safety impacts of product and service categories | Security, Health & Safety at IT Parks (Pages 68 – 69, 72) |

# SUSTAINABILITY REPORT

| Disclosure | | Reference(s) or Reasons for Omission |
|---|---|---|
| **Additional Topic: Reducing Energy and Carbon Footprint** | | |
| **Management Approach** | | |
| 103-1 | Explanation of the material topic and its Boundary | Reducing Energy and Carbon Footprint (Page 75) |
| 103-2 | The management approach and its components | Reducing Energy and Carbon Footprint (Pages 75 – 77) |
| 103-3 | Evaluation of the management approach | Reducing Energy and Carbon Footprint (Pages 75 – 77) |
| **Additional Topic: Reducing Energy and Carbon Footprint** | | |
| **Energy** | | |
| 302-1 | Energy Consumption within the organisation | Reducing Energy and Carbon Footprint (Pages 75 – 77) |
| 302-3 | Energy intensity | Reducing Energy and Carbon Footprint (Pages 75 – 77) |
| 302-4 | Reduction of energy consumption | Reducing Energy and Carbon Footprint (Pages 75 – 77) |
| **Emissions** | | |
| 305-1 | Direct (Scope 1) GHG emissions | Reducing Energy and Carbon Footprint (Page 75) |
| 305-2 | Energy Indirect (Scope 2) GHG emissions | Reducing Energy and Carbon Footprint (Page 76) |
| 305-4 | GHG emissions intensity | Reducing Energy and Carbon Footprint (Pages 75 – 76) |
| **Additional Topic: Fair Employment Practices** | | |
| **Management Approach** | | |
| 103-1 | Explanation of the material topic and its Boundary | Fair Employment Practices (Page 74) |
| 103-2 | The management approach and its components | Fair Employment Practices (Page 74) |
| 103-3 | Evaluation of the management approach | Fair Employment Practices (Page 74) |
| **Additional Topic: Water Management** | | |
| **Management Approach** | | |
| 103-1 | Explanation of the material topic and its Boundary | Water Management (Page 78) |
| 103-2 | The management approach and its components | Water Management (Page 78) |
| 103-3 | Evaluation of the management approach | Water Management (Page 78) |
| **Water** | | |
| 303-1 | Water withdrawal by source | Water Management (Page 78) |

# CORPORATE GOVERNANCE REPORT

## INTRODUCTION

One of the Trust's core values is good corporate governance, and this goes beyond the implementation of forms of best practices and structures, internal checks and balances, transparency and compliance.

The Trustee-Manager believes that effective corporate governance is critical to its performance and consequently, to the success of the Trust. The Trustee-Manager remains focused on complying with the principles of the Code of Corporate Governance 2012 (Code). The Trustee-Manager is committed to regularly improving its corporate governance practices. It develops and maintains adequate policies and practices to meet the specific business needs of the Trust on an ongoing basis.

This section sets out the corporate governance practices adopted by the Trust in FY17/18, with reference to the Code and relevant regulations. Where there are deviations from the principles and guidelines of the Code and relevant regulations, an explanation has been provided within this section.

## THE TRUSTEE-MANAGER

The Trust is a business trust constituted under the Singapore Business Trusts Act, Chapter 31A, and is listed on the Main Board of the Singapore Exchange Securities Trading Limited (SGX-ST). It is principally regulated by:

(i) the Securities and Futures Act, Chapter 289 (SFA);
(ii) the Business Trusts Act, Chapter 31A (BTA);
(iii) the Listing Manual of SGX-ST (Listing Manual); and
(iv) the Trust Deed.

The Trust has also voluntarily adopted certain key provisions of the Code on Collective Investment Schemes (CIS Code), issued by the Monetary Authority of Singapore (MAS), in particular, the Property Funds Appendix under Appendix 6 of the CIS Code.

The Trustee-Manager was appointed in accordance with the terms of the Trust Deed. Pursuant to the Trust Deed, the Trustee-Manager's main responsibility is to manage the Trust's assets and liabilities for the benefit of the Unitholders of the Trust. The Trustee-Manager sets the strategic business direction of the Trust and is also responsible for the capital and risk management of the Trust. Other key functions and responsibilities of the Trustee-Manager include:

(i) conducting all transactions on behalf of the Trust at arm's length, using best endeavours;
(ii) developing and implementing the Trust's business plan and budget;
(iii) ensuring compliance with prevailing laws and regulations, such as those contained in the Listing Manual, the adopted key provisions of the CIS Code including the Property Funds Appendix issued by the MAS, the SFA, the BTA, as well as the Trustee-Manager's obligations under the Trust Deed;
(iv) ensuring the execution of works by the appointed Property Manager that provides property management, marketing and project management services for the properties held by the Trust, pursuant to the relevant property management agreement;
(v) maintaining a framework of prudent and effective controls which enables financial, operational and compliance risks to be assessed and managed; and
(vi) managing regular communications with Unitholders and any necessary announcements in accordance with the Listing Manual.

# CORPORATE GOVERNANCE REPORT

In executing its responsibilities to the Trust, the Trustee-Manager has adopted a set of internal guidelines and financial regulations which sets out the approval limits for, amongst others, capital expenditure, foreign exchange management, procurement of goods and services, new investments and divestments, and the operation of bank accounts.

The Trustee-Manager has also considered sustainability issues (including environmental and social factors) as part of its responsibilities. The Trust's environmental sustainability and community outreach programmes are set out on pages 58 to 82 of this Annual Report.

The Board of Directors of the Trustee-Manager (Board) comprises competent and experienced individuals who have considerable experience in the real estate industry and/or other relevant fields of business. The Board oversees the Trustee-Manager and ensures primarily, that the interests of the Unitholders are always upheld above the interests of the Trustee-Manager and its shareholder/sponsor.

The Trust Deed outlines the circumstances where the Trustee-Manager can be retired/removed, which include the proposal and passing of a resolution by a majority being greater than 75.0% of the total number of votes cast at a meeting of Unitholders duly convened in accordance with the provisions of the Trust Deed.

## (A) BOARD MATTERS

### PRINCIPLE 1: THE BOARD'S CONDUCT OF AFFAIRS

#### Primary Functions of the Board of Directors of the Trustee-Manager

The Board is responsible for the overall management and corporate governance of the Trustee-Manager and the Trust, including establishing and monitoring the goals for the management team of the Trustee-Manager (Management), reviewing Management's performance, setting directions for the Trustee-Manager and the Trust, ensuring that necessary financial and human resources are in place for the Trustee-Manager to meet its objectives and that Unitholders' interests are safeguarded. In addition, the Board has established an oversight framework for the Trustee-Manager and the Trust, including a system of internal controls, which enables risks to be assessed and managed.

Each Director of the Board has objectively discharged his or her duties and responsibilities at all times as fiduciaries in the interests of the Trustee-Manager and the Trust.

#### Delegation by the Board

The Trust is externally managed by the Trustee-Manager and accordingly, it has no employees. The Trustee-Manager appoints experienced and well-qualified executives to handle its day-to-day operations and administration in accordance with the policies and strategy set by the Board.

The financial regulations of the Trust provide for clear and written guidelines, including setting forth the various approval limits and directions on matters that require the Board's approval. The Board approves transactions exceeding certain limits, while delegating authority for transactions below those limits to the Investment Committee (IC). The IC currently comprises four Directors, two of whom are Independent Directors. The 4 members currently on the IC are Mr Manohar Khiatani (IC Chairman), Mr Jonathan Yap Neng Tong, Mr Girija Prasad Pande and Mr T.V. Mohandas Pai. The authority for the approval of operating transactions below a certain level is further delegated to the Management, to facilitate operational efficiency.

Some of the matters which are reserved for the Board's approval, in accordance with the financial regulations of the Trust, include the following:

(i) acquisition, development and disposal of properties that exceed the IC's limits;
(ii) corporate and financial transactions that exceed the IC's limits;
(iii) remuneration for the Chief Executive Officer (CEO) and key executive officers of the Trustee-Manager for its shareholder's approval; and
(iv) division of responsibilities between the Chairman and the CEO.

The Management monitors changes to regulations, policies and financial reporting standards and any changes that have significant impact on the Trust and its disclosure obligations are promptly brought to the attention of the Board, either during Board meetings or via circulation of Board papers.

The Board has, without abdicating its responsibility, established various committees to assist it in discharging its oversight function. These committees have been constituted with clear written terms of reference and they are actively engaged to ensure that the Trustee-Manager is in compliance with good corporate governance. The committees established by the Board are:

- Audit and Risk Committee;
- Investment Committee; and
- Nominating and Remuneration Committee.

Each of these Board Committees has its own terms of reference and operates under delegated authority from the Board, with the Board retaining overall oversight.

### Board and Committee Meetings

The Board meets every quarter to review the financial performance of the Trust. The Board also reviews the risks relating to the assets of the Trust, examines liabilities and comments from the auditors of the Trust and ensures that measures are implemented to address concerns. In each meeting where matters requiring the Board's approval are to be considered, all members of the Board (with the exception of Directors who are required to recuse themselves due to actual or potential conflict of interest) participate in the discussions and deliberations, and resolutions in writing are circulated to all Directors for their consideration and approval. In addition, the Board meets and reviews the Trust's business plan and strategy on an annual basis. When necessary, additional Board meetings are held to approve transactions or resolve issues.

The Constitution of the Trustee-Manager allows the Directors to participate at meetings through telephone conference, video conference or by means of similar communication equipment.

A record of Directors' attendance at Board and Committee meetings for FY17/18 is shown below:

| Name of Director | Board | Audit and Risk Committee | Investment Committee | Nominating Committee(i) | Human Resource and Remuneration Committee(i) |
|---|---|---|---|---|---|
| **Number of Meetings Held** | **6** | **4** | **5** | **1** | **1** |
| Mr Chiang Chie Foo | 6 | – | – | 1 | 1 |
| Mr Manohar Khiatani | 6 | – | 5 | 1 | 1 |
| Mr Jonathan Yap Neng Tong | 6 | 3(iii) | 5 | – | – |
| Mr Sanjeev Dasgupta | 6 | 4(iii) | 5(iii) | 1(iii) | 1(iii) |
| Mr Alan Rupert Nisbet | 6 | 4 | 1(iii) | 1 | 1 |
| Mr T.V. Mohandas Pai | 5 | 4 | 4 | – | – |
| Mr Girija Prasad Pande | 6 | – | 5 | – | – |
| Mr Ng Eng Leng | 6 | 4 | 1(iii) | – | – |
| Mrs Zia Mody(ii) | 1 | 0 | – | – | – |

**Notes:**

(i) The Nominating Committee has merged with the Human Resource and Remuneration Committee to form the Nominating and Remuneration Committee (NRC) with effect from 1 April 2018.

(ii) Mrs Zia Mody was appointed as Independent Director and Member of the Audit and Risk Committee (ARC) on 1 February 2018.

(iii) By Invitation.

## PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE

### Board Composition

The Board presently consists of nine members, six of whom (including the Chairman) are Independent Directors. The composition of the Board therefore complies with the Code, which states that at least one-third of the Board members should be Independent Directors. The Chairman of the Board is Mr Chiang Chie Foo, and the Deputy Chairman of the Board is Mr Manohar Khiatani.

The current composition of the Directors as a group provides an appropriate balance and diversity (including skills, gender, experience, talent and knowledge) relevant to the Trust. The NRC examines the composition of the Board annually to ensure that the Board has the appropriate mix of expertise and experience to facilitate effective decision making.

The Board considers that its composition and balance between Non-Independent and Independent Directors are appropriate and allow for a balanced exchange of views, deliberations and debates among members and effective oversight of the Management.

The Board determines on an annual basis whether or not a Director is independent in accordance with the definition of the Code. The NRC has conducted an annual review of the Directors' independence and based on the NRC's recommendations and subsequent review by the Board, the Board is of the view that the following Directors presently on the Board are independent:

- Mr Chiang Chie Foo;
- Mr Alan Rupert Nisbet;
- Mr T.V. Mohandas Pai;
- Mr Girija Prasad Pande;
- Mr Ng Eng Leng; and
- Mrs Zia Mody.

Mr Manohar Khiatani, Mr Jonathan Yap Neng Tong and Mr Sanjeev Dasgupta are Non-Independent Directors. Mr Khiatani is the Deputy Group Chief Executive Officer of Ascendas-Singbridge Pte. Ltd. (ASB), Mr Yap is the Group Chief Financial Officer of ASB and Mr Dasgupta is the Executive Director and CEO of the Trustee-Manager. ASB is a deemed controlling Unitholder of the Trust and the Trustee-Manager is a wholly-owned subsidiary of ASB.

Mrs Zia Mody is currently a partner of AZB & Partners, which is one of the law firms that the Trust and the Trustee-Manager engage to provide legal services. These services were provided in the ordinary course of business, on arm's length basis and based on normal commercial terms. The Board therefore considers that the relationship set out above did not impair her independence and objectivity.

The Statement on the Composition of the Board of Directors of the Trustee-Manager pursuant to Regulation 12(8) of the Business Trusts Regulations 2005 can be found on page 115 of this Annual Report.

The Board comprises Directors with diverse backgrounds, including governance, real estate, accounting and finance, legal, business, management and strategic planning. The Board actively participates in developing and setting the strategies and goals for Management and reviewing and monitoring Management's performance in driving agreed goals and objectives. The Management benefits from the Board's invaluable and objective perspectives on issues brought before the Board. Members of the Board engage in open and constructive debate and challenge the Management on its assumptions and proposals. The Trustee-Manager has put in place processes to ensure that the Board is well-supported by accurate, complete and timely information. All Directors have unrestricted access to the Management and have sufficient time and resources to effectively discharge their oversight function. In FY17/18, the Directors have provided valuable inputs on the business strategies, and also reviewed and evaluated the performance of the Management.

The profiles of the Directors are set out on pages 14 to 19 of the Annual Report.

### PRINCIPLE 3: CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Chairman and CEO are two separate persons and are not immediate family members. This ensures a balance of power and authority, increased accountability and greater capacity of the Board for independent decision-making. The recommendation in the Code for a lead independent director to be appointed does not apply to the Trustee-Manager as the Chairman is an independent director and is not related to the CEO.

The role of the Chairman includes leading the Board to ensure its effectiveness, encouraging openness and active debate at the Board, facilitating effective contribution of Directors, and ensuring that the Board works together with the Management in a constructive manner to address strategic, business, operational, capital management, risk, corporate governance and financial issues. For Board meetings, the Chairman ensures that agenda is set, Directors receive complete, adequate and timely information and adequate time is available for discussion of all agenda items and strategic issues. At Annual General Meetings (AGM) and other Unitholders' meetings, the Chairman also ensures that there is constructive dialogue between Unitholders, the Board and the Management. In addition, the Chairman promotes high standards of corporate governance in the Trustee-Manager and the Trust.

The CEO of the Trustee-Manager has full executive responsibilities over the business direction and operational decisions in managing the Trust.

### PRINCIPLE 4: BOARD MEMBERSHIP

The Trustee-Manager has established the NRC which comprises 3 Directors, the majority of whom, including the Chairman, are independent. The NRC comprises Mr Chiang Chie Foo, an Independent Director, as Chairman, Mr Alan Nisbet, who is also an Independent Director, and Mr Manohar Khiatani.

In accordance with its written terms of reference, the NRC is responsible for reviewing all Board appointments and re-appointments and oversees the succession and leadership development plans of the Trustee-Manager, with a view to alignment with the Trust's objectives and growth plans. The NRC also reviews annually, and as and when the circumstances require, the independence of Directors, and the structure, size and composition of the Board and makes recommendations to the Board on any changes, in line with the Trust's prevailing business requirements. In addition, the NRC reviews training and professional development programmes for the Board. The NRC has access to expert advice, including but not limited to trends on market practice, from external consultants where required.

Candidates for new Directors may be shortlisted through a search. They may also be nominated by the Trustee-Manager or Ascendas Investment Pte Ltd (AIPL), the sole shareholder of the Trustee-Manager, for endorsement by the NRC. In recommending or endorsing the appointment of new Directors, the NRC takes into consideration the current Board size and composition, including the diversity of skills, experience, gender and knowledge which the new Director can provide to the Trust. The NRC will also meet with the candidates to understand and assess how they can contribute effectively and commit their time to the Trustee-Manager and the Trust.

New Directors are appointed by way of a Board resolution after the NRC recommends or endorses their appointments to the Board for approval. Upon their appointments to the Board, the newly appointed Directors are given a formal letter setting out their duties, obligations and responsibilities, together with a Board Manual containing the Trust Deed and other relevant information and documentation relating to the Trust and the Trustee-Manager. They are also briefed on the business activities of the Trust, its business plan, the regulatory environment in which it operates, its corporate governance practices and their statutory duties and responsibilities as Directors. For first-time Directors, the Trustee-Manager will provide training in areas relating to legal, accounting and finance, and the business environment.

Directors are also updated regularly on revisions to relevant laws and regulations as well as relevant areas that may impact the business, through presentations and briefing sessions. The Trustee-Manager supports Directors who receive further relevant training in connection with their duties.

In the financial year under review, and upon the recommendation of the Code, none of the Independent Directors has served on the Board for more than nine years from the date of their first appointment.

The NRC has adopted internal guidelines addressing competing time commitments that are faced when Directors serve on multiple Boards and/or have other principal commitments. As a guide, Directors should not have more than six listed company Board representations so that they are able to commit time and effort to carry out their duties and responsibilities effectively.

In determining whether to re-nominate a Director, the NRC considers the following:

- whether the Director has given sufficient time and attention to the affairs of the Trustee-Manager and the Trust, in particular, when a Director holds other directorships; and
- whether the Director is able to and has been adequately carrying out his/her duties as Director.

### PRINCIPLE 5: BOARD PERFORMANCE

The Board's performance is reviewed annually to assess the effectiveness of the Board as a whole and its Board Committees and the contributions of each Director to the effectiveness of the Board.

The performance criteria includes assessing the individual Director's commitment, attendance and ability to contribute effectively at meetings, the Board composition, access to information, processes, risk management, Board Committees, strategic planning, accountability and oversight, and standards of conduct.

Each Director is required to complete a Board Performance Evaluation Questionnaire (Questionnaire) and is allowed to individually express his personal and confidential assessment of the Board's overall effectiveness in accomplishing its goals and discharging its responsibilities. It provides insights into the functioning of the Board, whilst identifying areas that might need strengthening and development. Based on the Questionnaire returned by each Director, a consolidated report is prepared and presented to the NRC and the Board. The NRC evaluates the responses and provides its comments and recommendations to the Board on any changes that should be made to help the Board discharge its duties more effectively.

Accordingly, the annual review of the Board's performance was carried out for FY17/18. All the Directors, except for Mrs Zia Mody who was appointed to the Board of Directors on 1 February 2018, had completed the Questionnaire for FY17/18. Based on the results of the Board assessment exercise, the Board is of the view that it has met its performance objectives and each of its members is contributing to the overall effectiveness of the Board and Board Committees.

### PRINCIPLE 6: ACCESS TO INFORMATION

Management provides the Board with complete and adequate information on a regular and timely basis. Directors are provided with tablet devices to enable them to access and read Board and Board Committee papers prior to and during meetings. The information provided includes the background and relevant details on matters to be brought before the Board, updates on financial results, business updates, property information, changes to regulations including India taxation, accounting standards and other relevant matters. In addition, Management provides monthly management accounts to the Directors to keep them updated on the financial performance, position and outlook of the Trust.

At quarterly Board meetings, Directors are updated on developments and changes in the operating environment.

A Board strategy meeting is organised annually for the Board and the Management to discuss strategic issues and formulate plans pertaining to the Trust and the Trustee-Manager. Where appropriate, the Management arranges for the Directors to visit the properties and meet with key tenants and business associates to better apprise the Directors of the business.

In addition, the Board has independent access to the Management, the Joint Company Secretaries, internal and external auditors, at all times. The Board is entitled to request from Management and will be provided with additional information, as needed to make informed decisions, in a timely manner. Where necessary, the Board is also entitled to request for independent professional advice on matters relating to the Trust at the Trustee-Manager's expense to enable Directors to discharge their duties and responsibilities effectively.

The Joint Company Secretaries prepare minutes of Board meetings and proceedings of all Board Committees. They assist the respective Chairmen of the Board and the Board Committees in advising on governance matters and implementing proper procedures for compliance with the Trust Deed and relevant rules, regulations, best practices and internal policies. The Joint Company Secretaries are responsible for ensuring information flows within and among the Board, the Board Committees and the Management. The Joint Company Secretaries also work with the Management to ensure that the Board and the Board Committee papers are provided to the Directors ahead of each meeting. In the financial year under review, all Board and Committee meetings were attended by at least one of the Joint Company Secretaries.

The Joint Company Secretaries and the CEO are the primary channels of communication between the Trustee-Manager and SGX-ST. The appointment and removal of any of the Joint Company Secretaries are subject to the approval of the Board.

## (B) REMUNERATION MATTERS

### PRINCIPLE 7: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES
### PRINCIPLE 8: LEVEL AND MIX OF REMUNERATION
### PRINCIPLE 9: DISCLOSURE ON REMUNERATION

All fees and remuneration payable to Directors, all the key executives and staff of the Trustee-Manager are paid by the Trustee-Manager.

The Trustee-Manager has established the NRC which comprises three Directors, of which two Directors, including the Chairman, are independent. The members of the NRC are Mr Chiang Chie Foo (Chairman), Mr Manohar Khiatani and Mr Alan Rupert Nisbet. The NRC has clear terms of reference and its primary duty and responsibility is to oversee the establishment of the appropriate remuneration policy and framework, provide oversight on the framework of remuneration for the Board and all the key executives, and review and endorse the specific remuneration package for each Director and all the key executives including the CEO. The NRC reviews and approves proposals on the remuneration policy and framework of the Trustee-Manager and has access to independent and expert advice from external consultants whenever required.

The underlying principles governing the Trustee-Manager's remuneration policy for all its key executives are as follows:

(i) reward and motivate employees to work towards achieving the strategic goals and business results of the Trust and the Trustee-Manager; and
(ii) enhance the retention of key talents to build strong organisational capabilities and ensure competitive remuneration relative to the appropriate external talent markets.

The remuneration policy and framework is reviewed periodically for alignment to industry norm and practices as well as the underlying principles. The Trustee-Manager advocates a performance-based remuneration system using both financial and non-financial key performance indicators for all the key executives of the Trustee-Manager. The NRC is also responsible for approving all key performance indicators and targets to drive the performance of the Trust and the Trustee-Manager. The remuneration structure is designed with the objective of retaining, rewarding and motivating each individual to stay competitive and relevant. In arriving at the annual remuneration package for all the key executives including the CEO, the NRC takes into consideration the remuneration policy and framework, performance of the Trustee-Manager in relation to the approved key performance indicators and reference to compensation benchmarks within the industry, as appropriate.

For FY17/18, the total remuneration mix of all the key executives comprises a fixed annual salary, short-term incentives including benefits-in-kind and long-term incentives as set out below:

(i) the fixed annual salary includes a base salary, fixed allowances and compulsory employer's CPF contribution;
(ii) the short-term incentive is linked to the performance of the Trust and each individual. The key performance indicators of the Trust include Distribution per Unit and Net Property Income which are aligned to the interests of the Unitholders; and
(iii) the long-term incentive is tied to the Sponsor's performance which is measured by Total Shareholders' Return. As the Trustee-Manager is a wholly-owned subsidiary of the Sponsor, employees of the Trustee-Manager are part of a larger group which allows the Trustee-Manager to increase its flexibility and effectiveness to reward and motivate them with better career prospects. The Trustee-Manager will be in an advantageous position to attract and retain qualified key executives and employees. This will also provide continual development of talent and renewal of leadership for sustaining the long-term business growth of the Trust. Therefore, the rationale for granting the long-term incentive is aligned with Unitholders' interests. The long-term incentive payout is conditional upon the achievement of pre-determined performance targets set by the Ascendas-Singbridge Board for a performance period of three years, which includes the performance and growth of the Trust.

The NRC is of the view that remuneration is aligned to FY17/18 performance and that all of the performance conditions used to determine the remuneration of Directors and all the key executives of the Trustee-Manager were met.

The Trustee-Manager has decided (a) to disclose the CEO's remuneration in bands of S$250,000 (instead of on a quantum basis), (b) not to disclose the remuneration of the other key executives of the Trustee-Manager in bands of S$250,000, and (c) to disclose the total remuneration of all key executives of the Trustee-Manager (including the CEO). The Trustee-Manager's decision takes into consideration the sensitive and confidential nature of remuneration matters and the importance of the continuity of a stable management team in the competitive environment which the Trustee-Manager operates. The Trustee-Manager is of the view that disclosure in such manner is not prejudicial to the interests of the Unitholders as the indicative range for the CEO's remuneration, as well as the total remuneration of all key executives (including the CEO), is made known to the Unitholders. In addition, sufficient information is provided on the Trustee-Manager's remuneration framework to enable the Unitholders to understand the link between the Trust's performance and the remuneration of all key executives (including the CEO). Lastly, the remuneration of all key executives (including the CEO) of the Trustee-Manager is paid out of the fee that the Trustee-Manager receives (of which the quantum and basis have been disclosed), rather than assets of the Trust.

Remuneration of the Directors and all the key executives of the Trustee-Manager is paid in cash. There were no employees of the Trustee-Manager who were immediate family members of a Director or the CEO in FY17/18. 'Immediate family member' refers to spouse, child, adopted child, step-child, sibling or parent of the individual.

No compensation is payable to any Director, key executive or staff of the Trustee-Manager in the form of options in units or pursuant to any bonus or profit-sharing plan or any other compensation relating to any profit-linked agreement or arrangement, under the service contracts.

Directors' fees are reviewed and endorsed by the NRC. The fees[i] payable to the Non-Executive Directors of the Trustee-Manager for FY17/18 are as follows:

| Non-Executive Directors | S$ |
|---|---|
| Mr Chiang Chie Foo | 128,000 |
| Mr Manohar Khiatani[ii] | 100,000 |
| Mr Jonathan Yap Neng Tong[ii] | 73,500 |
| Mr Alan Rupert Nisbet | 100,500 |
| Mr T.V. Mohandas Pai | 90,000 |
| Mr Girija Prasad Pande | 70,500 |
| Mr Ng Eng Leng | 70,500 |
| Mrs Zia Mody | 10,400 |

**Notes:**

(i) Inclusive of attendance fees of (a) S$1,000 per meeting attendance (in person, or via teleconferencing or video conferencing), (b) ad-hoc meeting with Management of S$500 per meeting attendance and, (c) an additional of S$500 per day for overseas attendance allowance. Directors' fees are subject to the approval of the Trustee-Manager's parent entity.

(ii) The Directors' fees for Mr Manohar Khiatani and Mr Jonathan Yap Neng Tong (payable to AIPL, a wholly-owned subsidiary of Ascendas Pte Ltd) were waived by AIPL.

The remuneration of the CEO in bands of S$250,000, and a breakdown of the remuneration of all key executives (including the CEO) of the Trustee-Manager in percentage terms, are provided below:

### Key Executives' Remuneration for FY17/18

| Total Remuneration Bands | Fixed Compensation and Employer's CPF[1] | Short-term Incentives and Employer's CPF[2] | Long-term Incentives[3] | Total |
|---|---|---|---|---|
| **Above S$1,000,000 to S$1,250,000** | | | | |
| Mr Sanjeev Dasgupta | 38% | 57% | 5% | 100% |
| **Key Executives (excluding CEO)** | | | | |
| Mr Tan Choon Siang[4] | 58% | 38% | 4% | 100% |
| Mr James Goh Chat Shen | | | | |
| Mr Ram Soundararajan | | | | |
| Mr Arthur Tan Meng Teck[5] | | | | |
| **Total for all key executives (including CEO):** | **S$2,316,274** | | | |

**Notes:**

(1) The amount disclosed includes base salary, Annual Wage Supplement, allowances, other fixed benefits and employer's CPF contributions accrued for FY17/18. The Trustee-Manager moved from a 13-month to a 12-month fixed compensation from 1 July 2017.

(2) The amount disclosed includes bonuses and other variable benefits accrued for FY17/18.

(3) This refers to the FY17/18 grant. The payout will be based on the achievement of pre-determined performance targets over a period of three years.

(4) Mr Tan Choon Siang was appointed as Chief Financial Officer with effect from 28 July 2017. The fixed remuneration and short-term incentives disclosed are pro-rated based on his service period.

(5) Mr Arthur Tan Meng Teck's last day of service as Chief Financial Officer was 28 July 2017. His eligibility for both FY17/18 short-term incentive and long-term incentive granted during the financial year with the Trustee-Manager shall lapse in accordance with the Trustee-Manager's policy.

## (C) ACCOUNTABILITY AND AUDIT

### PRINCIPLE 10: ACCOUNTABILITY

The Board is responsible for providing a balanced and comprehensive assessment of the Trust's performance, position and prospects, including interim and other price-sensitive public reports and reports to the regulators, if required. Financial reports and other price-sensitive information are disseminated to Unitholders through announcements via the SGXNET, press releases, the Trust's website, media and briefings to analysts. The Annual Report is sent to all Unitholders and is accessible on the Trust's website.

The Board has unrestricted access to information from the Management and the Management regularly provides the Board with reports on the Trust's performance, position and prospects to enable the Board to make a balanced and informed assessment of the performance, position and prospects of the Trust. Such reports include the Consolidated Income Statement, the Statement of Financial Position, a comparison of actuals against budgets and explanatory notes for significant variances for the month and year-to-date performance.

The Trustee-Manager had, pursuant to the amended Rule 720(1) of the Listing Manual of the SGX-ST, received undertakings from all its Directors and key management that they each shall, in the exercise of their powers and duties as directors and officers, use best endeavours to comply with the provisions of the SGX-ST's listing rules, the SFA, the Code of Takeovers & Mergers, and the Companies Act and will also procure compliance by the Trustee-Manager.

### PRINCIPLE 11: RISK MANAGEMENT AND INTERNAL CONTROLS

### INTERNAL CONTROLS

#### Risk Management and Internal Controls

The key risks and internal controls of the Trust have been identified by the Board working with Management and with assistance from KPMG LLP (KPMG), the appointed internal auditor. The risks are categorised under strategic, financial, operational and compliance risk areas. There are documented procedures in place that cover certain management accounting, financial reporting, project appraisal, compliance and other risk management issues. The Board's approach to risk management and the identified financial risk factors are outlined in Note 28 of the Financial Statements of the Trust.

The Board regularly reviews the business risks of the Trust and examines liability management and risks including those relating to the India property sector. The overall framework established by the Board to enhance the soundness of the Trust's financial reporting, risk management, compliance and internal control systems includes:

- formulation and implementation of an enterprise risk management framework which comprises a risk register and related internal controls to mitigate such risks, which is regularly reviewed by the Board;
- audits performed by an internal auditor in accordance with the audit plan;
- process improvement initiatives undertaken by the asset companies;
- implementation of formal policies and procedures relating to the delegation of authority;
- involvement of experienced and suitably qualified employees who take responsibility for important business functions; and
- segregation of key functions which may give rise to possible errors or irregularities.

The ARC assists the Board in examining the adequacy and effectiveness of the Trust's risk management policies to ensure that a robust risk management system is maintained. The ARC reviews and guides Management in the formulation of risk policies and processes to effectively identify, evaluate and manage any material risks. The ARC reports to the Board material findings and makes recommendations in respect of any material risk issues.

In the course of their statutory audit, the external auditor had considered the risk assessment conducted by the internal auditor. Any material non-compliance and internal control weakness, together with the internal auditor's recommendations to address them, are reported to the ARC.

The Trust also has insurance coverage and a business continuity plan.

### Whistleblowing Policy

The Trustee-Manager adopts a zero-tolerance approach towards fraud. The Board has put in place a whistleblowing policy and procedures which provide employees with well-defined and accessible channels for reporting suspected fraud, corruption, dishonest practices or other similar matters and for appropriate follow-up action to be taken. The policy and procedures aim to encourage the reporting of such matters in good faith, with confidence on the part of employees making such reports, that they will be treated fairly and, to the extent possible, be protected from reprisal.

### Directors' Opinion on Internal Controls

The CEO and the Chief Financial Officer (CFO) have provided their confirmation to the Board that to the best of their knowledge, based on outcomes of on-going reviews on risk management and internal controls, and in the absence of contradictory evidence, the system of risk management and internal controls is adequate and effective, financial records have been properly maintained and the financial statements give a true and fair review of the Trust's operations and finances.

The Board recognises the importance of sound internal controls and risk management practices for good corporate governance. The Board affirms its overall responsibility for systems of internal controls and risk management of the Trust, and for reviewing the adequacy and integrity of those systems on an annual basis. The internal control and risk management functions are performed by key executives of the Trustee-Manager with oversight by the ARC.

The internal control systems include the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation, regulations and best practice, and the management of business risks. Such systems are designed to manage rather than to eliminate the risk of failure to achieve business objectives and provide only reasonable, and not absolute, assurance against material misstatement or loss. The Board also notes that all internal control systems contain inherent limitations and no system of internal controls can provide absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error, fraud or other irregularities.

Based on the system of risk management and internal controls established and maintained by the Trustee-Manager, work performed by the internal and external auditors, reviews performed by the Management, various Board Committees and the Board, and the assurance from the CEO and CFO of the Trustee-Manager, the Board concurs with the ARC and is of the opinion that the system of risk management and internal controls addressing material financial, operational, compliance and information technology risks of the Trust and its subsidiaries were adequate and effective as at 31$^{st}$ March 2018 in addressing material risks.

## PRINCIPLE 12: AUDIT AND RISK COMMITTEE

The ARC comprises Mr Alan Nisbet as Chairman, Mr Mohandas Pai, Mr Ng Eng Leng and Mrs Zia Mody. All ARC members, including the Chairman, are considered independent.

The Board is of the view that the members of the ARC bring with them invaluable recent and relevant managerial and professional expertise and experience in the areas of accounting, financial management and legal and hence, are appropriately qualified to discharge their responsibilities. Mr Nisbet and Mr Pai have extensive accounting and related financial management expertise and experience while Mr Ng and Mrs Mody are qualified lawyers with considerable experience and expertise.

The core functions and the responsibilities of the ARC, as set out in the ARC's written terms of reference, comprise oversight of the integrity of the financial statements and related disclosures, oversight, assessment and review of internal controls, review of the internal and external auditors' findings on internal controls, making recommendations to the Board on the appointment/re-appointment of the auditors and the remuneration of the auditors. The ARC also reviews the quality and reliability of information prepared for inclusion in financial reports. The ARC is responsible for the nomination of external auditor and reviewing the adequacy of existing audits in respect of cost, scope and performance. The ARC also reviews the quarterly and annual financial statements before submission to the Board for approval, including the Interested Person Transactions (IPT). The ARC has authority to investigate any matter within its terms of reference, has full access to and co-operation of Management and full discretion to invite any Director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly.

For FY17/18, the ARC held four meetings during the year. The ARC has reviewed the external and internal auditors' findings. The ARC also met with the external and internal auditors, in each case without the presence of the Management. The ARC is satisfied with the processes put in place to mitigate fraud risk exposure in the Trust. The ARC is also satisfied that the whistleblowing arrangements put in place by the Management provide a channel through which staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. The external auditor has updated the ARC on changes to accounting standards and issues which have a direct impact on financial statements, during the ARC meetings in FY17/18.

In the review of the financial statements, the ARC has discussed the key audit matters with Management and the external auditor. The ARC concurs with the basis and conclusions included in the auditors' report with respect to the key audit matters.

### External Audit

Ernst & Young LLP (EY) was appointed as the external auditor for the Trust and its Singapore incorporated subsidiaries and significant associated companies. Unitholders' approval was obtained for their re-appointment at the last AGM on 13th July 2017. EY will hold office until the conclusion of the coming AGM. The ARC has assessed the performance of the external auditor based on factors such as the performance and quality of their audit and the independence of the auditor and has also met with the external auditor without the presence of the Management.

The Trustee-Manager confirms that it has complied with Rules 712(1) and 715 of the Listing Manual of the SGX-ST as EY is registered with the Accounting and Corporate Regulatory Authority.

To assess the independence of the external auditor, the ARC also reviewed the non-audit services provided by the external auditor during the financial year and the quantum of fees paid for such services. The ARC is satisfied that the independence of the external auditor was not compromised in any way by the provision of such non-audit services.

The table below sets out the fees and expenses paid/accrued to EY for FY17/18:

| Nature of Services | Figures in S$'000 | % |
|---|---:|---:|
| Audit fees | 311 | 78 |
| Non-audit fees | 89 | 22 |
| Total | 400 | 100 |

On the basis of the above, the Board has concurred with the ARC's recommendation of the re-appointment of EY as the independent external auditor of the Trust and its subsidiaries at the coming AGM of the Unitholders. None of the members of the ARC are former partners or directors of the Trust's and/or Trustee-Manager's external auditor.

### PRINCIPLE 13: INTERNAL AUDIT

The internal auditor assists the ARC in ensuring that the Management maintains a sound system of internal controls by regular monitoring of key controls and procedures and ensuring their continued effectiveness. In the financial year under review, the internal audit function of the Trust was carried out by KPMG.

The ARC ensures that the internal audit function is adequately resourced and has appropriate standing with the Trustee-Manager. Staffed by qualified executives, KPMG has unrestricted access to the ARC and all the Trustee-Manager's documents, records, properties and officers. KPMG reports to the Chairman of the ARC and is guided by the Standards for the Professional Practice of Internal Auditing. During the year, KPMG adopted a risk-based auditing approach covering financial, operational and compliance controls. Internal audits were carried out on all subsidiaries of the Trust. Internal audit reports were submitted to the ARC for review and the summary of findings and recommendations were discussed at the ARC meetings.

The ARC has reviewed the effectiveness of the internal audit function for the financial year under review and is satisfied of its adequacy and independence from the activities it audits.

## (D) UNITHOLDERS' RIGHTS

### PRINCIPLE 14: UNITHOLDERS' RIGHTS
### PRINCIPLE 15: COMMUNICATION WITH UNITHOLDERS
### PRINCIPLE 16: CONDUCT OF UNITHOLDERS' MEETINGS

The Trustee-Manager is committed to open and regular communication with the investment community, in particular, with its Unitholders. Quarterly results with detailed financial and operational metrics are publicly available on the Trust's and SGX-ST's websites. The Trust's website also contains the Trust's disclosed financial information, annual reports, investor presentation slides, distribution notices, press releases and other material developments announced through the SGX-ST's website.

Investor relations matters are handled by the Management. The Management meets with analysts and institutional investors regularly to promote the Trust, communicate its business performance and developments, and gather views and feedback. The Management participates in local and overseas conferences organised by securities houses and banks. The Management also addresses queries raised by retail Unitholders via phone calls, emails or the website. Such regular interactions allow the Management to consider feedback from the investment community before formulating capital management strategies and Unitholders' resolutions. An investor relations policy has been put in place as part of the Management's commitment to provide timely and transparent information to the investment community.

For the forthcoming AGM, the Board will be in attendance to address Unitholders' queries. EY, the external auditor for the Trust, has also been invited to attend the AGM and assist Directors in addressing queries from Unitholders relating to the conduct of the audit and the preparation and content of the audited financial statements of the Trust.

The Board fully supports Unitholders' participation at AGMs and Unitholders are accorded the opportunity to raise relevant questions and to communicate their views. A registered Unitholder may, through proxy forms sent in advance, appoint up to two proxies to attend and vote. The Trustee-Manager has also taken measures to cater for the newly introduced multiple proxy regime, in anticipation of attendance by beneficial Unitholders at General Meetings. To ensure transparency, the Trustee-Manager has employed electronic poll voting since the AGM in 2012. All votes cast for or against and their respective percentages will be displayed 'live' immediately at the meeting after the conduct of each poll. It also promptly issues a detailed announcement of the poll results (both in absolute numbers and percentages of votes cast for and against a resolution) on SGX-ST's website after the close of the General Meeting.

The Company Secretaries prepare minutes of Unitholders' meetings, which incorporate substantial comments or queries from Unitholders and responses from the Board and the Management. These minutes are available to Unitholders upon request in writing.

## (E) ADDITIONAL INFORMATION

### DEALINGS IN UNITS

The Trust has adopted a trading policy based on SGX-ST's best practices on dealings in securities. Directors and employees of the Trustee-Manager and relevant employees of the Trustee-Manager's related corporations are reminded that dealing in the Units is prohibited:

- during the period commencing one month before the announcement of the Trust's annual financial results and two weeks before the announcement of the Trust's quarterly financial results, and ending on the date of announcement of the relevant results; and
- at any time while in possession of price sensitive information.

The policy also discourages trading on short-term considerations.

Each Director of the Trustee-Manager is required to give notice in writing to the Trustee-Manager of his or her acquisition of Units or changes to the number of Units held in his or her interest, within two business days after such Director is appointed or upon the occurrence of any of the aforesaid events.

All dealings in Units by Directors will be announced via the SGXNET and the announcement will be posted on the SGX-ST's website http://www.sgx.com and on the Trust's website http://www.a-itrust.com.

In addition, the Trustee-Manager will announce on the SGX-ST the particulars of its holdings in the Units and any changes thereto, by the end of the business day following the day on which it acquires or disposes of any Units.

# CORPORATE GOVERNANCE REPORT

## DEALING WITH CONFLICTS OF INTEREST

The Trustee-Manager has put in place several procedures to address potential conflicts of interest which the Trustee-Manager (including its Directors, executive officers and employees) may encounter in managing the Trust. Examples of these are:

(i) the Trustee-Manager will be a dedicated manager to the Trust and will not manage any other business trust or be involved in any other real estate or property business;
(ii) all executive officers are employed by the Trustee-Manager;
(iii) the entry into any IPT above S$100,000 must be reviewed by the ARC. The review procedures for IPT are set out below;
(iv) in respect of matters in which Temasek, JTC and/or their subsidiaries (which include ASB) has a direct or indirect interest, any nominees appointed by Temasek, JTC or any of its subsidiaries to the Board shall abstain from voting. In such matters, the quorum must comprise a majority of the Independent Directors of the Trustee-Manager and must exclude the representatives or nominees of Temasek, JTC and/or their subsidiaries; and
(v) the Trustee-Manager and its associates (as defined in the Trust Deed) are prohibited under the Trust Deed from voting on their Units at, or being part of a quorum for, any meeting of Unitholders convened to approve any matter in which the Trustee-Manager or any of its associates has a material interest in the business to be conducted (save for a resolution to remove the Trustee-Manager as provided in the Trust Deed).

## DEALING WITH INTERESTED PERSON TRANSACTIONS

### Review Procedures for Interested Person Transactions

The Trustee-Manager has established internal control procedures to ensure that all transactions involving the Trustee-Manager and an Interested Person of the Trustee-Manager are undertaken on an arm's length basis and on normal commercial terms, which are generally no more favourable than those extended to unrelated third parties. The Trustee-Manager would have to demonstrate this to the ARC, which may include obtaining (where practicable) quotations from parties unrelated to the Trustee-Manager, or obtaining a valuation from an independent valuer. In addition, regulatory requirements relating to IPT, including the need for approvals and disclosure, are strictly observed by the Trustee-Manager.

Where matters concerning the Trust relate to transactions entered into or to be entered into by the Trustee-Manager for and on behalf of the Trust with an Interested Person of the Trustee-Manager, the Trustee-Manager is required to ensure that such transactions are conducted at arm's length in accordance with all applicable requirements of the Listing Manual relating to the transaction in question. If the Trustee-Manager is to sign any contract with an Interested Person of the Trustee-Manager, the Trustee-Manager will review the contract to ensure that it complies with the requirements relating to IPT in the Listing Manual (as may be amended from time to time) as well as such other guidelines as may from time to time be prescribed by the MAS and the SGX-ST.

All IPT will be subject to regular reviews by the ARC and any IPT requiring disclosure are set out in the Annual Report.

In addition, the following procedures have been undertaken:

(i) 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 3.0 per cent. of the Trust's net tangible assets will be subject to review by the ARC at regular intervals;

(ii) 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 3.0 per cent. of the Trust's net tangible assets but below 5.0 per cent. of the Trust's net tangible assets will be subject to the review and prior approval of the ARC. Such approval shall only be given if the transactions are on arm's length commercial terms and consistent with similar types of transactions made by the Trustee-Manager with third parties which are unrelated to the Trustee-Manager; and

(iii) 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 5.0 per cent. of the Trust's net tangible assets will be reviewed and approved by the ARC prior to such transactions being entered into, which may, as it deems fit, request advice on the transaction from independent sources or advisers, including obtaining valuations from professional valuers. Furthermore, under the Listing Manual, such transactions would have to be approved by the Unitholders at a meeting of Unitholders duly convened and held in accordance with the provisions of the Trust Deed.

The Trustee-Manager maintains a register to record all IPT (and the basis, including, where practicable, the quotations obtained to support such basis, on which they are entered into) which are entered into by the Trust. The Trustee-Manager incorporates into its internal audit plan a review of all IPT entered into by the Trust. The ARC reviews the internal audit reports to ascertain that the guidelines and procedures established to monitor IPT have been complied with.

The Trustee-Manager discloses in the Trust's Annual Report the aggregate value of IPT conducted during the relevant financial year.

# CORPORATE GOVERNANCE REPORT

## CORPORATE GOVERNANCE DISCLOSURE GUIDE

| Guideline | Questions | How has the Trust complied? |
|---|---|---|
| General | (a) Has the Trust complied with all the principles and guidelines of the Code? If not, please state the specific deviations and the alternative corporate governance practices adopted by the Trust in lieu of the recommendations in the Code. | Yes, save for the guidelines on disclosure of remuneration where the Trustee-Manager has provided the reasons on page 91 where partial disclosure was made in relation to the remuneration of all key executives (including CEO) of the Trustee-Manager. |
| | (b) In what respect do these alternative corporate governance practices achieve the objectives of the principles and conform to the guidelines in the Code? | The remuneration matters on pages 90 to 92 enable investors to understand the link between remuneration paid to the Directors and key executive officers and performance. |
| **Board Responsibility** | | |
| Guideline 1.5 | What are the types of material transactions which require approval from the Board? | Please refer to Principle 1 on the Board's Conduct of Affairs. |
| **Members of the Board** | | |
| Guideline 2.6 | (a) What is the Board's policy with regard to diversity in identifying director nominees? | Please refer to Principle 2 on Board Composition and Guidance. |
| | (b) Please state whether the current composition of the Board provides diversity on each of the following – skills, experience, gender and knowledge of the Trust, and elaborate with numerical data where appropriate. | Please refer to Principle 2 on Board Composition and Guidance. The current composition of the Board provides diversity in relation to skills, experience, gender and knowledge. |
| | (c) What steps has the Board taken to achieve the balance and diversity necessary to maximize its effectiveness? | Please refer to Principle 2 on Board Composition and Guidance, and Principle 4 on Board Membership. |
| Guideline 4.6 | Please describe the board nomination process for the Trust in the last financial year for (i) selecting and appointing new directors and (ii) re-electing incumbent directors. | Please refer to Principle 4 on Board Membership and Guidance, and Principle 5 on Board Performance. |
| Guideline 1.6 | (a) Are new directors given formal training? If not, please explain why. | Yes. Please refer to Principle 4 on Board Membership. |
| | (b) What are the types of information and training provided to (i) new directors and (ii) existing directors to keep them up-to-date? | Please refer to Principle 4 on Board Membership. |

# CORPORATE GOVERNANCE REPORT

| Guideline | Questions | How has the Trust complied? |
|---|---|---|
| Guideline 4.4 | (a) What is the maximum number of listed company board representations that the Trust has prescribed for its directors? What are the reasons for this number? | As a guide, Directors should not have more than 6 listed company board representations. Please refer to Principle 4 on Board Membership. |
| | (b) If a maximum number has not been determined, what are the reasons? | Please refer to the response to Guideline 4.4(a) above. |
| | (c) What are the specific considerations in deciding on the capacity of directors? | Please refer to Principle 4 on Board Membership and Principle 5 on Board Performance. |
| **Board Evaluation** | | |
| Guideline 5.1 | (a) What was the process upon which the Board reached the conclusion on its performance for the financial year? | Please refer to Principle 5 on Board Performance. |
| | (b) Has the Board met its performance objectives? | Based on the Board evaluation exercise conducted by the Trustee-Manager, the Board is satisfied that it has achieved its performance objectives for FY17/18 and that all Directors have demonstrated full commitment to their roles and contributed effectively to the discharge of their duties. Please refer to Principle 5 on Board Performance. |
| **Independence of Directors** | | |
| Guideline 2.1 | Does the Trust comply with the guideline on the proportion of independent directors on the Board? If not, please state the reasons for the deviation and the remedial action taken by the Trust. | Yes. Please refer to Principle 2 on Board Composition and Guidance. |
| Guideline 2.3 | (a) Is there any director who is deemed to be independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent? If so, please identify the director and specify the nature of such relationship. | No. |
| | (b) What are the Board's reasons for considering him independent? Please provide a detailed explanation. | Not applicable. |
| Guideline 2.4 | Has any independent director served on the Board for more than nine years from the date of his first appointment? If so, please identify the director and set out the Board's reasons for considering him independent. | Not applicable. None of the Independent Directors has served on the Board for more than nine years from the date of their first appointment. |

| Guideline | Questions | How has the Trust complied? |
|---|---|---|
| **Disclosure on Remuneration** | | |
| Guideline 9.2 | Has the Trust disclosed each director's and the CEO's remuneration as well as a breakdown (in percentage or dollar terms) into 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? If not, what are the reasons for not disclosing so? | Please refer to Principle 7 on Procedures for Developing Remuneration Policies, Principle 8 on Level and Mix of Remuneration, and Principle 9 on Disclosure on Remuneration. The Trustee-Manager has also provided the reasons for non-disclosure on page 91 of the Corporate Governance Report in relation to the CEO's remuneration. |
| Guideline 9.3 | (a) Has the Trust disclosed each key management personnel's remuneration, in bands of S$250,000 or in more detail, as well as a breakdown (in percentage or dollar terms) into 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? If not, what are the reasons for not disclosing so? | Please refer to page 91 of the Corporate Governance Report where the Trustee-Manager has provided reasons for the non-disclosure of the key executives' (excluding CEO) remuneration. |
| | (b) Please disclose the aggregate remuneration paid to the key management personnel (who are not directors or the CEO). | Please refer to the response to Guideline 9.3(a) above. |
| Guideline 9.4 | Is there any employee who is an immediate family member of a director or the CEO, and whose remuneration exceeds S$50,000 during the year? If so, please identify the employee and specify the relationship with the relevant director or the CEO. | There were no employees of the Trustee-Manager who were immediate family members of a Director or the CEO during FY17/18. |
| Guideline 9.6 | (a) Please describe how the remuneration received by executive directors and key management personnel has been determined by the performance criteria. | Please refer to pages 90 to 92 on key executives' remuneration. |
| | (b) What were the performance conditions used to determine their entitlement under the short-term and long-term incentive schemes? | Please refer to the response to Guideline 9.6(a) above. |
| | (c) Were all of these performance conditions met? If not, what were the reasons? | Yes, please refer to the response to Guideline 9.6(a) above. |
| **Risk Management and Internal Controls** | | |
| Guideline 6.1 | What types of information does the Trust provide to independent directors to enable them to understand its business, the business and financial environment as well as the risks faced by the Trust? How frequently is the information provided? | Please refer to Principle 6 on Access to Information and Principle 11 on Risk Management and Internal Controls. |

# CORPORATE GOVERNANCE REPORT

| Guideline | Questions | How has the Trust complied? |
|---|---|---|
| Guideline 13.1 | Does the Trust have an internal audit function? If not, please explain why. | Yes, the internal audit function is outsourced to KPMG, an international audit firm. Please refer to Principle 13 on Internal Audit. |
| Guideline 11.3 | (a) In relation to the major risks faced by the Trust, including financial, operational, compliance, information technology and sustainability, please state the bases for the Board's view on the adequacy and effectiveness of the Trust's internal controls and risk management systems. | Please refer to Principle 11 on Risk Management and Internal Controls. |
| | (b) In respect of the past 12 months, has the Board received assurance from the CEO and the CFO as well as the internal auditor that: (i) the financial records have been properly maintained and the financial statements give true and fair view of the Trust's operations and finances; and (ii) the Trust's risk management and internal control systems are effective? If not, how does the Board assure itself of points (i) and (ii) above? | Yes. Please refer to page 94 of the Corporate Governance Report on Directors' Opinion on Internal Controls. |
| Guideline 12.6 | (a) Please provide a breakdown of the fees paid in total to the external auditors for audit and non-audit services for the financial year. | Please refer to Principle 12 on Audit and Risk Committee. |
| | (b) If the external auditors have supplied a substantial volume of non-audit services to the Trust, please state the bases for the Audit Committee's view on the independence of the external auditors. | Please refer to pages 95 to 96 of the Corporate Governance Report on External Audit. |
| **Communication with Shareholders** | | |
| Guideline 15.4 | (a) Does the Trust regularly communicate with shareholders and attend to their questions? How often does the Company meet with institutional and retail investors? | Yes. Please refer to Principle 14 on Unitholders' Rights, Principle 15 on Communication with Unitholders and Principle 16 on Conduct of Unitholders' Meetings. |
| | (b) Is this done by a dedicated investor relations team (or equivalent)? If not, who performs this role? | Yes. |
| | (c) How does the Trust keep shareholders informed of corporate developments, apart from SGXNET announcements and the annual report? | Please refer to the response to Guideline 15.4(a) above. |
| Guideline 15.5 | If the Trust is not paying any dividends for the financial year, please explain why. | Not applicable. Please refer to the Distribution Statement on page 123 of the Annual Report. |

# TRUST FINANCIAL STATEMENTS

# TRUSTEE-MANAGER'S STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

The Directors of Ascendas Property Fund Trustee Pte. Ltd., the trustee-manager of Ascendas India Trust (the "Trustee-Manager"), are pleased to present their statement to the Unitholders of Ascendas India Trust (the "Trust") and its subsidiaries (together referred to as the "Group"), together with the audited financial statements of the Group. The audited financial statements comprise the balance sheets of the Group and the Trust as at 31 March 2018, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in unitholders' funds and the consolidated statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

In the opinion of the Directors,

(i) the accompanying balance sheets of the Group and the Trust, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in unitholders' funds and the consolidated statement of cash flows as set out on pages 121 to 197 are drawn up so as to give a true and fair view of the financial position of the Group and of the Trust as at 31 March 2018, and of the financial performance, changes in unitholders' funds and cash flows of the Group, for the financial year ended on that date; and

(ii) at the date of this statement, there are reasonable grounds to believe that the Trustee-Manager will be able to fulfil, out of the trust property of the Trust, the liabilities of the Trust as and when they fall due.

In accordance with Section 86(2) of the Singapore Business Trusts Act, we further certify:

(i) the fees or charges paid or payable out of the trust property of the Trust to the Trustee-Manager are in accordance with the Trust Deed;

(ii) the interested person transactions entered into by the Group during the financial year ended 31 March 2018 are not detrimental to the interests of all the Unitholders of the Trust as a whole based on the circumstances at the time of the relevant transactions; and

(iii) the Board of Directors of the Trustee-Manager is not aware of any violation of duties of the Trustee-Manager which would have a materially adverse effect on the business of the Trust or on the interests of all the Unitholders of the Trust as a whole.

## DIRECTORS

The Directors of the Trustee-Manager in office at the date of this statement are:

| | |
|---|---|
| Mr Chiang Chie Foo | (Chairman) |
| Mr Manohar Khiatani | (Deputy Chairman) |
| Mr Jonathan Yap Neng Tong | |
| Mr Sanjeev Dasgupta | |
| Mr Alan Rupert Nisbet | |
| Mr T.V. Mohandas Pai | |
| Mr Girija Prasad Pande | |
| Mr Ng Eng Leng | |
| Mrs Zia Mody | (appointed on 1 February 2018) |

# TRUSTEE-MANAGER'S STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

## ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE UNITS AND DEBENTURES

Neither at the end of nor at any time during the financial year was the Trustee-Manager a party to any arrangement whose objective was to enable any or all Directors of the Trustee-Manager to acquire benefits by means of the acquisition of units in, or debentures of, the Trust.

## DIRECTORS' INTERESTS IN UNITS AND DEBENTURES

According to the register of Directors' unitholdings and for the purpose of Section 76 of the Singapore Business Trusts Act, only those Directors as shown below hold units in or debentures, of the Trust:

| | Units held as at | | | |
|---|---|---|---|---|
| | 1 April 2017 or date of appointment | | **31 March 2018** | |
| **Name of Director** | Direct | Deemed | **Direct** | **Deemed** |
| Mr Jonathan Yap Neng Tong | 500,000 | 150,000 | **500,000** | **150,000** |
| Mr Girija Prasad Pande | 77,000 | – | **77,000** | **–** |

There was no change in any of the above-mentioned interests in the Trust between the end of the financial year and 21 April 2018.

Except as disclosed in this report, no Director who held office at the end of the financial year had interests in units, unit options, warrants or debentures of the Trust, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

## DIRECTORS' CONTRACTUAL BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive a benefit in the Trust by reason of a contract made by the Trustee-Manager, on behalf of the Trust or a related corporation, with the director, or with a firm of which the director is a member or with a company in which the director has a substantial financial interest

## UNIT OPTIONS

There were no options granted during the financial year to acquire unissued units in the Trust.

No units have been issued during the financial year by virtue of the exercise of options to take-up unissued units in the Trust.

There were no unissued units in the Trust under option as at the end of the financial year.

## AUDIT AND RISK COMMITTEE

The Audit and Risk Committee ("ARC") comprises four Independent Directors. The members at the end of the financial year were as follows:

| | |
|---|---|
| Mr Alan Rupert Nisbet | (Chairman) |
| Mr T.V. Mohandas Pai | |
| Mr Ng Eng Leng | |
| Mrs Zia Mody | (appointed on 1 February 2018) |

The ARC carried out its functions in accordance with Regulation 13(6) of the Singapore Business Trusts Regulations, including the following:

- Reviewing with the external and internal auditors, the audit plans and audit reports and the auditors' evaluation of the system of internal accounting controls, based on the recommendations and observations of the auditors;

- Reviewing the quarterly and annual financial statements and the external auditor's report on the annual financial statements of the Trust before submission to the Board of Directors;

- Reviewing the assistance given by the Management of the Trustee-Manager to the auditors of the Trust;

- Reviewing the policies and practices put in place by the Management of the Trustee-Manager to ensure compliance with the applicable laws, regulations, guidelines and constitutional documents of the Trust;

- Reviewing the procedures put in place to address any conflict that may arise between the interests of the Unitholders and those of the Trustee-Manager, including interested person transactions, the indemnification of expenses or liabilities incurred by the Trustee-Manager and the setting of fees and charges payable out of the trust property;

- Reporting to the Board of Directors of the Trustee-Manager on any inadequacies, deficiencies or matters of concern of which the ARC becomes aware or that it suspects, arising from its review of the above described;

- Reporting to the Board of Directors of the Trustee-Manager on any breach of the Singapore Business Trusts Act or any breach of the provisions of the Trust Deed of which the ARC becomes aware or that it suspects;

- Reporting to the Monetary Authority of Singapore if the ARC is of the view that the Board of Directors of the Trustee-Manager has not taken, or does not propose to take, appropriate action to deal with a matter reported by the ARC to the Board of Directors;

- Reviewing the independence and objectivity of the external auditor annually, including considering the nature and extent of non-audit services performed by the external auditor;

- Meeting with the external and internal auditors, without the presence of the Management of the Trustee-Manager, at least once annually;

- Recommending the appointment, re-appointment or removal of the external or internal auditors to the Board;

- Investigating any matters within the ARC's terms of reference, whenever it deems necessary; and

- Undertaking such other functions as may be agreed to by the ARC and the Board of Directors of the Trustee-Manager.

# TRUSTEE-MANAGER'S STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

### AUDIT AND RISK COMMITTEE (CONTINUED)

To assess the independence of the external auditor, the ARC also reviewed the non-audit services provided by the external auditor during the financial year and the quantum of fees paid for such services. The ARC is satisfied that the independence of the external auditor was not impaired by the provision of those non-audit services. The ARC has also conducted a review of interested person transactions.

The ARC convened four meetings during the year, and attendances of members are listed in the Corporate Governance Report.

The ARC has recommended to the Board of Directors the re-appointment of Ernst & Young LLP as the independent external auditor of the Trust at the coming annual general meeting of the Unitholders.

### AUDITOR

Ernst &Young LLP have expressed their willingness to accept re-appointment as auditor.

For and on behalf of the Trustee-Manager,
Ascendas Property Fund Trustee Pte. Ltd.

**MANOHAR KHIATANI**
Director

**SANJEEV DASGUPTA**
Director

4 May 2018

# STATEMENT BY THE CHIEF EXECUTIVE OFFICER OF THE TRUSTEE-MANAGER

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

I, the Chief Executive Officer of Ascendas Property Fund Trustee Pte. Ltd., as Trustee-Manager (the "Trustee-Manager") of Ascendas India Trust (the "Trust"), in my personal capacity, certify that I am not aware of any violation of duties of the Trustee-Manager which would have a materially adverse effect on the business of the Trust or on the interests of all the Unitholders of the Trust as a whole.

**SANJEEV DASGUPTA**
Chief Executive Officer

4 May 2018

# STATEMENT ON POLICIES AND PRACTICES

## IN RELATION TO THE MANAGEMENT AND GOVERNANCE OF THE TRUST PURSUANT TO SECTION 87 OF THE BUSINESS TRUSTS ACT, CHAPTER 31A OF SINGAPORE

The Board of Directors (the "Board") of Ascendas Property Fund Trustee Pte. Ltd. as trustee-manager (the "Trustee-Manager") of Ascendas India Trust (the "Trust") is responsible for safeguarding the interests of the Unitholders as a whole and managing the business of the Trust. The Trustee-Manager has general powers of management over the business and assets of the Trust and its main responsibility is to manage the Trust's assets and liabilities for the benefit of the Unitholders as a whole. In the event of a conflict between the interests of the Unitholders as a whole and its own interests, the Trustee-Manager will give priority to the interests of the Unitholders as a whole over its own interests.

The Board of the Trustee-Manager, in exercising its powers and carrying out its duties as Trustee-Manager of the Trust, has put in place measures to ensure that the following are met:

- the property of the Trust is properly accounted for and is kept distinct from the property held by the Trustee-Manager in its own capacity;
- adherence to the business scope of the Trust as set out in the Trust Deed;
- potential conflicts between the interests of the Trustee-Manager and the interests of the Unitholders of the Trust as a whole are appropriately managed;
- interested persons transactions are transparent, properly recorded and reviewed;
- expenses and cost allocations payable to the Trustee-Manager out of the property of the Trust, and fees and expenses charged to the Trust are appropriate and in accordance with the Trust Deed; and
- compliance with the Business Trusts Act and with the Listing Rules of Singapore Exchange Securities Trading Limited ("SGX-ST").

### TRUST PROPERTY PROPERLY ACCOUNTED FOR

Towards ensuring that the property of the Trust is properly accounted for and is kept distinct from the property held by the Trustee-Manager in its own capacity, the accounting records of the Trust are kept separate from the accounting records of the Trustee-Manager. Different bank accounts are maintained for the Trustee-Manager in its capacity as trustee-manager of the Trust and in its own capacity.

### ADHERENCE TO BUSINESS SCOPE

The Trust is established to invest in real estate (which may be by way of direct ownership of real estate or by way of holding shares or units or interests in special purpose vehicles), real estate related assets and/or such other authorised investments and the Trustee-Manager manages the property of the Trust such that the principal investments of the Trust are in real estate. The Investment Committee ("IC") assists the Board in ensuring adherence to the business scope. The responsibilities of the IC are set out in the Corporate Governance Report.

### POTENTIAL CONFLICTS OF INTEREST

The Trustee-Manager is a related company of Ascendas Land International Pte Ltd (the "Sponsor"). The Sponsor is a controlling Unitholder of the Trust and there may be potential conflicts of interest between the Trust, the Trustee-Manager and the Sponsor.

## POTENTIAL CONFLICTS OF INTEREST (CONTINUED)

The Trustee-Manager has instituted, amongst others, the following procedures to deal with issues of conflicts of interest:

- a Board comprising a majority of Independent Directors;
- all executive officers are directly employed by the Trustee-Manager;
- all resolutions in writing of the directors in relation to matters concerning the Trust must be approved by a majority of the directors;
- where applicable, strict compliance with the relevant provisions of the Code of Corporate Governance;
- in respect of matters in which the Sponsor and/or its subsidiaries have an interest, direct or indirect, any nominees appointed by the Sponsor and/or its subsidiaries to the Board to represent its/their interests will abstain from voting. In such matters, the quorum must comprise a majority of the Independent Directors and must exclude nominee directors of the Sponsor and/or its subsidiaries; and
- where matters concerning the Trust relate to transactions to be entered into by the Trustee-Manager for and on behalf of the Trust with a related party of the Trustee-Manager, the Audit and Risk Committee ("ARC") is required to consider, the terms of such transactions to satisfy itself that such transactions are conducted on normal commercial terms and are not prejudicial to the interests of the Trust or the Unitholders.

## PRESENT AND ONGOING INTERESTED PERSON TRANSACTIONS

### (i) Property Management Agreement

The Trustee-Manager, on behalf of the Trust, has entered into a new Master Property Management Agreement and individual Property Management Agreements with a related corporation, Ascendas Services (India) Pvt Limited ("ASIPL") (the "Property Manager") for management of properties of the Trust for a term of 10 years, commencing from 1 August 2017 immediately following the expiry of the earlier PMA (which was entered into between the Trustee-Manager and ASIPL on 2 July 2007). The Trustee-Manager believes that the terms of these agreements, established since the listing of the Trust, are made on normal commercial terms and are not prejudicial to the interests of the Trust and the Unitholders. The Trustee-Manager believes that the Property Manager has the necessary expertise and resources to perform property management, lease management and marketing services for the Trust under these agreements.

### (ii) Exempted Agreements

The fees and charges payable by the Trust to the Trustee-Manager under the Trust Deed and to the Property Manager under the Property Management Agreements, are interested person transactions which are deemed to have been specifically approved by the Unitholders upon subscription for the Units, to the extent that there is no subsequent change to the rates and/or bases of the fees charged thereunder or the terms thereof which would adversely affect the Trust.

### (iii) Future Interested Person Transactions

Depending on the materiality of the transaction, the Trust may make a public announcement of such transaction or obtain Unitholders' prior approval for such a transaction. If necessary, the Board may make a written statement in accordance with the resolution of the Board and signed by at least two directors on behalf of the Board certifying that, inter alia, such interested persons transaction is not detrimental to the interests of the Unitholders of the Trust as a whole, based on the circumstances at the time of the transaction.

## PRESENT AND ONGOING INTERESTED PERSON TRANSACTIONS (CONTINUED)

### (iii) Future Interested Person Transactions (Continued)

The Trustee-Manager may, in future, seek an annual general mandate from the Unitholders for recurrent transactions of revenue or trading nature or those necessary for its day-to-day operations with interested persons, and all transactions would then be conducted under such general mandate for the relevant financial year. In seeking such an annual general mandate, the Trustee-Manager may appoint an independent financial adviser to render an opinion as to whether the methods or procedures for determining the prices of transactions contemplated pursuant to the annual general mandate are sufficient, in an effort to ensure that such transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Trust and the Unitholders.

When the Trust acquires assets from the Sponsor or parties related to the Sponsor in future, the Trustee-Manager will obtain valuations from independent parties. In any event, interested person transactions entered into by the Trust, depending on the materiality of such transactions, may be publicly announced or, as the case may be, approved by Unitholders, and will, in addition, be:

- reviewed and recommended by the ARC of the Trustee-Manager, which currently comprises only Independent Directors; and
- decided by the Board, which comprises a majority of Independent Directors.

## INTERESTED PERSON TRANSACTIONS IN FY17/18

The interested person transactions done in FY17/18 are set out below:-

| Name of interested person | Aggregate value of all interested persons transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders mandate pursuant to Rule 920)<br>2018<br>S$'000 | <br>2017<br>S$'000 |
|---|---|---|
| **Ascendas Property Fund Trustee Pte. Ltd.*** | | |
| - Trustee manager fees paid/payable | **12,480** | 9,716 |
| - Acquisition fees paid/payable | **1,165** | 1,414 |
| **Ascendas Services (India) Pvt Ltd*** | | |
| Fees received/receivable by ASIPL from a-iTrust | | |
| - Property management services | **3,521** | 2,939 |
| - Lease management services | **1,760** | 1,470 |
| - Marketing services | **4,616** | 3,448 |
| - Project management services | **843** | 214 |
| - General management services | **4,958** | 3,306 |
| Office rental and related miscellaneous income received/receivable by a-iTrust from: | | |
| - ASIPL | **465** | 405 |
| - Olam Information Services Private Limited | **909** | 529 |

* Refer to "Exempted Agreements" in paragraph (ii) above

The Trust has not obtained a general mandate from Unitholders for any interested person transactions.

# STATEMENT ON POLICIES AND PRACTICES

IN RELATION TO THE MANAGEMENT AND GOVERNANCE OF THE TRUST PURSUANT TO SECTION 87 OF THE BUSINESS TRUSTS ACT, CHAPTER 31A OF SINGAPORE

## FEES AND EXPENSES CHARGED TO THE TRUST ARE APPROPRIATE AND IN ACCORDANCE WITH THE TRUST DEED

### Fees payable to the Trustee-Manager

The Trustee-Manager is entitled under the Trust Deed to the following management fees:

- a base fee at the rate of 0.5% per annum of the value of the property of the Trust; and
- a performance fee at the rate of 4% per annum of the net property income of the Trust in the relevant financial year (calculated before accounting for the performance fee in that financial year).

Any increase in the rate or any change in the structure of the Trustee-Manager's management fees must be approved by an extraordinary resolution passed at a Unitholders' meeting duly convened and held in accordance with the provisions of the Trust Deed.

The base fee and the performance fee are payable to the Trustee-Manager in the form of cash and/or Units (as the Trustee-Manager may elect). The Trustee-Manager has elected to receive 50% of both base fee and performance fee in Units and the remainder in cash for FY17/18.

For transactions, the Trustee-Manager is entitled to:

- 1% of the value of the underlying real estate (after deducting the interest of any co-owners or co-participants) purchased by the Trustee-Manager on behalf of the Trust, whether directly or indirectly through a special purpose vehicle ("SPV"), or 1% of the acquisition price of any authorised investment acquired by the Trustee-Manager on behalf of the Trust; and
- 0.5% of the value of the underlying real estate (after deducting the interest of any co-owners or co-participants) sold or divested by the Trustee-Manager on behalf of the Trust, whether directly or indirectly through an SPV, or 0.5% of the sale price of any authorised investment sold or divested by the Trustee-Manager on behalf of the Trust.

The acquisition fee and the divestment fee are payable to the Trustee-Manager in the form of cash and/or Units (as the Trustee-Manager may elect) at the then prevailing price. In accordance with the Trust Deed, when the Trust acquires or disposes of real estate from an interested person, the acquisition or, as the case may be, the divestment fee may be in the form of cash and/or Units issued at the prevailing market price, and, if received in the form of Units by the Trustee-Manager, such Units shall not be sold within one year from the date of issuance.

Any payment to third party agents or brokers in connection with the acquisition or divestment of any asset of the Trust shall be paid by the Trustee-Manager to such persons out of the property of the Trust or the assets of the relevant SPV, and not out of the acquisition fee or the divestment fee received or to be received by the Trustee-Manager.

Any increase in the maximum permitted level of the Trustee-Manager's acquisition fee or disposal fee must be approved by an extraordinary resolution passed at a Unitholders' meeting duly convened and held in accordance with the provisions of the Trust Deed.

Under the Trust Deed, the Trustee-Manager is entitled to a trustee fee in cash of up to 0.02% per annum of the value of the property of the Trust.

Any increase in the maximum permitted amount or any change in the structure of the trustee fee must be approved by an extraordinary resolution passed at a Unitholders' meeting duly convened and held in accordance with the provisions of the Trust Deed.

# STATEMENT ON POLICIES AND PRACTICES

IN RELATION TO THE MANAGEMENT AND GOVERNANCE OF THE TRUST PURSUANT TO SECTION 87 OF THE BUSINESS TRUSTS ACT, CHAPTER 31A OF SINGAPORE

## FEES AND EXPENSES CHARGED TO THE TRUST ARE APPROPRIATE AND IN ACCORDANCE WITH THE TRUST DEED (CONTINUED)

### Fees payable to the Trustee-Manager (Continued)

The table below sets out the fees earned by the Trustee-Manager for the financial year ended 31 March 2018:

| | Amount ($'000) |
|---|---|
| Management Fee | 7,307 |
| Performance Fee | 4,888 |
| Trustee Fee | 285 |
| Acquisition Fee | 1,165 |
| Total | 13,645 |

The Board meets every quarter to review the expenses charged to the Trust against the budget approved by the Board.

The expenses charged to the Trust for the financial year ended 31 March 2018 are set out below:

| | Amount ($'000) |
|---|---|
| Travel & Entertainment | 155 |

## COMPLIANCE WITH THE BUSINESS TRUSTS ACT AND LISTING RULES

The Joint Company Secretaries and Compliance Officer monitor compliance by the Trust with the Business Trusts Act and SGX-ST's Listing Rules.

# STATEMENT ON COMPOSITION OF THE BOARD OF DIRECTORS

In accordance with Rule 12(8) of the Business Trust Regulations 2005, the Board of Directors of Ascendas Property Fund Trustee Pte. Ltd. as Trustee-Manager of Ascendas India Trust (the "Trust" and Ascendas Property Fund Trustee Pte. Ltd. as Trustee-Manager of the Trust, the "Trustee-Manager") has determined that the following Directors are independent from Management and business relationships with the Trustee-Manager, and independent from every substantial shareholder of the Trustee-Manager:

Mr Chiang Chie Foo;
Mr Alan Rupert Nisbet;
Mr T.V. Mohandas Pai;
Mr Girija Prasad Pande;
Mr Ng Eng Leng; and
Mrs Zia Mody

Mr Manohar Khiatani, Mr Jonathan Yap Neng Tong and Mr Sanjeev Dasgupta are considered Non-Independent Directors by the Board of Directors of the Trustee-Manager. Mr Khiatani is the Deputy Group Chief Executive Officer of Ascendas-Singbridge Pte. Ltd. ("ASB"), Mr Yap is the Group Chief Financial Officer of ASB and Mr Dasgupta is the Chief Executive Officer of the Trustee-Manager. ASB is a deemed controlling Unitholder of the Trust and the Trustee-Manager is a wholly-owned subsidiary of ASB.

# INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF ASCENDAS INDIA TRUST

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the financial statements of Ascendas India Trust (the "Trust") and its subsidiaries (collectively, the "Group"), which comprise the balance sheets of the Group and the Trust as at 31 March 2018, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in unitholders' funds and the consolidated statement of cash flows of the Group for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the balance sheet of the Trust are properly drawn up in accordance with the provisions of the Singapore Business Trusts Act (the "Act") and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Trust as at 31 March 2018 and of the consolidated financial performance, changes in unitholders' funds and cash flows of the Group for the financial year ended on that date.

### 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 Auditor's 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 (ACRA) 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 period. 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

**Key Audit Matters (Continued)**

***Valuation of investment properties and investment properties under construction***

The Group's investment properties and investment properties under construction (collectively, the "Properties") with a carrying value of $1,741 million represent 91% of the Group's total assets as at 31 March 2018. The valuation of the Properties is significant to our audit due to their magnitude, and the valuation is complex and highly dependent on a range of estimates made by Trustee-Manager and the independent professional valuers engaged by the Trustee-Manager. The Trustee-Manager use independent professional valuers to support their determination of the fair value of the Properties annually. As disclosed in Note 29(c), the Properties are measured using significant unobservable inputs. The most significant judgements and estimates affecting the valuations are discount rates and capitalization rates.

Amongst others, we have considered the objectivity, independence and capabilities of the independent professional valuers. We, together with our internal valuation specialists, assessed the appropriateness of the valuation techniques and property related data such as property taxes, and other key estimates used by the independent professional valuers. In addition, we evaluated the appropriateness of the data used by Management and the independent professional valuers in the estimation process by comparing them against historical rates and available industry data, taking into consideration comparability and market factors. We also assessed the reasonableness of the movements in fair value of the Properties. We also assessed the adequacy of Note 29(c) relating to the assumptions used in the valuation process given the estimation uncertainty and sensitivity of the valuations and other disclosures on the Properties in Note 19 and Note 20 to the financial statements.

***Taxation matters***

*(a) Uncertain tax positions*

The Group operates in different jurisdictions and is subject to periodic challenges by local tax authorities on a range of tax matters during the normal course of business. These areas includes disputed tax positions, transfer pricing, service tax, value-added tax on fit-out rental and tax treatment of rental income either as income from house property or business income. This is described in more detail in Note 32 of the financial statements. The tax matters are at various stages, from preliminary discussions with tax authorities through to tax tribunal or court proceedings where the matters can take many years to resolve. Judgement is required in assessing the tax issues and the potential exposures to determine whether, and how much, to provide in respect of tax assessments leading to uncertain tax positions. At 31 March 2018, the Group has disclosed contingent liabilities arising from uncertain tax positions as set out in Note 32 to the financial statements. Accordingly, we have identified this key audit matter.

We, together with internal tax specialists, evaluated and reviewed Management's judgements in respect of estimates of tax exposures and contingencies in assessing the adequacy of the Group's tax provisions. In understanding and evaluating Management's judgements, we considered the status of recent and current tax audits and enquiries, the outcome of previous claims, judgmental positions taken in tax returns and current year estimates and developments in the tax environment. We have also assessed the appropriateness of the Group's disclosures on the contingent liabilities in Note 32 to the financial statements.

**Key Audit Matters (Continued)**

***Taxation matters (Continued)***

*(b) Deferred tax*

As at 31 March 2018, the Group has recognised deferred tax liabilities of $250 million. As disclosed in the financial statements, the Group operates mainly in India whereby certain subsidiaries have tax benefits arising from local tax regulations such as Minimum Alternative Tax ("MAT") credit and deduction under 80IA of Income Tax Act 1961. The valuation of the deferred income tax arising from local tax regulations is significant to our audit because of the related complexity of the valuation process which entails significant Management judgment on assumptions that are affected by manner of realisation.

Our audit procedures comprised, amongst others, an assessment of whether Management's basis for computing deferred tax liabilities is consistent with their assumption to recover the carrying amounts of the Properties through use (except for land). This also includes Management's assumption as to when they are expected to avail themselves of the deduction under 80IA of Income Tax Act 1961 as disclosed in more details in Note 3 to the financial statements. We tested the completeness and reasonableness of the amounts recognised as deferred tax, including the assessment of fair values of the Properties and the effective tax rate applied to the fair value gain on the Properties. We involved our internal tax specialists to assess the local fiscal developments, in particular those related to changes in tax rates which is one of the key assumptions underlying the valuation of the deferred taxes. We also assessed whether the Group has met with the requirements of local tax regulations in relation to MAT credit and deduction under 80IA of Income Tax Act 1961.

In addition, we assessed the adequacy of the Group's disclosures on deferred tax positions and assumptions used. The Group's disclosures concerning income taxes are included in Note 3 and Note 8 to the financial statements.

**Other Information**

The Trustee-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 auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do 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 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 Trustee-Manager for the Financial Statements**

The Trustee-Manager is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, the Trustee-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 Management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

**Auditor's Responsibilities for the Audit of the 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 auditor's 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 control.

- Obtain an understanding of internal control 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 control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Trustee-Manager.

- Conclude on the appropriateness of Trustee-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 auditor's 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 auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

# INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF ASCENDAS INDIA TRUST

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

**Auditor's Responsibilities for the Audit of the Financial Statements (Continued)**

- 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 Trustee-Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Trustee-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 Trustee-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 auditor's 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.

**Report on Other Legal and Regulatory Requirements**

In our opinion, the accounting and other records required by the Act to be kept by the Trust and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Low Yen Mei.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore

4 May 2018

# CONSOLIDATED INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

| | Note | Group | |
|---|---|---|---|
| | | **2018** | 2017 |
| | | **$'000** | $'000 |
| **Property Income** | | | |
| Base rent | | **125,712** | 99,041 |
| Amenities income | | **2,136** | 2,008 |
| Fit-out rental income | | **1,600** | 1,343 |
| Operations, maintenance and utilities income | | **48,975** | 46,279 |
| Car park and other income | | **9,729** | 7,994 |
| **Total property income** | | **188,152** | 156,665 |
| **Property Expenses** | | | |
| Operations, maintenance and utilities expenses | | **(36,005)** | (35,067) |
| Service and property taxes | | **(5,438)** | (3,871) |
| Property management fees | | **(8,854)** | (7,352) |
| Other property operating expenses | 5 | **(9,788)** | (6,172) |
| **Total property expenses** | | **(60,085)** | (52,462) |
| **Net Property Income** | | **128,067** | 104,203 |
| Trustee-Manager's fees | | **(12,480)** | (9,716) |
| Other trust operating expenses | | **(1,669)** | (1,698) |
| Finance costs | 6 | **(32,754)** | (28,699) |
| Interest income | 4 | **4,915** | 14,046 |
| Fair value gain on derivative financial instruments – realised | | **1,162** | 4,926 |
| Exchange loss – realised | | **(1,892)** | (4,641) |
| **Profit Before Change in Fair Value of Investment Properties, and Unrealised Gain/(Loss) on Derivative Financial Instruments and Foreign Exchange** | | **85,349** | 78,421 |
| Fair value gain/(loss) on derivative financial instruments – unrealised | | **717** | (1,016) |
| Exchange (loss)/gain – unrealised | | **(9,085)** | 5,603 |
| Fair value (loss)/gain on investment properties under construction | 19 | **(1,288)** | 10,300 |
| Fair value gain on investment properties | 20 | **213,100** | 77,911 |
| **Profit Before Tax** | 7 | **288,793** | 171,219 |
| Income tax expenses | 8(a) | **(87,525)** | (22,974) |
| **Net Profit After Tax** | | **201,268** | 148,245 |
| **Attributable To:** | | | |
| Unitholders of the Trust | | **191,312** | 139,166 |
| Non-controlling interests | | **9,956** | 9,079 |
| | | **201,268** | 148,245 |
| Earnings per unit attributable to Unitholders of the Trust, expressed in cents per unit | | | |
| - basic and diluted | 9 | **20.22** | 14.98 |

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

| | Group | |
|---|---|---|
| | **2018** | 2017 |
| | **$'000** | $'000 |
| Net profit after tax | **201,268** | 148,245 |
| **Other Comprehensive Income:** | | |
| Items that may be reclassified subsequently to profit or loss: | | |
| - Cash flow hedges | **5,731** | (8,842) |
| - Translation differences arising from the conversion of functional currency into presentation currency | **(48,052)** | 34,553 |
| Other comprehensive income for the year | **(42,321)** | 25,711 |
| Total comprehensive income for the year | **158,947** | 173,956 |
| **Total Comprehensive Income Attributable To:** | | |
| Unitholders of the Trust | **152,749** | 162,100 |
| Non-controlling interests | **6,198** | 11,856 |
| | **158,947** | 173,956 |

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

# DISTRIBUTION STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

| | Note | Group | |
|---|---|---|---|
| | | **2018** | 2017 |
| | | **$'000** | $'000 |
| **Profit Before Change in Fair Value of Investment Properties, and Unrealised Gain/(Loss) on Derivative Financial Instruments and Foreign Exchange** | | **85,349** | 78,421 |
| Income tax expenses – current | 8(a) | **(23,051)** | (19,144) |
| Trustee-Manager's fees payable in units | 10 | **6,094** | 4,779 |
| Depreciation of equipment | 18 | **90** | 80 |
| Realised exchange loss/(gain) | 10 | **908** | (910) |
| Non-controlling interests | | **(5,159)** | (4,500) |
| **Distribution Adjustments** | | **(21,118)** | (19,695) |
| **Income Available for Distribution** | | **64,231** | 58,726 |
| **10% retention** | | **(6,423)** | (5,873) |
| **Income to be Distributed** | | **57,808** | 52,853 |
| **Income Available for Distribution per unit (cents)** | | **6.78** | 6.32 |
| **Income to be Distributed per unit (cents)** | | **6.10** | 5.69 |

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

# BALANCE SHEETS

AS AT 31 MARCH 2018

| | Note | Group | | Trust | |
|---|---|---|---|---|---|
| | | **2018** | 2017 | **2018** | 2017 |
| | | **$'000** | $'000 | **$'000** | $'000 |
| **ASSETS** | | | | | |
| **Current Assets** | | | | | |
| Cash and cash equivalents | 11 | **109,807** | 74,997 | **723** | 419 |
| Inventories | 12 | **479** | 1,324 | **–** | – |
| Other assets | 13 | **6,157** | 6,079 | **14** | 34 |
| Loans to subsidiaries | 14 | **–** | – | **554,528** | 506,210 |
| Trade and other receivables | 15 | **16,914** | 25,788 | **3,733** | 18,934 |
| Derivative financial instruments | 17 | **5,521** | 726 | **5,521** | 726 |
| Current income tax recoverable | 8(b) | **7,240** | 9,148 | **–** | – |
| | | **146,118** | 118,062 | **564,519** | 526,323 |
| **Non-current Assets** | | | | | |
| Other assets | 13 | **5,508** | 5,827 | **–** | – |
| Investment in joint venture | 16 | **–** | 27,758 | **–** | – |
| Derivative financial instruments | 17 | **9,555** | 1,691 | 9,555 | 1,691 |
| Equipment | 18 | **385** | 240 | **–** | – |
| Investment properties under construction | 19 | **14,706** | 33,619 | **–** | – |
| Investment properties | 20 | **1,726,292** | 1,410,110 | **–** | – |
| Goodwill | 21 | **15,461** | 16,380 | **–** | – |
| Investment in subsidiaries | 22 | **–** | – | **10,403** | 11,021 |
| | | **1,771,907** | 1,495,625 | **19,958** | 12,712 |
| **Total assets** | | **1,918,025** | 1,613,687 | **584,477** | 539,035 |
| **LIABILITIES** | | | | | |
| **Current Liabilities** | | | | | |
| Trade and other payables | 23 | **85,042** | 77,403 | **20,375** | 21,720 |
| Borrowings | 24 | **135,569** | 2,600 | **135,569** | 2,600 |
| Derivative financial instruments | 17 | **2** | 714 | **2** | 714 |
| Current income tax liabilities | 8(b) | **–** | 306 | **–** | – |
| | | **220,613** | 81,023 | **155,946** | 25,034 |
| **Non-current Liabilities** | | | | | |
| Trade and other payables | 23 | **63,835** | 55,600 | **1,492** | – |
| Borrowings | 24 | **376,909** | 450,425 | **376,909** | 450,425 |
| Derivative financial instruments | 17 | **3,193** | 13,134 | **3,193** | 13,134 |
| Deferred income tax liabilities | 8(c) | **249,906** | 196,322 | **–** | – |
| | | **693,843** | 715,481 | **381,594** | 463,559 |
| **Total liabilities** | | **914,456** | 796,504 | **537,540** | 488,593 |
| **NET ASSETS** | | **1,003,569** | 817,183 | **46,937** | 50,442 |

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

| | Note | Group | | Trust | |
|---|---|---|---|---|---|
| | | **2018** | 2017 | **2018** | 2017 |
| | | **$'000** | $'000 | **$'000** | $'000 |
| **UNITHOLDERS' FUNDS** | | | | | |
| Units in issue | 25 | **818,802** | 714,712 | **818,802** | 714,712 |
| Foreign currency translation reserve | 26(a) | **(389,549)** | (345,255) | **(208,001)** | (206,709) |
| Hedging reserve | 26(b) | **828** | (4,903) | **828** | (4,903) |
| Other reserves | 26(c) | **67,947** | 66,026 | **–** | – |
| Retained earnings | 26(d) | **436,288** | 323,548 | **(564,692)** | (452,658) |
| Net assets attributable to Unitholders | | **934,316** | 754,128 | **46,937** | 50,442 |
| Non-controlling interests | | **69,253** | 63,055 | **–** | – |
| | | **1,003,569** | 817,183 | **46,937** | 50,442 |

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN UNITHOLDERS' FUNDS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

| | Attributable to Unitholders of the Trust | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Units in issue $'000 | Foreign currency translation reserve $'000 | Hedging reserve $'000 | Other reserves $'000 | Retained earnings $'000 | Total $'000 | Non-controlling interests $'000 | Total $'000 |
| **2018** | | | | | | | | |
| **Balance at beginning of financial year** | **714,712** | **(345,255)** | **(4,903)** | **66,026** | **323,548** | **754,128** | **63,055** | **817,183** |
| Profit for the year | – | – | – | – | 191,312 | **191,312** | 9,956 | **201,268** |
| Other comprehensive income for the year | – | (44,294) | 5,731 | – | – | **(38,563)** | (3,758) | **(42,321)** |
| Transfer to other reserves | – | – | – | 1,921 | (1,921) | **–** | – | **–** |
| Issue of new units | 104,090 | – | – | – | – | **104,090** | – | **104,090** |
| Distribution to Unitholders (Note 10) | – | – | – | – | (76,651) | **(76,651)** | – | **(76,651)** |
| **Balance at end of financial year** | **818,802** | **(389,549)** | **828** | **67,947** | **436,288** | **934,316** | **69,253** | **1,003,569** |
| 2017 | | | | | | | | |
| **Balance at beginning of financial year** | **710,261** | **(377,031)** | **3,939** | **62,255** | **239,110** | **638,534** | **52,914** | **691,448** |
| Profit for the year | – | – | – | – | 139,166 | **139,166** | 9,079 | **148,245** |
| Other comprehensive income for the year | – | 31,776 | (8,842) | – | – | **22,934** | 2,777 | **25,711** |
| Transfer to other reserves | – | – | – | 3,771 | (3,771) | **–** | – | **–** |
| Issue of new units | 4,451 | – | – | – | – | **4,451** | – | **4,451** |
| Distribution to Unitholders (Note 10) | – | – | – | – | (50,957) | **(50,957)** | – | **(50,957)** |
| Distribution to non-controlling interests | – | – | – | – | – | **–** | (1,715) | **(1,715)** |
| **Balance at end of financial year** | **714,712** | **(345,255)** | **(4,903)** | **66,026** | **323,548** | **754,128** | **63,055** | **817,183** |

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

| | Note | Group | |
|---|---|---|---|
| | | **2018** | 2017 |
| | | **$'000** | $'000 |
| **Operating activities** | | | |
| Net profit after tax | | **201,268** | 148,245 |
| Adjustments for: | | | |
| Income tax expenses | 8(a) | **87,525** | 22,974 |
| Interest income | 4 | **(4,915)** | (14,046) |
| Finance costs | 6 | **32,754** | 28,699 |
| Depreciation of equipment | 18 | **90** | 80 |
| Fair value (gain)/loss on derivative financial instruments – unrealised | | **(717)** | 1,016 |
| Fair value loss/(gain) on investment properties under construction | 19 | **1,288** | (10,300) |
| Fair value gain on investment properties | 20 | **(213,100)** | (77,911) |
| Allowance/(write-back) for impairment of receivables | 5 | **890** | (418) |
| Trustee-Manager's fees paid and payable in units | 10 | **6,094** | 4,779 |
| Exchange differences | | **9,993** | (6,513) |
| Others | | **(2,320)** | 7,581 |
| **Operating cash flows before changes in working capital** | | **118,850** | 104,186 |
| Changes in working capital | | | |
| Inventories | | **771** | (604) |
| Other assets | | **(420)** | (920) |
| Trade and other receivables | | **9** | (5,808) |
| Trade and other payables | | **20,269** | 3,416 |
| Cash flows from operations | | **139,479** | 100,270 |
| Interest received | | **4,705** | 12,624 |
| Income tax paid (net) | | **(21,589)** | (18,028) |
| **Net cash flows from operating activities** | | **122,595** | 94,866 |
| **Investing activities** | | | |
| Purchase of equipment | 18 | **(253)** | – |
| Advance payment of expenditure on investment properties | 15 | **(2,820)** | (6,642) |
| Additions to investment properties under construction | 19 | **(17,753)** | (9,309) |
| Additions to investment properties | 20 | **(9,081)** | (6,811) |
| Net cash outflow from acquisition of subsidiaries | 22 | **(94,814)** | (70,284) |
| Payment towards deferred consideration of investment properties | 23 | **(6,730)** | – |
| Investment in joint venture | 16 | **–** | (24,269) |
| **Net cash flows used in investing activities** | | **(131,451)** | (117,315) |

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

| | Note | Group | |
|---|---|---|---|
| | | **2018** | 2017 |
| | | **$'000** | $'000 |
| **Financing activities** | | | |
| Repayment of borrowings | 24 | **(101,100)** | (45,000) |
| Distribution to Unitholders | | **(76,651)** | (50,957) |
| Distribution paid to non-controlling interests | | **–** | (1,715) |
| Interest paid | 24 | **(32,663)** | (27,510) |
| Proceeds from borrowings | 24 | **159,601** | 132,495 |
| Proceeds from issuance of units | 25 | **98,685** | – |
| **Net cash flows from financing activities** | | **47,872** | 7,313 |
| Net increase/(decrease) in cash and cash equivalents | | **39,016** | (15,136) |
| Cash and cash equivalents at beginning of financial year | | **74,997** | 85,921 |
| Effects of exchange rate changes on cash and cash equivalents | | **(4,206)** | 4,212 |
| **Cash and cash equivalents at end of financial year** | 11 | **109,807** | 74,997 |

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

## 1. CORPORATE INFORMATION

Ascendas India Trust (the "Trust") is a Singapore-domiciled trust originally constituted as a private trust pursuant to the Trust Deed dated 7 December 2004, with Ascendas Property Fund Trustee Pte. Ltd. as its Trustee-Manager. The Trust Deed was amended by an Amending and Restating Deed dated 28 June 2007 ("Trust Deed") to comply with the requirements of, among others, the Monetary Authority of Singapore ("MAS") and the Singapore Exchange Securities Trading Limited ("SGX-ST"), for a listed business trust. The Trust is a registered business trust constituted by the Trust Deed and is principally regulated by the Securities and Futures Act ("SFA") and the Singapore Business Trusts Act. The Trust Deed is governed by the laws of the Republic of Singapore.

On 3 July 2007, the Trust was registered as a business trust and on 1 August 2007, the Trust was listed on the Main Board of the SGX-ST.

The registered office of Ascendas Property Fund Trustee Pte. Ltd. is at 1 Fusionopolis Place #10-10, Galaxis, Singapore 138522.

The principal activity of the Trust is owning income producing real estate used primarily as business space in India and real estate related assets in relation to the foregoing. The Trust may acquire, hold and develop land or uncompleted developments to be used primarily for business space with the objective of holding the properties upon completion. The principal activities of the subsidiaries are as disclosed in Note 22 to the financial statements.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

The consolidated financial statements of the Group and the balance sheet of the Trust have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

The financial statements have been prepared on the historical cost basis, except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars (SGD or $) and all values in the tables are rounded to the nearest thousand ($'000), except when otherwise stated.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.1 Basis of preparation (continued)

*Convergence with International Financial Reporting Standards*

For annual financial period beginning on or after 1 January 2018, Singapore-incorporated companies and business trusts listed on the Singapore Exchange will apply Singapore Financial Reporting Framework (International) ("SFRS(I)"), a new financial reporting framework identical to International Financial Reporting Standards. The Group will adopt SFRS (I) on 1 April 2018.

The Group has performed an assessment of the impact of adopting SFRS(I). Except for described below, the Group does not expect the application of the mandatory exceptions and the optional exemptions in SFRS(I) 1 to have any significant impact on the financial statements:

*Investment in subsidiaries at deemed cost*

The Trust invests in investment properties located in India through its direct subsidiaries in Singapore which act as investment vehicles of the Trust. The direct subsidiaries invest in the indirect subsidiaries of the Trust in India which hold the investment properties. The fair value gains on the investment properties, which are recognised at the Group, are not reflected in the Trust because its investment in the direct subsidiaries are carried at cost. As such, the optional exemption under SFRS(I) which allows the use of fair value as the deemed cost as at the date of transition will be elected to reflect the appropriate fair value of the Trust's investment in subsidiaries through the fair value of its subsidiaries. The Trust expects the carrying value of investment in subsidiaries to increase with a corresponding increase in retained earnings as at 1 April 2017.

### 2.2 Changes in 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 have any effect on the financial performance or position of the Group and the Trust.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.3 Standards issued but not yet effective

The Group has not adopted the following standards applicable to the Group that have been issued but not yet effective:

| Description | Effective for annual periods beginning on or after |
|---|---|
| Amendments to FRS 40 *Transfers of Investment Property* | 1 January 2018 |
| Amendments to FRS 102 *Classification and Measurement of Share-based Payment Transactions* | 1 January 2018 |
| FRS 109 *Financial Instruments* | 1 January 2018 |
| FRS 115 *Revenue from Contracts with Customers* | 1 January 2018 |
| FRS 116 *Leases* | 1 January 2019 |
| Improvements to FRSs (December 2016) | |
| - Amendments to FRS 28 *Investments in Associates and Joint Ventures* | 1 January 2018 |
| INT FRS 122 *Foreign Currency Transactions and Advance Consideration* | 1 January 2018 |
| INT FRS 123 *Uncertainty over Income Tax Treatments* | 1 January 2019 |
| Amendments to FRS 109 *Prepayment Features with Negative Compensation* | 1 January 2019 |
| Amendments to FRS 28 *Long-term Interests in Associates and Joint Ventures* | 1 January 2019 |
| Improvements to FRSs (March 2018) | |
| - Amendments to FRS 103 *Business Combinations* | 1 January 2019 |
| - Amendments to FRS 111 *Joint Arrangements* | 1 January 2019 |
| - Amendments to FRS 12 *Income Taxes* | 1 January 2019 |
| - Amendments to FRS 23 *Borrowing Costs* | 1 January 2019 |
| Amendments to FRS 110 and FRS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* | Date to be determined |

As disclosed in Note 2.1, the Group will adopt SFRS(I) on 1 April 2018. Upon adoption of SFRS (I) on 1 April 2018, the SFRS(I) equivalent of the above standards that are effective on 1 April 2018 will be adopted at the same time.

Except for FRS 116, the Management of the Trustee-Manager expects that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 116 are described below.

*FRS 116 Leases*

FRS 116 requires lessees to recognise most leases on balance sheets to reflect the rights to use the leased assets and the associated obligations for lease payments as well as the corresponding interest expense and depreciation charges. The standard includes two recognition exemptions for lessees – leases of 'low value' assets and short-term leases. The new standard is effective for annual periods beginning on or after 1 April 2019.

The Group is currently in the process of analysing the transitional approaches and practical expedients to be elected on transition to FRS 116 and assessing the possible impact of adoption.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.4 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payments, net of applicable tax, rebates and discounts, and after eliminating sales within the Group. Revenue is recognised as follows:

(a) *Base rent, amenities income, fit-out rental income*

Base rent, amenities income and fit-out rental income, net of incentives granted are recognised in profit or loss on a straight-line basis and over the term of the lease.

Base rent comprises rental income earned from the leasing of the owned built-up area of the properties.

Amenities income is rental revenue earned from the space utilised as amenities such as canteen and business centre.

Fit-out rental income is rental revenue earned from the fit-out provisions for the tenants at the properties. Fit-out rents typically arise from the additional costs related to tenant-specific fit-out requirements, which are in turn passed through to those tenants via fit-out provisions in their lease agreements.

(b) *Operations, maintenance and utilities income*

Operations, maintenance and utilities income is recognised when the services are rendered. Operations and maintenance income is revenue earned from the operation and maintenance of the properties.

(c) *Car park and other income*

Car park income includes revenue earned from the operations of the parking facilities, which is recognised when the services are rendered.

Other income includes miscellaneous income earned from the properties such as kiosks and advertising revenue, which is recognised when the services are rendered.

(d) *Interest income*

Interest income, including income arising from other financial instruments, is recognised using the effective interest rate method.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.5 Basis of consolidation and business combinations

*(a) Basis of consolidation*

The consolidated financial statements comprise the financial statements of the Trust and its subsidiaries (including special purpose entities) as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Trust. Consistent accounting policies are applied to the like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses of a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

(i) derecognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;

(ii) derecognises the carrying amount of any non-controlling interests;

(iii) derecognises the cumulative translation differences recorded in unitholders' funds;

(iv) recognises the fair value of the consideration received;

(v) recognises the fair value of any investment retained;

(vi) recognises any surplus or deficit in profit or loss;

(vii) reclassifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.5 Basis of consolidation and business combinations (continued)

(b) *Business combinations and goodwill*

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date.

On an acquisition-by-acquisition basis, the Group may elect to recognise any non-controlling interests in the acquiree at the date of acquisition either at fair value or at the non-controlling interests' proportionate share of the acquiree's identifiable net assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

Please refer to Note 2.13 (a) for the accounting policy on goodwill impairment.

(c) *Transactions with non-controlling interests*

Non-controlling interests represents the equity in subsidiaries not attributable, directly or indirectly, to Unitholders of the Trust.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as equity transactions. Any difference between the change in the carrying amounts of the non-controlling interests and fair value of the consideration paid or received is recognised directly in unitholders' funds and attributed to the Unitholders of the Trust.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.6 Currency translation

(a) *Functional and presentation currency*

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The functional currency of the Trust is Indian Rupee ("INR"). The presentation currency is SGD as the financial statements are meant primarily for users in Singapore.

(b) *Transactions and balances*

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in unitholders' funds. The foreign currency translation reserve is reclassified from unitholders' funds to profit or loss of the Group on disposal of the foreign operation.

(c) *Translation of Group entities' financial statements*

The results and financial position of all the Group entities (none of which has a currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities are translated at the closing exchange rates at the reporting date; and

(ii) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions).

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.7 Equipment

(a) *Measurement*

Equipment is initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

The cost of an item of equipment includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended.

(b) *Depreciation*

Depreciation on computers, furniture and equipment is calculated using the straight line method to allocate the depreciable amounts over the estimated useful lives as follows:

| | Useful lives |
|---|---|
| Computers, furniture and equipment | 3 to 10 years |

The residual values, estimated useful lives and depreciation method of equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

(c) *Subsequent expenditure*

Subsequent expenditure relating to equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expenditure is recognised in profit or loss when incurred.

(d) *Disposal*

On disposal of an item of equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within "Other property operating expenses".

### 2.8 Investment properties under construction

All investment properties under construction where fair values are reliably determinable are measured at fair value. The difference between the fair value and the carrying amount is recognised in profit or loss. Investment properties under construction for which the fair value cannot be reliably measured at present, but for which the fair value would be reliably determinable in future is accounted for at cost.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.9 Investment properties

Investment properties of the Group, principally comprising completed office buildings and interest in freehold land held for a currently undetermined future use, are held for long-term rental yields and capital appreciation.

Investment properties are initially recognised at cost, including transaction costs. Subsequent to initial recognition, investment properties are carried at fair value, determined on an annual basis by an independent professional valuer on the highest-and-best-use basis. Changes in fair values are recognised in profit or loss. Investment properties are not subject to depreciation.

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised and the carrying amounts of the replaced components are recognised in profit or loss. The cost of maintenance, repairs and minor improvements is recognised in profit or loss when incurred.

On disposal of investment properties, the difference between the disposal proceeds and the carrying amount is recognised in profit or loss.

### 2.10 Investment in subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Investments in subsidiaries are carried at cost less accumulated impairment losses in the Trust's balance sheet. On disposal of investments in subsidiaries, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

### 2.11 Joint arrangements

A joint arrangement is a contractual arrangement whereby two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint arrangement is classified either as joint operation or joint venture, based on the rights and obligations of the parties to the arrangement.

To the extent the joint arrangement provides the Group with rights to the assets and obligations for the liabilities relating to the arrangement, the arrangement is a joint operation. To the extent the joint arrangement provides the Group with rights to the net assets of the arrangement, the arrangement is a joint venture.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.11 Joint arrangements (continued)

*Joint ventures*

The Group recognises its interest in a joint venture as an investment and accounts for the investment using the equity method from the date on which it becomes joint venture.

Under the equity method, the investment in joint ventures are carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the joint ventures. The profit or loss reflects the share of results of the operations of the joint ventures. Distributions received from joint ventures reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the joint venture, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and joint venture are eliminated to the extent of the interest in the joint ventures.

When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in joint ventures. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value and recognises the amount in profit or loss.

The financial statements of the joint ventures are prepared as the same reporting date as the Trust. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

### 2.12 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.13 Impairment of non-financial assets

(a) *Goodwill*

Goodwill, recognised separately as an intangible asset, is tested for impairment annually and whenever there is indication that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating-units ("CGU") expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

(b) *Investment in subsidiaries*

Investment in subsidiaries is tested for impairment whenever there is any objective evidence or indication that the asset may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

In assessing the value-in-use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by capitalisation rates or other available fair value indicators.

The Group bases its impairment calculation on detailed rent-rolls and projections which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These rent rolls and projections are generally covering a period of 5 years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.13 Impairment of non-financial assets (continued)

*(b) Investment in subsidiaries (continued)*

An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

### 2.14 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined on weighted average basis and includes all costs in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price less the estimated costs of completion and applicable variable selling expenses.

### 2.15 Financial instruments

*(a) Non-derivative financial assets*

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

When the financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

The Group classifies non-derivative financial assets into the following categories:

*(i) Loans and receivables*

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Cash and cash equivalents include cash on hand and deposits with financial institutions which are subject to an insignificant risk of change in value.

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.15 Financial instruments (continued)

*(a) Non-derivative financial assets (continued)*

*(ii) Available-for-sale financial assets*

Available-for-sale financial assets include investments in equity and debt instruments. Equity instruments classified as available-for-sale are those which are neither classified as held for trading nor designated at fair value through profit or loss. Debt instruments in this category are those which are intended to be held for an indefinite period of time.

After initial recognition, available-for-sale financial assets are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment loss, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from unitholders' funds to profit or loss as a reclassification adjustment when the financial asset is derecognised.

*(b) Offsetting of financial instruments*

Financial assets and liabilities are offset and the net amount is presented in the balance sheets 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.

*(c) Non-derivative financial liabilities*

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

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

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.

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.15 Financial instruments (continued)

*(d) Derivative financial instruments and hedging activities*

A derivative financial instrument is initially recognised at its fair value on the date the contract is entered into and is subsequently carried at its fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates each hedge as either: (i) fair value hedge; or (ii) cash flow hedge.

Fair value changes on derivatives that are not designated or do not qualify for hedge accounting are recognised in profit or loss when the changes arise.

The Group documents at the inception of the transaction the relationship between the hedging instruments and hedged items, as well as its risk management objective and strategies for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives designated as hedging instruments are highly effective in offsetting changes in fair value or cash flows of the hedged items.

The carrying amount of a derivative designated as a hedge is presented as a non-current asset or liability if the remaining expected life of the hedged item is more than 12 months, and as a current asset or liability if the remaining expected life of the hedged item is less than 12 months. The fair value of a trading derivative is presented as a current asset or liability.

*(i) Fair value hedge*

The Group has entered into currency forwards that are fair value hedges for currency risk arising from its firm commitments for purchases and sales denominated in foreign currencies. The fair value changes on the hedged item resulting from currency risk are recognised in profit or loss. The fair value changes on the effective portion of currency forwards designated as fair value hedges are recognised in profit or loss within the same line item as the fair value changes from the hedged item. The fair value changes on the ineffective portion of currency forwards are recognised separately in profit or loss.

*(ii) Cash flow hedge*

*Interest rate swaps*

The Group has entered into interest rate swaps that are cash flow hedges of the Group's exposure to interest rate risk on its borrowings. These contracts entitle the Group to receive interest at floating rates on notional principal amounts and oblige the Group to pay interest at fixed rates on the same notional principal amounts, thus allowing the Group to raise borrowings at floating rates and swap them into fixed rates.

The fair value changes on the effective portion of the interest rate swaps designated as cash flow hedges are recognised in other comprehensive income, accumulated in the hedging reserve and reclassified to profit or loss when the hedged interest expense on the borrowings is recognised in profit or loss. The fair value changes on the ineffective portion of interest rate swaps are recognised immediately in profit or loss.

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.15 Financial instruments (continued)

(d) *Derivative financial instruments and hedging activities (continued)*

(ii) *Cash flow hedge (continued)*

*Currency swaps*

The Group has entered into currency swaps that qualify as cash flow hedges against highly probable forecasted transactions in foreign currencies. The fair value changes on the effective portion of the currency swaps designated as cash flow hedges are recognised in other comprehensive income, accumulated in the hedging reserve and transferred to either the cost of a hedged non-monetary asset upon acquisition or profit or loss when the hedged forecast transactions are recognised.

The fair value changes on the ineffective portion of currency swaps are recognised immediately in profit or loss. When a forecasted transaction is no longer expected to occur, the gains and losses that were previously recognised in other comprehensive income are reclassified to profit or loss immediately.

### 2.16 Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

(a) *Financial assets carried at amortised cost*

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and delay in payments.

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.16 Impairment of financial assets (continued)

*(a) Financial assets carried at amortised cost (continued)*

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

*(b) Financial assets carried at cost*

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost had been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

*(c) Available-for-sale financial assets*

In the case of equity investments classified as available-for-sale, objective evidence of impairment include (i) significant financial difficulty of the issuer or obligor, (ii) information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in equity instrument may not be recovered; and (iii) a significant or prolonged decline in the fair value of the investment below its costs.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its acquisition cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from other comprehensive income and recognised in profit or loss. Reversals of impairment losses in respect of equity instruments are not recognised in profit or loss; increase in their fair value after impairment are recognised directly in other comprehensive income.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss. Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increases can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed in profit or loss.

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.17 Leases

*As lessor*

Leases where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the lease lock-in period.

Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

Contingent rents are recognised as income in profit or loss when earned.

### 2.18 Taxes

*(a) Current income tax*

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in unitholders' funds. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

*(b) Deferred tax*

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

(i) Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

(ii) In respect of taxable temporary differences associated with investments in subsidiaries and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.18 Taxes (continued)

*(b) Deferred tax (continued)*

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credit and unused tax loss, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credit and unused tax loss can be utilised except:

(i) Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

(ii) In respect of deductible temporary differences associated with investments in subsidiaries and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax items are recognised in correlation to the underlying transaction or event. The deferred tax effect will be:

(i) Recognised in the profit or loss, if the underlying transaction or event is recognised in profit or loss,

(ii) Recognised directly in unitholders' funds, if the underlying transaction or event is recognised in unitholders' funds, and

(iii) Recognised as an adjustment to goodwill (or negative goodwill) if the underlying transaction or event arises from a business combination.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.18 Taxes (continued)

*(b) Deferred tax (continued)*

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same tax authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it is incurred during the measurement period or in profit or loss.

*(c) Sales tax*

Revenues, expenses and assets are recognised net of the amount of sales tax except:

(i) Where the sales tax incurred on a purchase of assets or services is not recoverable from the tax authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

(ii) Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the tax authority is included as part of receivables or payables in the balance sheet.

### 2.19 Provisions

Provisions for other liabilities and charges are recognised when the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised in profit or loss as finance cost.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.20 Employee benefits

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

*Defined contribution plans*

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

### 2.21 Units on issue and unit issuance expenses

Proceeds from issuance of units are recognised as units on issue in unitholders' funds. Incremental costs directly attributable to the issuance of units are deducted against units on issue.

### 2.22 Distributions to Trust's Unitholders

Distributions to the Trust's Unitholders are recognised when the distributions are declared payable by the Trustee-Manager.

### 2.23 Transfer to other reserves

Other reserves represent profits statutorily transferred to capital redemption reserve, debenture redemption reserve and general reserve of the Indian subsidiaries under Indian regulatory provisions.

### 2.24 Contingencies

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

   (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

   (ii) the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.25 Related parties

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and Trust if that person:

(i) has control or joint control over the Trust;

(ii) has significant influence over the Trust; or

(iii) is a member of the key management personnel of the Trustee-Manager or of a parent of the Trust.

(b) An entity is related to the Group and the Trust if any of the following conditions applies:

(i) the entity and the Trust are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

(iii) both entities are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third party;

(v) the entity is a post-employment benefit plan for the benefit of employees of an entity related to the Trust. If the Trust is itself such a plan, the sponsoring employers are also related to the Trust;

(vi) the entity is controlled or jointly controlled by a person identified in (a); or

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

## 3. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires Management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

*(a) Valuation of investment properties and investment properties under construction*

The Group carries its investment properties and investment properties under construction at fair value, with changes in fair values being recognised in profit or loss.

The fair values of investment properties and investment properties under construction are determined by independent professional valuers using recognised valuation techniques. These techniques comprise both the income capitalisation method and the discounted cash flow method.

The determination of the fair values of the investment properties and investment properties under construction require the use of estimates such as future cash flows from assets and discount rates applicable to those assets. These estimates are based on prevailing local market conditions.

The carrying amount and key assumptions used to determine the fair value of the investment properties and investment properties under construction are further explained in Note 29. The Trustee-Manager is of the view that the valuation techniques and estimates are reflective of the current market condition.

*(b) Taxes*

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax provisions already recorded and contingent liabilities disclosed in the financial statements.

## 3. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

*(c) Taxes (continued)*

The Group assesses whether provisions or disclosure as contingent liabilities for tax matters, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. If provisions are required, the amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the relevant tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective entity's domicile.

Deferred tax assets are recognised for all unused tax loss and Minimum Alternative Tax ("MAT") credit to the extent that it is probable that taxable profit will be available against which the loss and MAT credit can be utilised. Management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits.

Deferred tax liabilities are recognised on fair value gains on investment properties. The determination of the appropriate tax rates to be applied on the fair value gains is based on Management's assumption to recover the carrying amounts of the investment properties through use (except for land) and as to when they are expected to avail themselves of the deduction under 80IA of Income Tax Act 1961.

Ascendas IT Park (Chennai) Limited ("AITPCL") has obtained approvals from relevant authorities and can claim 80IA exemption for any 10 consecutive years out of 15 years beginning from the year in which the industrial park commences operation. Consequent to such approval, AITPCL has accounted for 80IA exemption for Phase 1 from the financial year ended 31 March 2010 and, Phase 2 and 3, from the financial year ended 31 March 2016 in the financial statements and accordingly reversed tax provision pertaining to prior years amounting to INR 214 million (equivalent to $4,580,000) and recognised MAT credit of INR 366 million (equivalent to $7,832,000) in prior year.

AITPCL is in the process of revising its income tax returns and finalising its position regarding the first year of claiming 80IA exemption in relation to each Phase. This is because AITPCL had been claiming exemptions under section 80IA from financial year ended 31 March 2010 for Phase 1 and 2, and financial year ended 31 March 2011 for Phase 3 in the income tax returns.

Pending, finalisation and filing of first year of claim under section 80IA and its approval by tax authorities, the financial statements do not reflect any further adjustments that may arise based on final approval from the tax authorities.

## 4. INTEREST INCOME

| | Group | |
|---|---|---|
| | **2018** | 2017 |
| | **$'000** | $'000 |
| Interest income | | |
| - Financial institutions | **4,130** | 6,028 |
| - Investment in available-for-sale financial assets | **–** | 7,483 |
| - Others | **785** | 535 |
| | **4,915** | 14,046 |

## 5. OTHER PROPERTY OPERATING EXPENSES

| | Group | |
|---|---|---|
| | **2018** | 2017 |
| | **$'000** | $'000 |
| Advertising and publication | **822** | 554 |
| Depreciation of equipment | **90** | 80 |
| Employee benefits | **334** | 240 |
| Insurance | **283** | 222 |
| General management fee | **4,958** | 3,306 |
| Subcharges | **305** | 663 |
| Travel and hotel accomodation | **144** | 172 |
| Professional fees | **1,048** | 750 |
| Allowance/(write-back) for impairment of receivables | **890** | (418) |
| Other direct costs | **914** | 603 |
| | **9,788** | 6,172 |

## 6. FINANCE COSTS

| | Group | |
|---|---|---|
| | **2018** | 2017 |
| | **$'000** | $'000 |
| Interest expenses | | |
| - Financial institutions | **18,794** | 14,511 |
| - Medium term notes | **13,752** | 13,953 |
| - Others | **208** | 235 |
| | **32,754** | 28,699 |

## 7. PROFIT BEFORE TAX

The following items have been included in arriving at profit before tax:

| | Group | |
|---|---|---|
| | **2018** | 2017 |
| | **$'000** | $'000 |
| Auditors of the Group: | | |
| - Audit fees | **311** | 295 |
| - Non-audit fees | **89** | 56 |
| Inventories recognised as expenses in "Operations, maintenance and utilities expenses" | **6,417** | 8,643 |

## 8. INCOME TAXES

(a) *Income tax expenses*

| | Group | |
|---|---|---|
| | **2018** | 2017 |
| | **$'000** | $'000 |
| Tax expenses attributable to profit is made up of: | | |
| *Current income tax expenses* | | |
| - Based on current year's results | **21,652** | 23,724 |
| - Under/(over) provision in respect of prior years | **1,399** | (4,580) |
| | **23,051** | 19,144 |
| *Deferred income tax expenses* | | |
| - Based on current year's results | **64,231** | 23,426 |
| - Effect of change in tax laws | **–** | (11,764) |
| - Under/(over) provision in respect of prior years | **243** | (7,832) |
| | **64,474** | 3,830 |
| | **87,525** | 22,974 |

## 8. INCOME TAXES (CONTINUED)

### (a) *Income tax expenses (continued)*

The reconciliation between tax expenses and the product of accounting profit multiplied by the applicable corporate tax rate for the financial years ended 31 March 2018 and 2017 is as follows:

| | Group | |
|---|---|---|
| | **2018** | 2017 |
| | **$'000** | $'000 |
| Profit before tax | **288,793** | 171,219 |
| Tax calculated at tax rate of 34.61% (2017: 34.61%) | **99,951** | 59,259 |
| Effects of: | | |
| - Income not subject to tax | **(11,116)** | (8,646) |
| - Expenses not deductible for tax purpose | **7,823** | 2,340 |
| - Tax incentives | **(12,693)** | (13,316) |
| - Fair value gains on investment properties subject to lower tax rate | **(7,323)** | (3,199) |
| - Effect of change in tax laws | **–** | (11,764) |
| - Dividend distribution and withholding tax | **8,508** | 11,028 |
| - Under/(over) provision in respect of prior years | **1,642** | (12,412) |
| - Others | **733** | (316) |
| | **87,525** | 22,974 |

The corporate tax rate applicable in India was 34.61%.

Tax incentives comprise tax holiday benefits available for Indian entities where investment properties are located in the notified industrial park and/or special economic zones.

Dividend distribution tax is levied on any dividend payments by the subsidiaries in India while withholding tax is payable by the subsidiaries in India on interest payments made to the intermediate holding companies in Singapore.

*Minimum Alternate Tax ("MAT")*

Under the Indian income tax law, MAT will be payable only where tax liability, as computed, is less than 18.50% of the book profits in the profit or loss account and after making certain specified adjustments. Set-off of MAT credit is allowed in a particular year on the difference between the tax liability under normal provisions and tax liability under MAT provisions for such years.

## 8. INCOME TAXES (CONTINUED)

*(b) Movements in current income tax recoverable and liabilities*

| | Group | |
|---|---|---|
| | **2018 $'000** | 2017 $'000 |
| Current income tax recoverable | **7,240** | 9,148 |
| Current income tax liabilities | **–** | (306) |
| Current income tax recoverable, net | **7,240** | 8,842 |

*Movements in current income tax recoverable, net*

| | Group | |
|---|---|---|
| | **2018 $'000** | 2017 $'000 |
| Balance at beginning of financial year | **8,842** | 9,808 |
| Tax charge for the year | **(21,652)** | (23,724) |
| (Under)/over provision in respect of prior years | **(1,399)** | 4,580 |
| Tax paid during the year | **7,487** | 9,619 |
| Tax deducted at source (net) | **14,102** | 8,409 |
| Translation differences | **(140)** | 150 |
| Balance at end of financial year | **7,240** | 8,842 |

*(c) Deferred income tax liabilities and assets*

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same tax authority. The amounts, determined after appropriate offsetting, are shown on the balance sheet as follows:

| | Group | |
|---|---|---|
| | **2018 $'000** | 2017 $'000 |
| Deferred income tax assets: | | |
| - To be settled after one year | **(26,419)** | (26,605) |
| Deferred income tax liabilities: | | |
| - To be settled after one year | **276,325** | 222,927 |
| Deferred income tax liabilities – net | **249,906** | 196,322 |
| The above comprises the following: | | |
| - Fair value gains on investment properties | **276,325** | 222,927 |
| - Minimum alternate tax credit | **(26,419)** | (26,605) |
| | **249,906** | 196,322 |

## 8. INCOME TAXES (CONTINUED)

*(c) Deferred income tax liabilities and assets (continued)*

The movements in the deferred income tax assets and liabilities are as follows:

| Group | Fair value gains on investment properties $'000 | Minimum alternate tax credit $'000 | Total $'000 |
|---|---|---|---|
| **2018** | | | |
| Balance at beginning of financial year | **222,927** | **(26,605)** | **196,322** |
| Tax charged to income statement | **65,777** | **(1,303)** | **64,474** |
| Translation differences | **(12,379)** | **1,489** | **(10,890)** |
| Balance at end of financial year | **276,325** | **(26,419)** | **249,906** |
| 2017 | | | |
| Balance at beginning of financial year | 187,809 | (4,265) | 183,544 |
| Tax charged to income statement | 26,243 | (22,413) | 3,830 |
| Translation differences | 8,875 | 73 | 8,948 |
| Balance at end of financial year | 222,927 | (26,605) | 196,322 |

Deferred income tax assets are recognised for MAT credit available and tax loss carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable.

*(d) Dividend distribution tax on undistributed earnings*

At the reporting date, the Group had potential dividend distribution tax liability amounting to $23,200,000 (2017: $25,500,000) associated with undistributed earnings of subsidiaries. No deferred tax liabilities have been recognised in respect of these differences because the Group is in a position to control the dividend policies of these subsidiaries and provision is made only when there is a plan for dividend distribution.

## 9. EARNINGS PER UNIT

The calculation of basic earnings per unit is based on:

| | Group | |
|---|---|---|
| | **2018** | 2017 |
| Total profit attributable to Unitholders ($'000) | **191,312** | 139,166 |
| Weighted average number of units outstanding during the year ('000) | **945,968** | 929,178 |
| Earnings per unit (cents) | **20.22** | 14.98 |

Diluted earnings per unit are the same as the basic earnings per unit as there are no dilutive instruments in issue during the financial year.

## 10. DISTRIBUTION TO UNITHOLDERS

| | Group and Trust | |
|---|---|---|
| | **2018** | 2017 |
| | **$'000** | $'000 |
| Distribution paid: | | |
| Exempt distribution of 2.76 cents per unit paid on 27 May 2016 | **–** | 25,572 |
| Exempt distribution of 2.73 cents per unit paid on 28 November 2016 | **–** | 25,385 |
| Exempt distribution of 2.96 cents per unit paid on 26 May 2017 | **27,565** | – |
| Exempt distribution of 2.81 cents per unit paid on 17 November 2017 | **26,263** | – |
| Exempt distribution of 2.44 cents per unit paid on 12 March 2018 | **22,823** | – |
| | **76,651** | 50,957 |

A tax-exempt distribution of 0.85 cents per unit amounting to $8,787,000 was approved on 25 April 2018 by the Board of Directors of the Trustee-Manager. These financial statements do not reflect this distribution, which will be accounted for in unitholders' funds as an appropriation of retained earnings in the financial year ending 31 March 2019.

*Distribution adjustments*

The Trustee-Manager had elected to receive 50% of its base fee and performance fee in units and 50% in cash. The 50% fees payable in units does not affect cash flow and has been added back to the income available for distribution. Trustee-Manager's fees payable in units amounted to $6,094,000 (2017: $4,779,000) during the financial year.

During the financial year, net realised exchange loss of $908,000 (2017: net realised exchange gain of $910,000) arose from the refinancing of SGD-denominated loans.

Exchange gain or loss is recognised when borrowings that are denominated in currencies other than the INR are revalued. The exchange gain or loss is realised when the borrowing matures. Such exchange gain or loss does not affect cash flow and has been deducted from or added to the income available for distribution.

## 11. CASH AND CASH EQUIVALENTS

| | Group | | Trust | |
|---|---|---|---|---|
| | **2018** | 2017 | **2018** | 2017 |
| | **$'000** | $'000 | **$'000** | $'000 |
| Cash at bank and on hand | **12,199** | 35,237 | **723** | 419 |
| Fixed deposits | **97,608** | 39,760 | **–** | – |
| | **109,807** | 74,997 | **723** | 419 |

The exposure of cash and cash equivalents to interest rate risks and currency risks is disclosed in Note 28.

Fixed deposits at the balance sheet date had an average maturity of 6 months (2017: 6 months). Fixed deposits with maturities in excess of 3 months, upon early-termination, will earn interest at the stipulated rate up to the actual period of deposit, and are subject to an insignificant risk of change in value.

As at 31 March 2018, certain companies of the Group had cash and deposit balances denominated in INR amounting to approximately $108,912,000 (2017: $74,384,000) which are deposited with financial institutions in India. Cash and deposit balances which are denominated in INR, a controlled currency, are not freely convertible into foreign currencies.

## 12. INVENTORIES

| | Group | |
|---|---|---|
| | **2018** | 2017 |
| | **$'000** | $'000 |
| Operational supplies | **479** | 1,324 |

## 13. OTHER ASSETS

| | Group | | Trust | |
|---|---|---|---|---|
| | **2018** | 2017 | **2018** | 2017 |
| | **$'000** | $'000 | **$'000** | $'000 |
| **Current** | | | | |
| Deposits | **5,757** | 5,587 | **–** | – |
| Prepayments | **400** | 492 | **14** | 34 |
| | **6,157** | 6,079 | **14** | 34 |
| **Non-current** | | | | |
| Deposits | **5,401** | 5,741 | **–** | – |
| Prepayments | **107** | 86 | **–** | – |
| | **5,508** | 5,827 | **–** | – |

The carrying amounts of deposits, denominated in INR, approximate their fair values.

## 14. LOANS TO SUBSIDIARIES

| | Trust | |
|---|---|---|
| | **2018** | 2017 |
| | **$'000** | $'000 |
| Loans to subsidiaries | | |
| - Non-interest bearing | **296,454** | 236,132 |
| - Interest bearing | **258,074** | 270,078 |
| | **554,528** | 506,210 |

As at 31 March 2018, the loans to subsidiaries are unsecured, repayable on demand and approximate their fair values. The interest bearing loans carry interest rates ranging from 2.58% to 9.15% (2017: 2.58% to 9.15%) per annum.

## 15. TRADE AND OTHER RECEIVABLES

| | Group | | Trust | |
|---|---|---|---|---|
| | **2018** | 2017 | **2018** | 2017 |
| | **$'000** | $'000 | **$'000** | $'000 |
| Trade receivables | **8,196** | 6,997 | **–** | – |
| Less: Allowance for impairment of receivables | **(2,304)** | (1,835) | **–** | – |
| Trade receivables - net | **5,892** | 5,162 | **–** | – |
| | | | | |
| Other receivables | | | | |
| Advances to regulatory authorities | **2,410** | 2,270 | **–** | – |
| Less: Allowance for impairment of advances | **(2,410)** | (2,270) | **–** | – |
| Other receivables – net | **–** | – | **–** | – |
| | | | | |
| Amounts owing from subsidiary | **–** | – | **1,949** | 18,061 |
| Non-related parties | | | | |
| - Advances to suppliers | **840** | 3,797 | **–** | – |
| - Advance payment of expenditure on investment properties | **–** | 6,642 | **–** | – |
| - Interest receivable | **3,990** | 3,696 | **–** | – |
| - Service input tax recoverable | **5,568** | 4,930 | **–** | – |
| - Others | **624** | 1,561 | **1,784** | 873 |
| | **16,914** | 25,788 | **3,733** | 18,934 |

Amounts owing from subsidiary are unsecured, interest-free and repayable on demand.

The carrying amounts of trade and other receivables approximate their fair values.

The exposure of trade and other receivables to currency risks is disclosed in Note 28.

During the financial year, advance payment of expenditure on investment properties of $9,462,000 was transferred to Investment Properties.

As disclosed in Note 5, allowance for impairment of receivables of $890,000 (2017: write-back of $418,000) was included in "Other property operating expenses".

## 16. INVESTMENT IN JOINT VENTURE

| | Group | |
|---|---|---|
| | **2018** | 2017 |
| | **$'000** | $'000 |
| Balance at beginning of financial year | **27,758** | – |
| Additions | **–** | 24,241 |
| Derecognition upon acquisition of subsidiary | **(27,998)** | – |
| Transaction cost capitalised | **–** | 28 |
| Translation differences | **240** | 1,466 |
| | **–** | 25,735 |
| Share of post-acquisition reserve (Interest receivable) | **–** | 2,023 |
| Balance at end of financial year | **–** | 27,758 |

Investment in joint venture relates to subscription of fully and compulsorily convertible debentures ("FCCD") in Deccan Real Ventures Private Limited ("DRVPL"), a company incorporated in India. The FCCD bears coupon of 10.4% per annum, net of all applicable taxes. The FCCD may be fully converted into equity shares of DRVPL any time before the 15th anniversary after issuance, at the option of the Group. The FCCD, however, will be mandatorily converted into equity shares of DRVPL at the 15th anniversary after issuance. The FCCD investment allows the Group to appoint one Nominee Director in DRVPL, whereby reserved matters, including major decisions over the relevant activities, must be duly approved by the Nominee Director. The FCCD issued by DRVPL is to fund the construction of the fourth aVance Business Hub property ("aVance 4"), an IT building with a total floor area of 389,958 sq ft located in Hyderabad. The subscription to the FCCD is a multi-stage process to eventually acquire aVance 4.

The Group does not have any direct interest in the issued and paid up capital of DRVPL as at 31 March 2017. The Group's equity interest in DRVPL is solely represented by its investment in FCCD. The Group's share of results in DRVPL only relates to the interest income arising from the coupon of 10.4% per annum on the FCCD which is recognised as interest income under "Interest income" line item in the consolidated income statement.

On 11 April 2017, the Group acquired the entire issued and paid up capital of DRVPL for a consideration amounting to INR 1,952 million (equivalent to $42,163,000). The acquisition price includes the investment in FCCD of $27,758,000. Accordingly, DRVPL became a wholly-owned subsidiary of the Group. The FCCD in DRVPL (which is now a subsidiary) is eliminated on consolidation and derecognised upon acquisition of the subsidiary. The acquisition of DRVPL is described in more detail in Note 22.

## 16. INVESTMENT IN JOINT VENTURE (CONTINUED)

Summarised financial information in respect of DRVPL and reconciliation with the carrying amount of the investment in the consolidated financial statements as at 31 March 2017 are as follows:

*Summarised balance sheet*

| | Group<br>2017<br>$'000 |
|---|---|
| Current Assets | 2,051 |
| Non-current assets | 30,875 |
| Current liabilities | (4,567) |
| Non-current liabilities | (1,357) |
| Net-assets (excluding FCCD) | 27,002 |
| Group's share of net assets, represented by FCCD | 27,758 |

*Summarised statement of comprehensive income*

| | Group<br>2017<br>$'000 |
|---|---|
| Revenue | 2,231 |
| Loss before tax | (372) |

The Group's share of results in joint venture is represented by the interest income on FCCD.

## 17. DERIVATIVE FINANCIAL INSTRUMENTS

| | Group and Trust | | | | | |
|---|---|---|---|---|---|---|
| | 2018 | | | 2017 | | |
| | Contract/ notional amount | Fair values | | Contract/ notional amount | Fair values | |
| | | Assets | Liabilities | | Assets | Liabilities |
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| **Current** | | | | | | |
| *Cash flow hedges* | | | | | | |
| - Interest rate swaps | **6,000** | **–** | **(2)** | 10,000 | – | (19) |
| - Currency swaps | **63,000** | **5,504** | **–** | 40,000 | 726 | – |
| *Non-hedging instruments* | | | | | | |
| - Currency forwards | **12,000** | **17** | **–** | 20,000 | – | (695) |
| | | **5,521** | **(2)** | | 726 | (714) |
| **Non-current** | | | | | | |
| *Cash flow hedges* | | | | | | |
| - Interest rate swaps | **35,000** | **14** | **(92)** | 41,000 | 25 | (190) |
| - Currency swaps | **331,953** | **9,541** | **(3,101)** | 293,133 | 1,666 | (12,944) |
| | | **9,555** | **(3,193)** | | 1,691 | (13,134) |
| **Total** | | **15,076** | **(3,195)** | | 2,417 | (13,848) |

No cash flow hedges of expected transactions were assessed to be ineffective under FRS 39 and recognised in the profit or loss for the Group and the Trust for the financial years ended 31 March 2018 and 2017.

The Group held interest rate swaps to exchange floating-rate interest, on SGD loans of $41,000,000 (2017: $51,000,000), into fixed-rate interest at an average rate of 3.48% (2017: 3.33%) per annum.

The Group entered into currency swaps to exchange floating-rate SGD loans of $206,000,000 (2017: $206,000,000) for INR obligations at average fixed-rate of 7.85% (2017: 7.67%) per annum and also currency swaps to exchange fixed-rate medium term notes of $127,133,000 (2017: $127,133,000) for fixed-rate INR obligation at average fixed-rate of 8.45% (2017: 8.45%) per annum.

The rationale for entering into currency forwards is disclosed in Note 28(a)(i).

*Period when cash flows on cash flow hedges are expected to occur or affect profit or loss*

Currency and interest rate swaps are entered to hedge currency and interest rate fluctuations. Fair value gains and losses on the currency and interest rate swaps recognised in the hedging reserve are transferred to profit or loss as realised fair value gain or loss on derivative financial instruments upon maturity. Net interest paid on the currency and interest rate swaps is taken to profit or loss as part of interest expenses over the period of borrowings.

## 18. EQUIPMENT

| | Group Computers, furniture and equipment 2018 $'000 | 2017 $'000 |
|---|---|---|
| **Cost** | | |
| Balance at beginning of financial year | **4,380** | 4,169 |
| Additions | **253** | – |
| Acquisition of subsidiary (Note 22) | **–** | 2 |
| Translation differences | **(278)** | 209 |
| Balance at end of financial year | **4,355** | 4,380 |
| **Accumulated depreciation** | | |
| Balance at beginning of financial year | **4,140** | 3,864 |
| Depreciation charge | **90** | 80 |
| Translation differences | **(260)** | 196 |
| Balance at end of financial year | **3,970** | 4,140 |
| **Net book value** | | |
| Balance at end of financial year | **385** | 240 |
| Balance at beginning of financial year | **240** | 305 |

## 19. INVESTMENT PROPERTIES UNDER CONSTRUCTION

| | Group 2018 $'000 | 2017 $'000 |
|---|---|---|
| Balance at beginning of financial year | **33,619** | 61,812 |
| Additions during the year | **16,694** | 12,007 |
| Transfer to investment properties (Note 20) | **(32,743)** | (50,923) |
| Fair value (loss)/gain | **(1,288)** | 10,300 |
| Translation differences | **(1,576)** | 423 |
| Balance at end of financial year | **14,706** | 33,619 |

Investment properties under construction are stated at fair value, which has been determined based on residual valuations performed by Cushman & Wakefield (India) Private Limited as at 31 March 2018. The details of the valuation techniques and inputs used are disclosed in Note 29.

During the financial year, Atria building, a multi-tenanted building in VITP Private Limited, was transferred on completion at fair value of $32,743,000 to "Investment properties". In previous financial year, $50,923,000 was transferred to "Investment properties" on completion of a multi-tenanted building in Information Technology Park Limited.

Included in additions of investment properties under construction, $1,639,000 (2017: $2,698,000) was construction cost payable (Note 23).

## 20. INVESTMENT PROPERTIES

| | Group | |
|---|---|---|
| | **2018** | 2017 |
| | **$'000** | $'000 |
| Balance at beginning of financial year | **1,410,110** | 1,077,011 |
| Additions during the year | **18,543** | 6,811 |
| Cost adjustment arising from change in deferred consideration | **(3,452)** | – |
| Acquisition of subsidiary (Note 22) | **136,327** | 134,801 |
| Amortisation of marketing fee | **1,257** | 531 |
| Straightlining of rent free period | **2,315** | 2,350 |
| Transfer from investment properties under construction (Note 19) | **32,743** | 50,923 |
| Fair value gain | **213,100** | 77,911 |
| Translation differences | **(84,651)** | 59,772 |
| Balance at end of financial year | **1,726,292** | 1,410,110 |

It is the intention of the Trustee-Manager to hold the investment properties for the long term.

Investment properties are stated at fair value, which has been determined based on valuations performed by Cushman & Wakefield (India) Private Limited as at 31 March 2018. The details of the valuation techniques and inputs used are disclosed in Note 29.

## 21. GOODWILL

| | Group | |
|---|---|---|
| | **2018** | 2017 |
| | **$'000** | $'000 |
| Balance at beginning of financial year | **16,380** | 15,614 |
| Translation differences | **(919)** | 766 |
| Balance at end of financial year | **15,461** | 16,380 |

*Impairment test for goodwill*

Goodwill has been allocated to cash-generating unit ("CGU"). A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The carrying values of goodwill remain unchanged except for translation differences. The goodwill arose from the acquisition of Ascendas IT Park (Chennai) Limited and Cyber Pearl Information Technology Park Private Limited amounting to $13,634,000 (2017: $14,444,000) and $1,827,000 (2017: $1,936,000) respectively.

Goodwill balances result from the requirement on acquisition to recognise a deferred tax liability, calculated as the difference between the tax effect of the fair value of the acquired assets and liabilities and their tax bases. For the purpose of testing this goodwill for impairment, the related deferred tax liabilities recognised on acquisition that remain at balance sheet date are treated as part of the relevant CGU.

## 22. INVESTMENT IN SUBSIDIARIES

The details of the Trust's subsidiaries are as follows:

| Subsidiaries | Principal activities | Country of incorporation/ place of business | Class of shares | Percentage of equity held by the Trust | | Trust Cost of investment | |
|---|---|---|---|---|---|---|---|
| | | | | **31 March 2018 %** | 31 March 2017 % | **31 March 2018 $'000** | 31 March 2017 $'000 |
| **Direct subsidiaries** | | | | | | | |
| Ascendas Property Fund (India) Pte. Ltd.* | Investment vehicle of listed trust | Singapore | Ordinary | **100** | 100 | **10,403** | 11,021 |
| Ascendas Property Fund (FDI) Pte. Ltd. * | Investment vehicle of listed trust | Singapore | Ordinary | **100** | 100 | **#** | # |
| **Indirect subsidiaries** | | | | | | | |
| VITP Private Limited @ | Development, owning and management of information technology parks in Hyderabad | India | Ordinary | **100** | 100 | | |
| Flagship Developers Private Limited @ | Development, owning and management of information technology parks in special economic zones in Pune | India | Ordinary | **100** | 100 | | |
| Information Technology Park Limited @ | Development, owning and management of information technology parks in Bangalore | India | Ordinary | **92.8** | 92.8 | | |
| Cyber Pearl Information Technology Park Private Limited @ | Development, owning and management of information technology parks in Hyderabad and Chennai | India | Ordinary | **100** | 100 | | |
| Ascendas IT Park (Chennai) Limited @ | Development, owning and management of information technology parks in Chennai | India | Ordinary | **89** | 89 | | |
| Hyderabad Infratech Pvt Ltd @ | Development, owning and management of information technology parks in special economic zones in Hyderabad | India | Ordinary | **100** | 100 | | |
| Avance-Atlas Infratech Private Limited @ | Development, owning and management of information technology parks in special economic zones in Hyderabad | India | Ordinary | **100** | 100 | | |
| Deccan Real Ventures Private Limited @ | Development, owning and management of information technology parks in special economic zones in Hyderabad | India | Ordinary | **100** | – | | |
| Arshiya Rail Siding and Infrastructure Limited @ | Setting up, developing, obtaining rail siding infrastructure and network for operation and movement of container, cargo and freight trains in Mumbai | India | Ordinary | **100** | – | | |

\# Less than $1,000
* Audited by Ernst & Young LLP, Singapore.
@ Audited by member firm of EY Global in India

## 22. INVESTMENT IN SUBSIDIARIES (CONTINUED)

*Acquisition of subsidiaries*

In the current financial year, on 11 April 2017, the Group's subsidiary, Ascendas Property Fund (India) Pte Ltd acquired 100% equity interest in DRVPL for an upfront cash consideration of INR 671 million (equivalent to $14,502,000) and contingent deferred consideration of INR 192 million (equivalent to $4,147,000).

In the current financial year, on 3 February 2018, the Group's subsidiary, Ascendas Property Fund (India) Pte Ltd acquired 100% equity interest in Arshiya Rail Siding and Infrastructure Limited ("ARSIL") for an upfront cash consideration of INR 4,341 million (equivalent to $89,329,000), deferred cash consideration of INR 328 million (equivalent to $6,691,000) and contingent deferred consideration of INR 38 million (equivalent to $783,000).

The acquisition of DRVPL augments the Trust's presence in Hyderabad while acquisition of ARSIL helps to diversify the Trust's portfolio into India's logistics sector.

In previous financial year, on 1 February 2017, the Group's subsidiary, VITP Private Limited acquired 100% equity interest in Flagship Developers Private Limited ("FDPL") for an upfront cash consideration of INR 3,658 million (equivalent to $76,461,000) and contingent deferred consideration of INR 290 million (equivalent to $6,059,000).

The acquisition of FDPL helps to create a presence in Pune, one of India's most significant IT/ITES markets.

The costs of the identifiable assets and liabilities of DRVPL, ARSIL and FDPL as at the acquisition date were:

| | Group Cost recognised on acquisition | |
|---|---|---|
| | **2018 $'000** | 2017 $'000 |
| Investment properties (Note 20) | **136,327** | 134,801 |
| Equipment (Note 18) | **–** | 2 |
| Other assets | **59** | 556 |
| Trade and other receivables | **214** | 259 |
| Cash and cash equivalents | **686** | 8,373 |
| | **137,286** | 143,991 |
| Trade and other payables | **(33,455)** | (61,471) |
| Total identifiable net assets | **103,831** | 82,520 |
| Transaction costs capitalised | **3,290** | 2,196 |
| | **107,121** | 84,716 |
| <u>Consideration transferred for acquisition</u> | | |
| Cash consideration | **103,831** | 82,520 |
| Transaction costs | **3,290** | 2,196 |
| Total consideration | **107,121** | 84,716 |
| Less: Cash and cash equivalent acquired | **(686)** | (8,373) |
| Deferred consideration | **(11,621)** | (6,059) |
| Net cash outflow from acquisition of subsidiaries | **94,814** | 70,284 |

## 23. TRADE AND OTHER PAYABLES

| | Group | | Trust | |
|---|---|---|---|---|
| | **2018** | 2017 | **2018** | 2017 |
| | **$'000** | $'000 | **$'000** | $'000 |
| **Current** | | | | |
| Trade payables | **29** | 34 | **–** | – |
| Amount owing to subsidiary | **–** | – | **4,959** | 5,707 |
| Other payables | | | | |
| - Non-related parties | | | | |
| - Interest payable | **7,097** | 7,402 | **7,073** | 7,377 |
| - Construction cost payable | **1,639** | 2,698 | **–** | – |
| - Retention sum payable | **1,116** | 1,880 | **–** | – |
| - Advances | **2,249** | 1,185 | **–** | – |
| - Companies controlled by a Unitholder that has significant influence over the Group | **9,105** | 7,157 | **6,758** | 7,062 |
| Accruals | **13,621** | 4,891 | **1,386** | 1,547 |
| Rental deposits | **35,425** | 35,924 | **–** | – |
| Deferred consideration | **12,269** | 11,587 | **–** | – |
| Others | **2,492** | 4,645 | **199** | 27 |
| | **85,042** | 77,403 | **20,375** | 21,720 |
| **Non-current** | | | | |
| Rental deposits | **61,331** | 48,778 | **–** | – |
| Accruals | **1,493** | 6,503 | **1,492** | – |
| Others | **1,011** | 319 | **–** | – |
| | **63,835** | 55,600 | **1,492** | – |
| | **148,877** | 133,003 | **21,867** | 21,720 |

Amount owing to subsidiary is unsecured, interest free and repayable on demand.

The amounts owing to companies controlled by a Unitholder that has significant influence over the Group are unsecured, interest-free and repayable on demand. The amounts pertain mainly to fees payable to the Trustee-Manager and Property Manager, and are trade in nature.

Deferred consideration relates to amounts due to vendors arising from acquisition of subsidiaries (Note 22).

The carrying amounts of trade and other payables approximate their fair values.

The exposure of trade and other payables to currency risks is disclosed in Note 28.

## 24. BORROWINGS

| | Group and Trust 2018 $'000 | Group and Trust 2017 $'000 |
|---|---|---|
| **Current** | | |
| Unsecured bank loans | **70,600** | 2,600 |
| | | |
| Unsecured medium term notes | **65,000** | – |
| Less: Unamortised transaction costs | **(31)** | – |
| | **64,969** | – |
| | | |
| Total current borrowings | **135,569** | 2,600 |
| | | |
| **Non-current** | | |
| Unsecured bank loans | **250,000** | 257,000 |
| Less: Unamortised transaction costs | **(2,758)** | (1,249) |
| | **247,242** | 255,751 |
| | | |
| Unsecured medium term notes | **130,048** | 195,456 |
| Less: Unamortised transaction costs | **(381)** | (782) |
| | **129,667** | 194,674 |
| | | |
| Total non-current borrowings | **376,909** | 450,425 |
| | | |
| Total borrowings | **512,478** | 453,025 |

## 24. BORROWINGS (CONTINUED)

*Debt repayment schedule*

| | Group and Trust | | | |
|---|---|---|---|---|
| | Total $'000 | Within 1 year $'000 | After 1 year but within 5 years $'000 | After 5 years $'000 |
| **2018** | | | | |
| Unsecured bank loans | | | | |
| - Variable rate SGD term loans | **317,842** | 70,600 | 247,242 | – |
| Unsecured medium term notes | | | | |
| - 5 year SGD notes | **79,710** | – | 79,710 | – |
| - 5 year JPY notes | **49,957** | – | 49,957 | – |
| - 6 year SGD notes | **64,969** | 64,969 | – | – |
| | **194,636** | 64,969 | 129,667 | – |
| Total | **512,478** | 135,569 | 376,909 | – |
| 2017 | | | | |
| Unsecured bank loans | | | | |
| - Variable rate SGD term loans | **258,351** | 2,600 | 205,831 | 49,920 |
| Unsecured medium term notes | | | | |
| - 5 year SGD notes | **79,630** | – | 79,630 | – |
| - 5 year JPY notes | **50,333** | – | 50,333 | – |
| - 6 year SGD notes | **64,711** | – | 64,711 | – |
| | **194,674** | – | 194,674 | – |
| Total | **453,025** | 2,600 | 400,505 | 49,920 |

## 24. BORROWINGS (CONTINUED)

*Interest rate*

The weighted average effective interest rates of total borrowings at the balance sheet date were as follows:

| | Group and Trust 2018 | Group and Trust 2017 |
|---|---|---|
| Unsecured SGD bank loans | **2.46%** | 2.49% |
| Unsecured medium term notes | | |
| - 5 year SGD notes | **3.84%** | 3.84% |
| - 5 year JPY notes | **0.75%** | 0.75% |
| - 6 year SGD notes | **3.80%** | 3.80% |

*Reconciliation of liabilities arising from financing activities*

| | Liabilities | | Derivatives (assets)/liabilities held to hedge borrowings | | |
|---|---|---|---|---|---|
| | Borrowings $'000 | Interest payable $'000 | Cross currency swap and interest rate swap used for hedging-assets $'000 | Cross currency swap and interest rate swap used for hedging-liabilities $'000 | Total $'000 |
| Balance at beginning of financial year | 453,025 | 7,402 | (2,417) | 13,153 | **471,163** |
| **Changes from financing cash flows** | | | | | |
| Proceeds from borrowing | 159,601 | – | – | – | **159,601** |
| Repayment of borrowings | (101,100) | – | – | – | **(101,100)** |
| Finance costs paid | – | (32,663) | – | – | **(32,663)** |
| Total changes from financing cash flows | 58,501 | (32,663) | – | – | **25,838** |
| **Change in fair value** | – | – | (12,778) | (9,220) | **(21,998)** |
| **Other changes** | | | | | |
| Amortisation of transaction costs | 208 | – | – | – | **208** |
| Interest expense | – | 32,546 | – | – | **32,546** |
| Translation differences | 744 | (188) | 136 | (738) | **(46)** |
| Total liability-related other changes | 952 | 32,358 | 136 | (738) | **32,708** |
| Balance at end of financial year | 512,478 | 7,097 | (15,059) | 3,195 | **507,711** |

## 24. BORROWINGS (CONTINUED)

*Medium term notes*

In March 2009, the Trust established a $500,000,000 Multicurrency Medium Term Note ("MTN") Programme. Under the MTN Programme, the Trust may, subject to compliance with all relevant laws, regulations and directives, from time to time issue notes in one or more tranches, on the same or different issue dates, in SGD or any other currency.

Each tranche of notes may be issued in various amounts and tenors, and may bear fixed, floating, or variable rates of interest. Hybrid notes, zero coupon notes or perpetual securities may also be issued under the MTN Programme.

The notes shall constitute direct, unconditional, unsecured and unsubordinated obligations of the Trust ranking *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 Trust.

The maximum aggregate principal amount of the notes outstanding at any time shall be $500,000,000, or such higher amount as may be determined pursuant to the MTN Programme.

The total notes issued by the Trust as at 31 March 2018, which still remains outstanding, is $195,000,000 (2017: $195,000,000), consisting of:

(a) $65,000,000 MTN 4, which bears a fixed interest rate of 3.80% per annum, payable semi-annually in arrears and matures on 1 October 2018.

(b) $50,000,000 MTN 5, which bears a fixed interest rate of 3.80% per annum, payable semi-annually in arrears and matures on 27 August 2019.

(c) $30,000,000 MTN 6, which bears a fixed interest rate of 3.90% per annum, payable semi-annually in arrears and matures on 5 October 2020.

(d) JPY4,000,000,000 MTN 7, which bears a fixed interest rate of 0.75% per annum, payable semi-annually in arrears and matures on 11 May 2021.

## 25. UNITS IN ISSUE

| | Group and Trust | | | |
|---|---|---|---|---|
| | **2018** | | 2017 | |
| | **Number of units (in thousands)** | **$'000** | Number of units (in thousands) | $'000 |
| Balance at beginning of financial year | **930,531** | **714,712** | 925,740 | 710,261 |
| Issue of new units | | | | |
| - Fee paid in units | **4,863** | **5,405** | 4,791 | 4,451 |
| - Private placement (net) | **97,371** | **98,685** | – | – |
| Balance at end of financial year | **1,032,765** | **818,802** | 930,531 | 714,712 |

The holders of units are entitled to receive distribution as and when declared by the Trust. At any time, all the units in a class are of equal value and shall have equal rights and obligations.

The private placement (net) includes units issuance expenses of $1,315,000.

All issued units are fully paid.

## 26. RESERVES

(a) *Foreign currency translation reserve*

| | Trust | |
|---|---|---|
| | **2018 $'000** | 2017 $'000 |
| Balance at beginning of financial year | **(206,709)** | (208,833) |
| Translation differences arising from the conversion of functional currency into presentation currency | **(1,292)** | 2,124 |
| Balance at end of financial year | **(208,001)** | (206,709) |

(b) *Hedging reserve*

Hedging reserve represents the effective portion of cash flow hedge relationship existing as at the reporting date.

(c) *Other reserves*

Other reserves represent profits transferred to the statutory reserves of the Indian subsidiaries under Indian regulatory provisions.

## 26. RESERVES (CONTINUED)

*(d) Retained earnings*

| | Trust 2018 $'000 | Trust 2017 $'000 |
|---|---|---|
| Balance at beginning of financial year | **(452,658)** | (404,822) |
| (Loss)/profit for the year | **(35,383)** | 3,121 |
| Distribution to Unitholders (Note 10) | **(76,651)** | (50,957) |
| Balance at end of financial year | **(564,692)** | (452,658) |

## 27. RELATED PARTY TRANSACTIONS

The Group has entered into several service agreements in relation to the Management of the Trust and its property operations. These agreements are entered into with the Trustee-Manager and Ascendas Services (India) Pte. Ltd. (the "Property Manager"), which are companies that are controlled by a Unitholder that has significant influence over the Group. The fee structures of these services are as follows:

*(a) Trustee-Manager's fees*

*(i) Management fees*

The Trustee-Manager is entitled under the Trust Deed to receive the following management fees:
- a Base Fee at the rate of 0.5% per annum of the value of the properties held by the Trust.
- a Performance Fee at the rate of 4% per annum of the net property income of the Trust.

*(ii) Postponement, reduction of fees*

The Trustee-Manager may postpone the receipt of any fee (or any part of a fee) or charge a lower fee than it is entitled to receive under the Trust Deed.

*(iii) Trustee fees*

The Trustee-Manager is entitled to receive a trustee fee of up to 0.02% per annum of the value of the properties held by the Trust.

*(iv) Acquisition/divestment fees*

The Trustee-Manager is entitled to a fee upon the acquisition of an asset by any subsidiary calculated as 1% of the acquisition value of the investment.

The Trustee-Manager is entitled to a fee upon the disposal/divestment of an asset by any subsidiary calculated as 0.5% of the sale value of the investment.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

## 27. RELATED PARTY TRANSACTIONS (CONTINUED)

*(b) Property Manager's fees*

*(i) Property management services*

For the property management services, the property owner will pay the Property Manager a fee calculated based on 2% of the total property income of each property plus reimbursement of remuneration costs of the personnel employed by the Property Manager who are deployed on-site at the properties to provide property management services.

*(ii) Lease management services*

For the lease management services, the property owner will pay the Property Manager a fee calculated based on 1% of the total property income of each property.

*(iii) General management services*

For the general management services, the property owner will pay an apportioned amount of the remuneration cost of the centralized staff employed by the Property Manager for the purposes of providing general management services.

*(iv) Marketing services*

For the marketing services, the property owner will pay the Property Manager the following commissions:

a. One month's rent (including property and fit-out rental) for every lease with duration of less than one year;
b. One and a half months' rent (including property and fit-out rental) for every lease with a duration of between one and three years;
c. Two months' rent for every lease with duration of more than three but not exceeding ten years;
d. 2% of the total lease payment for the entire lease period for every lease with a duration exceeding ten years;
e. Renewal of an existing lease will be calculated at half of the above commission otherwise payable for a new tenancy; and
f. 2% of the total sale consideration for the sale of property.

Where external property agents are involved in securing a lease, renewal or sale of a property, a 20% mark-up applies to the abovementioned commissions.

## 27. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) *Property Manager's fees (continued)*

(v) *Project management services*

For the project management services, the property owner will pay the Property Manager a fee of 2% of the construction cost for development, re-development, refurbishment, retrofitting, addition to and alteration of or renovation carried out in the property.

Some of the Group's transactions and arrangements are with (a) the Trustee-Manager; and (b) the significant corporate Unitholders, Ascendas Pte Ltd and Temasek Holdings (Private) Limited, and their associates. The effect of these on the basis determined between the parties is reflected in these financial statements. The balances are unsecured, interest-free, repayable on demand and expected to be settled in cash unless otherwise stated.

In addition to the transactions disclosed elsewhere in the financial statements, the following are related party transactions based on agreed terms:

| | Group | |
|---|---|---|
| | **2018** | 2017 |
| | **$'000** | $'000 |
| **Companies controlled by a unitholder that has significant influence over the Group:** | | |
| Trustee-Manager's fees paid/payable | **13,645** | 11,130 |
| Property management services | **3,521** | 2,939 |
| Lease management services | **1,760** | 1,470 |
| General management fee | **4,958** | 3,306 |
| Marketing services | **4,616** | 3,448 |
| Project management fees | **843** | 214 |
| Rental income received/receivable | **(1,374)** | (934) |

*Acquisition fee*

During the financial year, acquisition fee of INR 56 million (equivalent to $1,165,000) was paid/payable to the Trustee-Manager relating to the acquisition of DRVPL, ARSIL together with the progress payment on FDPL and the building at CyberVale. In the previous financial year, acquisition fee of INR 67 million (equivalent to $1,414,000) relates to acquisition of FDPL and the progress payment on the building at CyberVale.

## 28. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to market risk (including currency risk and interest rate risk), credit risk and liquidity risk in the normal course of its business. The Group's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance. The Group uses financial instruments such as currency forwards, interest rate and foreign currency swaps to hedge certain financial risk exposures.

Management is responsible for setting the objectives and underlying principles of financial risk management for the Group. This is supported by comprehensive internal processes and procedures which are formalised in Management's organisational and reporting structure, operating manuals and delegation of authority guidelines.

The Audit and Risk Committee ("ARC") oversees how Management 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. The ARC is assisted in its oversight role by the internal auditors. The internal auditors undertake both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the ARC.

(a) *Market risk*

(i) *Currency risk*

The Group is exposed to foreign currency risk on purchases and borrowings that are denominated in a currency other than the functional currency of the Trust and its subsidiaries. The currency giving rise to this risk is primarily the SGD. The Group entered into cross currency swaps to manage foreign exchange exposure to SGD arising from SGD denominated borrowings.

The Group's distribution to Unitholders is in SGD. To enhance the stability of distribution to Unitholders, the Group entered into forward contracts to hedge a substantial portion of the cash flow it expects to receive. The hedging of INR cash flows receivable from the subsidiaries is effected through a forward sale of INR and purchase of SGD.

In respect of other monetary assets and liabilities held in currencies other than the INR, the Group ensures that the net exposure is kept to an acceptable level by buying and selling foreign currencies at spot rates, where necessary, to address short term imbalances.

## 28. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) *Market risk (continued)*

(i) *Currency risk (continued)*

The Group's main currency exposure based on the information provided to key management is as follows:

| Group | INR $'000 | SGD $'000 | JPY $'000 | USD $'000 | TOTAL $'000 |
|---|---|---|---|---|---|
| **2018** | | | | | |
| **Financial assets** | | | | | |
| Cash and cash equivalents | 108,911 | 879 | – | 17 | **109,807** |
| Trade and other receivables | 10,506 | – | – | – | **10,506** |
| Other financial assets | 11,158 | – | – | – | **11,158** |
| Total financial assets | 130,575 | 879 | – | 17 | **131,471** |
| **Financial liabilities** | | | | | |
| Trade and other payables | (145,402) | (825) | (146) | – | **(146,373)** |
| Borrowings | – | (462,521) | (49,957) | – | **(512,478)** |
| Total financial liabilities | (145,402) | (463,346) | (50,103) | – | **(658,851)** |
| Net financial (liabilities)/assets | (14,827) | (462,467) | (50,103) | 17 | **(527,380)** |
| Less: Net financial liabilities denominated in the respective entities' functional currencies | 14,827 | – | – | – | **14,827** |
| Currency swaps | – | 344,320 | 50,633 | – | **394,953** |
| Currency forwards | – | 12,000 | – | – | **12,000** |
| Net currency exposure | – | (106,147) | 530 | 17 | **(105,600)** |

## 28. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) *Market risk (continued)*

(i) *Currency risk (continued)*

| Group | INR $'000 | SGD $'000 | JPY $'000 | USD $'000 | TOTAL $'000 |
|---|---|---|---|---|---|
| 2017 | | | | | |
| **Financial assets** | | | | | |
| Cash and cash equivalents | 74,803 | 183 | – | 11 | **74,997** |
| Trade and other receivables | 10,419 | – | – | – | **10,419** |
| Investment in available-for-sale financial assets | 27,758 | – | – | – | **27,758** |
| Other financial assets | 11,328 | – | – | – | **11,328** |
| Total financial assets | 124,308 | 183 | – | 11 | **124,502** |
| **Financial liabilities** | | | | | |
| Trade and other payables | (131,662) | (9) | (147) | – | **(131,818)** |
| Borrowings | – | (402,692) | (50,333) | – | **(453,025)** |
| Total financial liabilities | (131,662) | (402,701) | (50,480) | – | **(584,843)** |
| Net financial (liabilities)/assets | (7,354) | (402,518) | (50,480) | 11 | **(460,341)** |
| Less: Net financial assets denominated in the respective entities' functional currencies | 7,354 | – | – | – | **7,354** |
| Currency swaps | – | 282,500 | 50,633 | – | **333,133** |
| Currency forwards | – | 20,000 | – | – | **20,000** |
| Net currency exposure | – | (100,018) | 153 | 11 | **(99,854)** |

## 28. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) *Market risk (continued)*

(i) *Currency risk (continued)*

If SGD, JPY and USD changes against INR by 10% (2017: 10%) respectively with all other variables including tax rate being held constant, the effects on profit or loss from the net position will be as follows:

| | Group | |
|---|---|---|
| | **2018** | 2017 |
| | **S$'000** | S$'000 |
| | **Increase/(Decrease)** | |
| SGD against INR | | |
| - Strengthened | **(10,615)** | (10,002) |
| - Weakened | **10,615** | 10,002 |
| JPY against INR | | |
| - Strengthened | **53** | 15 |
| - Weakened | **(53)** | (15) |
| USD against INR | | |
| - Strengthened | **2** | 1 |
| - Weakened | **(2)** | (1) |

(ii) *Fair value interest rate risk*

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Group has minimal interest rate risk as the Group has substantially hedged its floating rate financial liabilities, and its profits after tax and operating cash flows are substantially independent of changes in market interest rates.

(b) *Credit risk*

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the Group, as and when they fall due.

Management has established credit limits for customers and monitors their balances on an on-going basis. Credit appraisal is performed by Management before lease agreements are entered into with customers. The risk is also mitigated due to customers placing significant amount of security deposits for lease and fit-out rentals. Cash and short-term bank deposits are placed with financial institutions which are regulated.

At the balance sheet date, there was no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying value of each financial asset in the balance sheet.

## 28. FINANCIAL RISK MANAGEMENT (CONTINUED)

*(b) Credit risk (continued)*

The credit risk for trade receivables based on the information provided to key management is as follows:

*(i) Financial assets that are neither past due nor impaired*

Bank deposits are mainly deposits with banks which are regulated. Trade and other receivables that are neither past due nor impaired are substantially from companies with a good collection track record with the Group.

Deposits that are neither past due nor impaired are substantially due from the Indian Statutory Undertakings paid as guarantee deposits.

*(ii) Financial assets that are past due and/or impaired*

There is no other class of financial assets that is past due and/or impaired except for trade receivables and advances recoverable.

The age analysis of trade receivables and advances recoverable past due but not impaired is as follows:

| | Group | |
|---|---|---|
| | **2018** | 2017 |
| | **$'000** | $'000 |
| Past due 0 to 3 months | **3,400** | 3,142 |
| Past due over 3 months | **2,492** | 2,020 |
| | **5,892** | 5,162 |

The carrying amounts of trade receivables and advances recoverable determined to be impaired and the movement in the related allowance for impairment are as follows:

| | Group | |
|---|---|---|
| | **2018** | 2017 |
| | **$'000** | $'000 |
| Gross amount | **4,714** | 4,105 |
| Less: Allowance for impairment | **(4,714)** | (4,105) |
| | **–** | – |
| Balance at beginning of financial year | **4,105** | 4,598 |
| Currency translation difference | **(281)** | (75) |
| Allowance made/(written-back) | **890** | (418) |
| Balance at end of financial year | **4,714** | 4,105 |

## 28. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) *Credit risk (continued)*

(ii) *Financial assets that are past due and/or impaired (continued)*

The Group establishes an allowance for impairment that represents its estimate of incurred losses of trade and other receivables. This allowance is a specific loss component that relates to individually significant exposures. The allowance account in respect of trade and other receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible. At that point, the financial asset is considered irrecoverable and the amount charged to the allowance account is written off against the carrying amount of the impaired financial asset.

(c) *Liquidity risk*

Management monitors and maintains a level of cash and cash equivalents deemed adequate to finance the Group's operations. In addition, Management also monitors and observes the bank covenants imposed by the banks on the various borrowings.

The table below analyses the maturity profile of the Group's financial liabilities (including derivative financial liabilities) based on contractual undiscounted cash flows.

| Group | Less than 1 year $'000 | Between 1 and 2 years $'000 | Between 2 and 5 years $'000 | Over 5 years $'000 |
|---|---|---|---|---|
| **2018** | | | | |
| Net-settled swaps | **(15,977)** | **(14,134)** | **(15,952)** | **–** |
| Net-settled currency forwards | **(96)** | **–** | **–** | **–** |
| Trade and other payables | **(82,759)** | **(63,614)** | **–** | **–** |
| Borrowings (including interest) | **(146,253)** | **(93,330)** | **(300,426)** | **–** |
| | **(245,085)** | **(171,078)** | **(316,378)** | **–** |
| 2017 | | | | |
| Net-settled swaps | (14,396) | (11,085) | (16,154) | – |
| Net-settled currency forwards | (644) | – | – | – |
| Trade and other payables | (76,218) | (55,600) | – | – |
| Borrowings (including interest) | (14,630) | (99,954) | (325,743) | (50,550) |
| | (105,888) | (166,639) | (341,897) | (50,550) |

The Group and Trust manage the liquidity risk by maintaining sufficient cash from borrowings and cash generated from operations to enable them to meet their capital expenditure and operating commitments.

## 28. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) *Capital risk*

Management's objective when managing capital is to optimise the Group's capital structure within the borrowing limits set out in the Trust Deed to fund future acquisitions and asset enhancement works at the Group's properties. To maintain or achieve an optimal capital structure, Management may issue new units or source for additional borrowing from both financial institutions and capital markets.

Management monitors capital based on gearing ratio. As provided for in the Trust Deed, the maximum gearing ratio currently applicable is 45%.

The gearing ratio is calculated as total effective borrowings, which takes into account deferred consideration and the derivative financial instruments used to hedge borrowings, divided by value of Trust Property.

| | Group | |
|---|---|---|
| | **2018** | 2017 |
| | **$'000** | $'000 |
| Total effective borrowings | **506,277** | 475,348 |
| Value of Trust Property | **1,918,025** | 1,613,687 |
| Gearing ratio | **26%** | 29% |

Trust Property consists of all property and rights of any kind whatsoever which are held on trust for the Unitholders, in accordance with the terms of the Trust Deed.

The Group is in compliance with the borrowing limit requirements imposed by the Trust Deed and all externally imposed capital requirements for the financial years ended 31 March 2018 and 2017.

## 29. ACCOUNTING CLASSIFICATIONS AND FAIR VALUE

*(a) Accounting classifications*

The financial assets and liabilities, together with the carrying amounts shown in the balance sheets are as follows:

| Group | Note | Fair value through profit or loss $'000 | Fair value – hedging instrument $'000 | Loans and receivables $'000 | Other financial liabilities within the scope of FRS39 $'000 | Total carrying amount $'000 |
|---|---|---|---|---|---|---|
| **2018** | | | | | | |
| **Financial assets** | | | | | | |
| Cash and cash equivalents | 11 | – | – | 109,807 | – | **109,807** |
| Other financial assets | | – | – | 11,158 | – | **11,158** |
| Trade and other receivables | | – | – | 10,506 | – | **10,506** |
| Currency forwards | 17 | 17 | – | – | – | **17** |
| Currency swaps | 17 | – | 15,045 | – | – | **15,045** |
| Interest rate swaps | 17 | – | 14 | – | – | **14** |
| | | 17 | 15,059 | 131,471 | – | **146,547** |
| **Financial liabilities** | | | | | | |
| Trade and other payables | | – | – | – | 146,373 | **146,373** |
| Borrowings | 24 | – | – | – | 512,478 | **512,478** |
| Currency swaps | 17 | – | 3,101 | – | – | **3,101** |
| Interest rate swaps | 17 | – | 94 | – | – | **94** |
| | | – | 3,195 | – | 658,851 | **662,046** |

## 29. ACCOUNTING CLASSIFICATIONS AND FAIR VALUE (CONTINUED)

*(a) Accounting classifications (continued)*

| Group | Note | Fair value through profit or loss $'000 | Fair value – hedging instrument $'000 | Loans and receivables $'000 | Other financial liabilities within the scope of FRS39 $'000 | Total carrying amount $'000 |
|---|---|---|---|---|---|---|
| 2017 | | | | | | |
| **Financial assets** | | | | | | |
| Cash and cash equivalents | 11 | – | – | 74,997 | – | **74,997** |
| Other financial assets | | – | – | 11,328 | – | **11,328** |
| Trade and other receivables | | – | – | 10,419 | – | **10,419** |
| Currency swaps | 17 | – | 2,392 | – | – | **2,392** |
| Interest rate swaps | 17 | – | 25 | – | – | **25** |
| | | – | 2,417 | 96,744 | – | **99,161** |
| **Financial liabilities** | | | | | | |
| Trade and other payables | | – | – | – | 131,818 | **131,818** |
| Borrowings | 24 | – | – | – | 453,025 | **453,025** |
| Currency forwards | 17 | 695 | – | – | – | **695** |
| Currency swaps | 17 | – | 12,944 | – | – | **12,944** |
| Interest rate swaps | 17 | – | 209 | – | – | **209** |
| | | 695 | 13,153 | – | 584,843 | **598,691** |

## 29. ACCOUNTING CLASSIFICATIONS AND FAIR VALUE (CONTINUED)

*(a) Accounting classifications (continued)*

| Trust | Note | Fair value through profit or loss $'000 | Fair value – hedging instrument $'000 | Loans and receivables $'000 | Other financial liabilities within the scope of FRS39 $'000 | Total carrying amount $'000 |
|---|---|---|---|---|---|---|
| **2018** | | | | | | |
| **Financial assets** | | | | | | |
| Cash and cash equivalents | 11 | – | – | 723 | – | **723** |
| Loans to subsidiaries | 14 | – | – | 554,528 | – | **554,528** |
| Trade and other receivables | 15 | – | – | 2,091 | – | **2,091** |
| Currency forwards | 17 | 17 | – | – | – | **17** |
| Currency swaps | 17 | – | 15,045 | – | – | **15,045** |
| Interest rate swaps | 17 | – | 14 | – | – | **14** |
| | | 17 | 15,059 | 557,342 | – | **572,418** |
| **Financial liabilities** | | | | | | |
| Trade and other payables | 23 | – | – | – | 21,867 | **21,867** |
| Borrowings | 24 | – | – | – | 512,478 | **512,478** |
| Currency swaps | 17 | – | 3,101 | – | – | **3,101** |
| Interest rate swaps | 17 | – | 94 | – | – | **94** |
| | | – | 3,195 | – | 534,345 | **537,540** |

## 29. ACCOUNTING CLASSIFICATIONS AND FAIR VALUE (CONTINUED)

(a) *Accounting classifications (continued)*

| Trust | Note | Fair value through profit or loss $'000 | Fair value – hedging instrument $'000 | Loans and receivables $'000 | Other financial liabilities within the scope of FRS39 $'000 | Total carrying amount $'000 |
|---|---|---|---|---|---|---|
| 2017 | | | | | | |
| **Financial assets** | | | | | | |
| Cash and cash equivalents | 11 | – | – | 419 | – | **419** |
| Loans to subsidiaries | 14 | – | – | 506,210 | – | **506,210** |
| Trade and other receivables | 15 | – | – | 18,934 | – | **18,934** |
| Currency swaps | 17 | – | 2,392 | – | – | **2,392** |
| Interest rate swaps | 17 | – | 25 | – | – | **25** |
| | | – | 2,417 | 525,563 | – | **527,980** |
| **Financial liabilities** | | | | | | |
| Trade and other payables | 23 | – | – | – | 21,720 | **21,720** |
| Borrowings | 24 | – | – | – | 453,025 | **453,025** |
| Currency forwards | 17 | 695 | – | – | – | **695** |
| Currency swaps | 17 | – | 12,944 | – | – | **12,944** |
| Interest rate swaps | 17 | – | 209 | – | – | **209** |
| | | 695 | 13,153 | – | 474,745 | **488,593** |

## 29. ACCOUNTING CLASSIFICATIONS AND FAIR VALUE (CONTINUED)

*(a) Accounting classifications (continued)*

The carrying values of fixed rate medium term note and deposit approximate their fair values. The fair values are estimated using discounted cash flow analysis based on current rates for similar types of borrowing arrangements.

The carrying value of the borrowings are reasonable approximation of their fair values as they are floating rate instruments that are repriced to market interest rates on or near the end of the reporting period.

The carrying value less impairment provision of trade receivables and the carrying value of payables are assumed to approximate their fair values.

The carrying value of other financial assets (current), trade and other payables (current) and borrowings (current), are reasonable approximation of their fair values due to their short-term nature.

*(b) Fair value hierarchy*

The Group categories fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

(i) Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date;

(ii) Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

(iii) Level 3 – Unobservable inputs for the asset or liability.

## 29. ACCOUNTING CLASSIFICATIONS AND FAIR VALUE (CONTINUED)

(c) *Fair value measurements*

(i) *Assets and liabilities measured at fair value*

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period:

| Group | Significant observable inputs other than quoted prices (Level 2) $'000 | Significant unobservable inputs (Level 3) $'000 | Total $'000 |
|---|---|---|---|
| **2018** | | | |
| **Recurring fair value measurements** | | | |
| **Assets** | | | |
| Financial assets: | | | |
| Derivative financial instruments | | | |
| - Currency forwards | 17 | – | **17** |
| - Currency swaps | 15,045 | – | **15,045** |
| - Interest rate swaps | 14 | – | **14** |
| Total financial assets | 15,076 | – | **15,076** |
| | | | |
| Non-financial assets: | | | |
| Investment properties | – | 1,726,292 | **1,726,292** |
| Investment properties under construction | – | 14,706 | **14,706** |
| Total non-financial assets | – | 1,740,998 | **1,740,998** |
| | | | |
| **Liabilities** | | | |
| Financial liabilities: | | | |
| Derivative financial instruments | | | |
| - Currency swaps | 3,101 | – | **3,101** |
| - Interest rate swaps | 94 | – | **94** |
| Total financial liabilities | 3,195 | – | **3,195** |

## 29. ACCOUNTING CLASSIFICATIONS AND FAIR VALUE (CONTINUED)

*(c) Fair value measurements (continued)*

*(i) Assets and liabilities measured at fair value (continued)*

| Group | Significant observable inputs other than quoted prices (Level 2) $'000 | Significant unobservable inputs (Level 3) $'000 | Total $'000 |
|---|---|---|---|
| 2017 | | | |
| **Recurring fair value measurements** | | | |
| **Assets** | | | |
| Financial assets: | | | |
| Derivative financial instruments | | | |
| - Currency swaps | 2,392 | – | **2,392** |
| - Interest rate swaps | 25 | – | **25** |
| Total financial assets | 2,417 | – | **2,417** |
| | | | |
| Non-financial assets: | | | |
| Investment properties | – | 1,410,110 | **1,410,110** |
| Investment properties under construction | – | 33,619 | **33,619** |
| Total non-financial assets | – | 1,443,729 | **1,443,729** |
| | | | |
| **Liabilities** | | | |
| Financial liabilities: | | | |
| Derivative financial instruments | | | |
| - Currency forwards | 695 | – | **695** |
| - Currency swaps | 12,944 | – | **12,944** |
| - Interest rate swaps | 209 | – | **209** |
| Total financial liabilities | 13,848 | – | **13,848** |

## 29. ACCOUNTING CLASSIFICATIONS AND FAIR VALUE (CONTINUED)

*(c) Fair value measurements (continued)*

*(ii) Level 2 fair value measurements*

As at 31 March 2018, the Group has currency forwards, interest rate swaps and currency swaps, which are categorised in Level 2. The fair value of currency forwards is determined using mark-to-market valuation, which is calculated on the basis of quoted forward exchange rates at the end of the reporting period, received from respective banking and financial institutions. The fair values of interest rate swaps and currency swaps are also determined using mark-to-market valuation, which is calculated as the present value of the estimated future cash flows, received from respective banking and financial institutions. These derivative financial instruments are recognised at fair value in the financial statements.

*(iii) Level 3 fair value measurements*

The following table shows the information about fair value measurements using significant unobservable inputs (Level 3):

| Group | Fair value $'000 | Valuation techniques | Unobservable inputs | Range |
|---|---|---|---|---|
| **2018** | | | | |
| **Recurring fair value measurements** | | | | |
| - Investment properties | 1,726,292 | Discounted cash flow method, income capitalisation method | Discount rate, capitalisation rate | 12.00 – 13.50%<br>9.00 – 10.00% |
| - Investment properties under construction | 14,706 | | | |
| 2017 | | | | |
| **Recurring fair value measurements** | | | | |
| - Investment properties | 1,410,110 | Discounted cash flow method, income capitalisation method | Discount rate, capitalisation rate | 13.75 – 15.75%<br>9.75 – 10.75% |
| - Investment properties under construction | 33,619 | | | |

## 29. ACCOUNTING CLASSIFICATIONS AND FAIR VALUE (CONTINUED)

*(c) Fair value measurements (continued)*

*(iii) Level 3 fair value measurements (continued)*

The valuation of investment properties and investment properties under construction is determined through the two approaches, income capitalisation and discounted cash flow. The income capitalisation approach involves capitalising a single year's net property income estimate by an appropriate yield, whereas, the discounted cash flow approach explicitly models future net income from the property which is then discounted to a present value at an appropriate discount rate. The final valuations determined are an average of the two approaches employed by Cushman & Wakefield (India) Private Limited.

## 30. COMMITMENTS

As at the end of the reporting period, the Group had the following commitments:

*(a) Development and investment expenditure*

| | **2018**<br>**$'000** | 2017<br>$'000 |
|---|---|---|
| Amounts approved and contracted for | | |
| - Investment | **236,661** | 217,513 |
| - Development | **17,651** | 14,940 |
| Amounts approved but not contracted for | | |
| - Development | **6,405** | 40,852 |
| | **260,717** | 273,305 |

## 30. COMMITMENTS (CONTINUED)

(a) *Development and investment expenditure (continued)*

As at 31 March 2018, amount approved and contracted for includes:

(i) $236,661,000 (2017: $217,513,000) pertaining to the acquisition of two buildings in Hitec City 2 Special Economic Zone in Hyderabad. The two buildings are expected to be ready for acquisition over the next 2 years.

(ii) $17,651,000 (2017: $14,940,000) pertaining to investment properties under construction in ITPL and VITP (Note 19).

(b) *Operating lease commitments – where a group company is a lessor*

The Group leases out investment properties under operating leases with varying terms, escalation clauses and renewal rights.

The future minimum lease receivable under operating leases contracted for at the end of the reporting period but not recognised as receivables is analysed as follows:

| | **2018** | 2017 |
|---|---|---|
| | **$'000** | $'000 |
| Lease receivables: | | |
| - Within 1 year | **83,746** | 66,836 |
| - After 1 year but within 5 years | **134,286** | 101,064 |
| - After 5 years | **11,282** | 1,330 |
| | **229,314** | 169,230 |

## 31. OPERATING SEGMENT

The Group's investment properties are primarily tenanted for use as business space and are located in India. The revenues from the Group are derived primarily from corporate tenants and no single major customer represents sales of more than 10%. Therefore, Management considers that the Group operates within a single business segment and within a single geographical segment.

## 32. CONTINGENT LIABILITIES

The Group has the following contingent liabilities and independent tax or legal opinions were obtained to support the Management position that these claims are contingent in nature, and accordingly no provision was made.

(a) *Disputed tax positions*

International Technology Park Limited ("ITPL") operates both Special Economic Zone ("SEZ") and non-SEZ properties. Interest expense attributable to non-SEZ properties, was apportioned between SEZ and non-SEZ properties. This resulted in additional tax demanded of INR 31 million (equivalent to $624,000) in assessment year 2014-15. ITPL had filed an appeal.

Cyber Pearl Information Technology Park Private Limited ("Cyber Pearl") entered into an agreement with Mindtree Limited to acquire a building in CyberVale IT Special Economic Zone ("SEZ") in Chennai. Cyber Pearl sought an exemption for stamp duty under SEZ. However, Cyber Pearl received a stamp duty notice demanding INR 62 million (equivalent to $1,252,000), for which INR 45 million was already paid under protest. The Registrar has appointed a government valuer to do a valuation of the building and Cyber Pearl is waiting for a revised order from the Registrar based on the report submitted by the valuer.

Hyderabad Infratech Pvt Ltd ("HIPL") received income tax demand, including penalties and interest, of INR 99 million (equivalent to $1,991,000) for assessment year 2013-14 and 2014-15. This pertained to interest expense on Fully and Compulsorily Convertible Debenture ("FCCD") where the assessing officer deemed that the appropriate interest rate benchmark was LIBOR plus 2% and the excess interest was disallowed. HIPL was of the view that LIBOR was used to benchmark foreign currency loans and should not be considered as an appropriate benchmark for interest on FCCD issued in INR (i.e. domestic currency of HIPL).

(b) *Service tax disputes*

ITPL received orders from the Commissioner of Service Tax disallowing the availment of service tax credit relating to construction costs, generation of electricity and maintenance of power plant and other miscellaneous items for the period from October 2006 to September 2016. The potential tax exposure, including penalty amounted to INR 101 million (equivalent to $2,046,000).

## 32. CONTINGENT LIABILITIES (CONTINUED)

(b) *Service tax disputes (continued)*

Ascendas IT Park (Chennai) Limited ("AITPCL") received service tax assessment orders, including penalties and interest, disallowing the availment of service tax credit relating to construction costs used for renting of immovable property services and demand of service tax on electricity, water charges and fit-out for the period from October 2005 to September 2015. As at 31 March 2018, the total service tax in dispute not recognised in the financial statements, including penalties and interest, amounts to INR 992 million (equivalent to $20,031,000). AITPCL obtained opinion from its independent tax consultant who was of the view that AITPCL was eligible to avail the credit relating to construction costs while electricity, water and fit-out charges were not subject to service tax. A petition against this assessment was filed before the Customs Excise and Service Tax Appellate Tribunal ("CESTAT") for the period October 2005 to March 2010 and Commissioner of Service Tax for the period April 2010 to September 2015. During the year, AITPCL has received a favourable order to set aside the claims of INR 665 million (equivalent to $13,433,000). The balance of INR 327 million (equivalent to $6,605,000) represents the claim from the department for period from April 2010 to September 2015 on account of similar matters.

VITP Private Limited ("VITP") had received service tax notices from the Service Tax Department on reimbursable expenditure, termination charges received from tenants and recovery of credit availed for the period June 2007 to September 2015. The potential tax exposure, including penalty attributable to such demand notices is estimated to be INR 215 million (equivalent to $4,342,000).

HIPL provides renting of immovable property services and maintenance or repair services to the units located in the SEZ premises. HIPL has claimed exemption from payment of service tax, when the services are provided to the SEZ unit/developer for their authorised operations. HIPL was served with Show Cause Notice demanding payment of service tax with applicable interest and penalty on the grounds that HIPL has not paid service tax in all such cases where it has not been able to produce the required forms to avail service tax exemption. The Commissioner passed a final order holding that service tax amounting to INR 42 million (equivalent to $854,000), along with interest and equivalent penalty of INR 42 million (equivalent to $854,000) is payable. HIPL is filing an appeal before CESTAT.

(c) *Value-added tax on fit-out rental*

VITP and Cyber Pearl received demand notices from the Commercial Tax Department of Andhra Pradesh levying Value-Added Tax ("VAT") on lease rentals attributable to fit-outs. VITP and Cyber Pearl obtained opinion from an independent legal counsel who was of the view that VITP and Cyber Pearl were not liable to pay VAT and accordingly appeals against such demand notices were filed. The potential tax exposure, attributable to such demand notices which are not recognised in these financial statements, were estimated to be INR 58 million (equivalent to $1,166,000) for VITP and INR 7 million (equivalent to $143,000) for Cyber Pearl.

## 32. CONTINGENT LIABILITIES (CONTINUED)

(d) *Transfer pricing disputes*

In ITPL, the difference in redemption price and the price as determined by the income tax department was treated as deemed dividends by ITPL in assessment years 2009-10 and 2010-11. The redemption of preference shares was not an income bearing international transaction which affected the profitability of the ITPL and did not have any income implications. Though no additional tax was demanded in the orders, the orders will have an tax impact of reducing the recorded MAT credit entitlement and carried forward business loss by INR 237 million (equivalent to $4,784,000).

In VITP, the difference in buyback price and the fair value of the share as determined by the income tax department, was treated as an income of VITP in assessment years 2013-14 and 2014-15. The potential tax exposure attributable, not recognised in the financial statements was estimated to be INR 24 million (equivalent to $485,000).

(e) *Water supply and sanitary connection charges*

ITPL had received a demand notice from Bangalore Water Supply and Sewerage Board ("BWSSB") towards *pro-rata* and other charges for water supply and sanitary connection amounting to INR 239 million (equivalent to $4,821,000).

ITPL has replied to the notice contesting the demand as Management was of the view that no such charges were payable by ITPL as no new water connection was sought in the past.

BWSSB subsequently clarified that the pro-rata charges would be levied only on the buildings constructed after November 2008 (when the new regulations came into effect) and a portion of the sanitation treatment charges may be waived off since ITPL has its own sewage treatment plant. However, the demand has not yet been revised to reflect the above. Further, based on legal advice, ITPL is confident of maintaining its claim and does not expect any significant impact on account of the above matter.

(f) *Income from house property or business income*

AITPCL accounted for rental and other income as business income. AITPCL had received assessment orders from the taxation authorities treating the rental income under "Income from House Property" and correspondingly the admissible deductions and brought forward losses have been assessed at a lower amount. In the current year, the income tax department has since issued a circular supporting AITPCL's claims. Accordingly, this contingent liability will be dropped.

(g) *IRAS GST assessment*

Inland Revenue Authority of Singapore ("IRAS") has raised protective Goods and Services Tax ("GST") assessment to the Trust. The protective GST assessments are for the periods from October 2011 to March 2013 amounting to $819,000. The Trustee-Manager has obtained an opinion from an independent legal counsel who was of the view that there are reasonable grounds to support the Trust's basis. On that basis, the Trust has appealed to the Comptroller of GST.

## 33. EVENTS OCCURRING AFTER THE REPORTING PERIOD

On 10 April 2018, the Trust has issued the Series 008 under the $500,000,000 Multicurrency Medium Term Note Programme. The JPY5,000,000,000 Series 008 Notes bear a fixed interest rate of 0.67375% per annum, payable semi-annually in arrears and mature on 10 April 2023.

## 34. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements were authorised for issue in accordance with a resolution of the Board of Directors of the Trustee-Manager, Ascendas Property Fund Trustee Pte. Ltd. on 4 May 2018.

# TRUSTEE-MANAGER FINANCIAL STATEMENTS

## ASCENDAS PROPERTY FUND TRUSTEE PTE. LTD.

# DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

The Directors are pleased to present their statement to the shareholder together with the audited financial statements of Ascendas Property Fund Trustee Pte. Ltd. (in its personal capacity and not as Trustee-Manager of Ascendas India Trust) (the "Company") for the financial year ended 31 March 2018.

## OPINION OF THE DIRECTORS

In the opinion of the Directors,

(a) the accompanying balance sheet, statement of comprehensive income, statement of changes in equity and statement of cash flow are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2018 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date, and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

## DIRECTORS

The Directors of the Company in office at the date of this statement are as follows:

| | |
|---|---|
| Mr Chiang Chie Foo | (Chairman) |
| Mr Manohar Khiatani | |
| Mr Jonathan Yap Neng Tong | |
| Mr Sanjeev Dasgupta | |
| Mr Alan Rupert Nisbet | |
| Mr T.V. Mohandas Pai | |
| Mr Girija Prasad Pande | |
| Mr Ng Eng Leng | |
| Mrs Zia Mody | (Appointed on 1 February 2018) |

## ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the Directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

# DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

## DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

According to the register of Directors' shareholdings, particulars of interests of Directors who held office at the end of the financial year (including those held by spouses and infant children) in shares or debentures of the Company, or of its related corporations, are as follows:

| Name of Director and corporations in which interests are held | Holdings registered in the name of the Director, spouse, infant children or nominees | | | |
|---|---|---|---|---|
| | At 1 April 2017 or date of appointment | | **At 31 March 2018** | |
| | Direct | Deemed | **Direct** | **Deemed** |
| **Mr Chiang Chie Foo** | | | | |
| Ascendas Pte Ltd | | | | |
| - S$1,000,000,000 Multicurrency Medium Term Note Programme | – | S$250,000 | **–** | **S$250,000** |
| Singapore Airlines Limited | | | | |
| - Ordinary Shares | – | 1,000 | **–** | **1,000** |
| - SIA Bonds | – | – | **–** | **S$250,000** |
| Singapore Telecommunications Limited | | | | |
| - Ordinary Shares | 190 | 6,090 | **190** | **9,090** |
| Starhub Ltd | | | | |
| - Ordinary Shares | – | 5,000 | **–** | **20,000** |
| Mapletree Treasury Services Limited and Mapletree Treasury Services (HKSAR) Limited | | | | |
| - MAPLSP 3.95% Perpetual Bonds | – | – | **–** | **S$250,000** |
| **Mr Manohar Khiatani** | | | | |
| Singapore Airlines Limited | | | | |
| - Ordinary Shares | 4,000 | – | **4,000** | **–** |
| **Mr Alan Rupert Nisbet** | | | | |
| Singapore Airlines Limited | | | | |
| - Ordinary Shares | 10,000 | – | **10,000** | **–** |
| **Mr Girija Prasad Pande** | | | | |
| Mapletree Treasury Services Limited and Mapletree Treasury Services (HKSAR) Limited | | | | |
| - US$3,000,0000,000 Multicurrency Euro Medium Term Note Programme | – | – | **–** | **S$250,000** |
| **Mr Ng Eng Leng** | | | | |
| Singapore Telecommunications Limited | | | | |
| - Ordinary Shares | 706 | 177 | **706** | **177** |
| Starhub Ltd | | | | |
| - Ordinary Shares | – | 5,000 | **–** | **5,000** |

# DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

## SHARE OPTIONS

There were no options granted during the financial year to subscribe for unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of options to take-up unissued shares of the Company.

There were no unissued shares of the Company under option at the end of the financial year.

## AUDITOR

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the Board of Directors:

**MANOHAR KHIATANI**
Director

**SANJEEV DASGUPTA**
Director

4 May 2018

# INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF ASCENDAS PROPERTY FUND TRUSTEE PTE. LTD.

### Report on the Audit of the Financial Statements

**Opinion**

We have audited the financial statements of Ascendas Property Fund Trustee Pte. Ltd. (the "Company"), which comprise the balance sheet of the Company as at 31 March 2018, the statement of comprehensive income, the statement of changes in equity and cash flow statement of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the financial position of the Company as at 31 March 2018 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

**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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority (ACRA) 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.

**Other Information**

Management is responsible for the other information. The other information comprises the information included in the Directors' Statement, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do 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 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 Management and Directors for the Financial Statements**

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, Management is responsible for assessing the Company'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 Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Directors' responsibilities include overseeing the Company's financial reporting process.

**Auditor's Responsibilities for the Audit of the 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 auditor's 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 control.

- Obtain an understanding of internal control 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 Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

**Auditor's Responsibilities for the Audit of the Financial Statements (continued)**

- Conclude on the appropriateness of Management'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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Company 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.

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

**Report on Other Legal and Regulatory Requirements**

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

ERNST & YOUNG LLP
Public Accountants and
Chartered Accountants
Singapore

4 May 2018

# STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

| | Note | 2018<br>$'000 | 2017<br>$'000 |
|---|---|---|---|
| Revenue | 4 | **13,645** | 11,130 |
| Other income | 5 | **3,599** | 2,106 |
| **Expenses** | | | |
| Depreciation of property, plant and equipment | 9 | **(2)** | (6) |
| Employee compensation | 6 | **(2,938)** | (3,458) |
| Other operating expenses | 7 | **(1,971)** | (1,862) |
| Total expenses | | **(4,911)** | (5,326) |
| **Profit Before Tax** | | **12,333** | 7,910 |
| Income tax expenses | 8 | **(1,436)** | (631) |
| **Net Profit After Tax** | | **10,897** | 7,279 |
| **Other Comprehensive Income:** | | | |
| **Items that may be reclassified subsequently to profit or loss** | | | |
| Available-for-sale financial assets<br>- fair value (loss)/gain | 10 | **(4,614)** | 9,083 |
| **Total Comprehensive Income for the year** | | **6,283** | 16,362 |

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

# BALANCE SHEET

AS AT 31 MARCH 2018

| | Note | 2018 $'000 | 2017 $'000 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Deferred income tax assets | 8 | **22** | 16 |
| Property, plant and equipment | 9 | **1** | 3 |
| Available-for-sale financial assets | 10 | **45,584** | 44,793 |
| | | **45,607** | 44,812 |
| **Current assets** | | | |
| Trade and other receivables | 11 | **10,702** | 7,086 |
| Prepayments | | **24** | 30 |
| Deposits | | **7** | 7 |
| Cash and cash equivalents | | **–** | 2 |
| | | **10,733** | 7,125 |
| **Total assets** | | **56,340** | 51,937 |
| **LIABILITIES** | | | |
| **Current liabilities** | | | |
| Trade and other payables | 12 | **4,284** | 4,084 |
| Current income tax liabilities | | **3,030** | 961 |
| | | **7,314** | 5,045 |
| **Non-current liability** | | | |
| Other payables | 12 | **165** | 314 |
| **Total liabilities** | | **7,479** | 5,359 |
| **NET ASSETS** | | **48,861** | 46,578 |
| **EQUITY** | | | |
| Share capital | 13 | **1,000** | 1,000 |
| Fair value reserve | 14 | **6,258** | 10,872 |
| Revenue reserve | | **41,603** | 34,706 |
| **Total equity** | | **48,861** | 46,578 |

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

# STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

| | Note | Share capital $'000 | Fair value reserve $'000 | Revenue reserve $'000 | Total equity $'000 |
|---|---|---|---|---|---|
| **2018** | | | | | |
| **Balance at beginning of financial year** | | **1,000** | **10,872** | **34,706** | **46,578** |
| Profit for the year | | – | – | 10,897 | **10,897** |
| **Other comprehensive income:** | | | | | |
| Available-for-sale financial assets | | | | | |
| - fair value loss | | – | (4,614) | – | **(4,614)** |
| Total comprehensive income for the year | | – | (4,614) | 10,897 | **6,283** |
| Dividends | 15 | – | – | (4,000) | **(4,000)** |
| **Balance at end of financial year** | | **1,000** | **6,258** | **41,603** | **48,861** |
| **2017** | | | | | |
| **Balance at beginning of financial year** | | **1,000** | **1,789** | **30,427** | **33,216** |
| Profit for the year | | – | – | 7,279 | **7,279** |
| **Other comprehensive income:** | | | | | |
| Available-for-sale financial assets | | | | | |
| - fair value gain | | – | 9,083 | – | **9,083** |
| Total comprehensive income for the year | | – | 9,083 | 7,279 | **16,362** |
| Dividends | 15 | – | – | (3,000) | **(3,000)** |
| **Balance at end of financial year** | | **1,000** | **10,872** | **34,706** | **46,578** |

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

# STATEMENT OF CASH FLOW

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

| | Note | 2018<br>$'000 | 2017<br>$'000 |
|---|---|---|---|
| **Operating activities** | | | |
| Net profit after tax | | **10,897** | 7,279 |
| | | | |
| Adjustments for: | | | |
| Income tax expenses | 8 | **1,436** | 631 |
| Depreciation of property, plant and equipment | 9 | **2** | 6 |
| Dividend income | 5 | **(3,599)** | (2,106) |
| Fund management fee received/receivable in units of listed property trust | | **(6,086)** | (4,766) |
| **Operating cash flows before changes in working capital** | | **2,650** | 1,044 |
| | | | |
| Changes in working capital | | | |
| Trade and other receivables | | **(2,935)** | (1,613) |
| Prepayments | | **6** | 9 |
| Trade and other payables | | **(949)** | 2,307 |
| Cash flows from operations | | **(1,228)** | 1,747 |
| | | | |
| Income tax refunded/(paid) | | **627** | (851) |
| **Net cash flows (used in)/from operating activities** | | **(601)** | 896 |
| | | | |
| **Investing activity** | | | |
| Dividends received | | **3,599** | 2,106 |
| **Net cash flows from investing activity** | | **3,599** | 2,106 |
| | | | |
| **Financing activity** | | | |
| Dividends paid | | **(3,000)** | (3,000) |
| **Net cash flows used in financing activity** | | **(3,000)** | (3,000) |
| | | | |
| Net (decrease)/ increase in cash and cash equivalents | | **(2)** | 2 |
| Cash and cash equivalents at beginning of financial year | | **2** | – |
| **Cash and cash equivalents at end of financial year** | | **–** | 2 |

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

## 1. CORPORATE INFORMATION

Ascendas Property Fund Trustee Pte. Ltd. (the "Company") is a limited liability company, domiciled and incorporated in Singapore.

Its immediate holding company, intermediate holding company and ultimate holding company are Ascendas Investment Pte Ltd, Ascendas Pte Ltd and Temasek Holdings (Private) Limited respectively. All companies are incorporated in Singapore.

The registered office and principal place of business of the Company is located at 1 Fusionopolis Place, #10-10 Galaxis, Singapore 138522.

The principal activities of the Company are those relating to investment advisor, property fund management and to act as fund manager and trustee for Ascendas India Trust ("a-iTrust"), a business trust listed on the Singapore Exchange Securities Trading Limited.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with Singapore Financial Reporting Standards ("FRS"). The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars and all values presented are rounded to the nearest thousand ("$'000") except when otherwise indicated.

### 2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Company 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 have any effect on the financial performance or position of the Company.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.3 Standards issued but not yet effective

The Company has not adopted the following standards that have been issued but not yet effective:

| Description | Effective for annual periods beginning on or after |
|---|---|
| Amendments to FRS 102 *Classification and Measurement of Share-based Payment Transactions* | 1 January 2018 |
| Amendments to FRS 40 *Transfers of Investment Property* | 1 January 2018 |
| FRS 109 *Financial Instruments* | 1 January 2018 |
| FRS 115 *Revenue from Contracts with Customers* | 1 January 2018 |
| FRS 116 *Leases* | 1 January 2019 |
| Improvements to FRSs (December 2016) | |
| - Amendments to FRS 28 *Investments in Associates and Joint Ventures* | 1 January 2018 |
| INT FRS 122 *Foreign Currency Transactions and Advance Consideration* | 1 January 2018 |
| INT FRS 123 *Uncertainty over Income Tax Treatments* | 1 January 2019 |
| Amendments to FRS 109 *Prepayment Features with Negative Compensation* | 1 January 2019 |
| Amendments to FRS 28 *Long-term Interests in Associates and Joint Ventures* | 1 January 2019 |
| Improvements to FRSs (March 2018) | |
| - Amendments to FRS 103 *Business Combinations* | 1 January 2019 |
| - Amendments to FRS 111 *Joint Arrangements* | 1 January 2019 |
| - Amendments to FRS 12 *Income Taxes* | 1 January 2019 |
| - Amendments to FRS 23 *Borrowing Costs* | 1 January 2019 |
| Amendments to FRS 110 and FRS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* | Date to be determined |

The Company expects that the adoption of the standards above will have no material impact on the financial statements in the year of initial application.

### 2.4 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The following specific recognition criteria must also be met before revenue is recognised:

(a) Fees from provision of fund management (fund management fee, trustee fee, performance fee and acquisition fee from a-iTrust) and other consultancy services are recognised when the services have been rendered.

(b) Dividend income is recognised when the right to receive payment is established.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.5 Property, plant and equipment

(a) *Measurement*

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses (Note 2.6).

The cost of an item of property, plant and equipment includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended.

(b) *Depreciation*

Depreciation on property, plant and equipment is calculated using the straight line method to allocate their depreciable amounts over the estimated useful lives as follows:

| | **Useful lives** |
|---|---|
| Renovations and improvements | 5 years |
| Computers, furniture and equipment | 3 to 5 years |

The residual values, depreciation method and estimated useful lives of property, plant and equipment are reviewed, and adjusted as appropriate, at each end of reporting period. The effects of any revision are recognised in profit or loss when the changes arise.

(c) *Subsequent expenditure*

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All repair and maintenance expenses are recognised in profit or loss when incurred.

(d) *Disposal*

On disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is recognised in profit or loss.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.6 Impairment of non-financial assets

Property, plant and equipment are reviewed for impairment at each end of reporting period or whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing of these assets, the asset's recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

A previously recognised impairment loss is reversed if there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of accumulated depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

### 2.7 Financial assets

(a) *Classification*

The Company classifies its financial assets in the following categories: loans and receivables and available-for-sale financial assets. The classification depends on the nature of the asset and the purpose for which the asset was acquired. Management determines the classification of its financial assets at initial recognition.

(i) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those maturing later than 12 months after the end of reporting period which are presented as non-current assets. Loans and receivables are presented as trade and other receivables and deposits on the balance sheet.

(ii) *Available-for-sale financial assets*

Available-for-sale financial assets include equity securities. Equity investment classified as available-for-sale are those which are neither classified as held for trading nor designated at fair value through profit or loss.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.7 Financial assets (continued)

(b) *Recognition and de-recognition*

Financial assets are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. Financial assets are de-recognised when the contractual rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of the assets.

On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

(c) *Initial measurement*

Financial assets classified in Note 2.7(a)(i) and (ii) are initially recognised at fair value plus directly attributable transaction costs.

(d) *Subsequent measurement*

Loans and receivables are subsequently carried at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are de-recognised or impaired, and through the amortisation process.

Available-for-sale financial assets are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss.

When available-for-sale financial assets are sold or impaired, the accumulated fair value adjustments recognised in the fair value reserve are transferred to profit or loss as gain or loss.

Interest and dividend income on available-for-sale financial assets are recognised separately in profit or loss.

(e) *Impairment*

The Company assesses at each end of reporting period whether there is any objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

(i) *Loans and receivables*

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default or significant delay in payments are objective evidence that these financial assets are impaired.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.7 Financial assets (continued)

*(e) Impairment (continued)*

*(i) Loans and receivables (continued)*

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The impairment loss is recognised in profit or loss. When the asset becomes uncollectible, the carrying amount of impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset. Subsequent recovery of amounts previously written off is recognised against the same line item in profit or loss.

The impairment allowance account is reduced through profit or loss in a subsequent period when the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

*(ii) Available-for-sale financial assets*

A significant or prolonged decline in the fair value of the investment below its cost are considered as indicators of impairment. 'Significant' is to be evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its acquisition cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from other comprehensive income and recognised in profit or loss. Reversals of impairment losses in respect of equity instruments are not recognised in profit or loss; increase in their fair value after impairment are recognised directly in other comprehensive income.

In the case of available-for-sale financial assets carried at cost, if there is objective evidence that an impairment loss on the financial assets has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.8 Financial liabilities

(a) *Initial recognition and measurement*

Financial liabilities are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

(b) *Subsequent measurement*

After initial recognition, financial liabilities that are not carried at fair value through profit of loss are subsequently measured at amortised cost, using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are de-recognised, and through the amortisation process.

(c) *De-recognition*

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

### 2.9 Fair value estimation of financial assets and liabilities

The fair values of financial instruments traded in active markets (such as exchange-traded and over-the-counter securities) are based on quoted market prices at the end of reporting period. The quoted market prices used for financial assets held by the Company are the current bid prices; the appropriate quoted market prices for financial liabilities are the current asking prices.

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts due to their short-term nature.

Transfers between levels of the fair value hierarchy are deemed to have occurred on the date of the event or change in circumstances that caused the transfers.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.10 Income taxes

(a) *Current income tax*

Current income tax liabilities and assets for the current and prior periods are measured at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of reporting period, in the countries where the Company operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. The Company periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) *Deferred tax*

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credit and unused tax loss, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credit and unused tax loss can be utilised except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.10 Income taxes (continued)

(b) *Deferred tax (continued)*

Deferred taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax on temporary differences arising from fair value gains and losses on available-for-sale financial assets are charged or credited directly to equity in the same period the temporary differences arise.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

### 2.11 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

### 2.12 Employee compensation

(a) *Defined contribution plans*

The Company makes contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) *Employee leave entitlement*

Employee entitlements to annual leave are recognised as a liability when they accrue to employees. The estimated liability for leave is recognised for services rendered by employees up to the end of reporting period.

### 2.13 Currency translation

(a) *Functional and presentation currency*

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates (“functional currency”). The Company’s financial statements are presented in Singapore Dollars (“SGD”), which is also the Company’s functional currency.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.13 Currency translation

*(b) Transactions and balances*

Transactions in currencies other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the end of reporting period are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are measured. Currency translation differences on non-monetary items whereby the gains or losses are recognised directly in equity, such as equity investments classified as available-for-sale financial assets are included in the fair value reserve.

### 2.14 Cash and cash equivalents

For the purpose of presentation in the statement of cash flow, cash and cash equivalents comprise cash at bank with financial institutions which are subject to an insignificant risk of change in value, but exclude balances which are subjected to restriction.

### 2.15 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against share capital.

### 2.16 Dividend

Interim dividends are recorded in the financial year in which the dividends are declared payable. Final dividends are recorded in the financial year in which the dividends are approved by the shareholders.

### 2.17 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate. Grants are presented in profit or loss under "other income".

## 3. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements requires Management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

*Critical judgements in applying the entity's accounting policies*

In the process of applying the Company's accounting policies, Management has made judgement relating to impairment of available-for-sale financial assets, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements.

The Company records impairment charges on available-for-sale financial assets when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is "significant" or "prolonged" requires judgement. The Company evaluates, among other factors, the duration and extent to which the fair value of a financial asset is below its cost, the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow. Management is of the view that the factors considered for purpose of determining impairment of available-for-sale financial assets are appropriate and meet the requirements of FRS 39.

## 4. REVENUE

| | 2018<br>$'000 | 2017<br>$'000 |
|---|---|---|
| Fund management fee from a-iTrust | **7,307** | 5,618 |
| Trustee fee from a-iTrust | **285** | 221 |
| Performance fee from a-iTrust | **4,888** | 3,877 |
| Acquisition fee from a-iTrust | **1,165** | 1,414 |
| | **13,645** | 11,130 |

## 5. OTHER INCOME

Other income comprise the following:

| | 2018<br>$'000 | 2017<br>$'000 |
|---|---|---|
| Dividend income from a-iTrust | **3,599** | 2,106 |

## 6. EMPLOYEE COMPENSATION

| | 2018 $'000 | 2017 $'000 |
|---|---|---|
| Salaries, wages and employee benefits | **2,770** | 3,300 |
| Employer's contributions to defined contribution plans including Central Provident Fund | **168** | 158 |
| | **2,938** | 3,458 |

## 7. OTHER OPERATING EXPENSES

Other operating expenses comprise the following:

| | 2018 $'000 | 2017 $'000 |
|---|---|---|
| Professional fees | | |
| - related company | **991** | 546 |
| - non-related parties | **49** | 1 |
| Travel expenses | **320** | 326 |
| Communication expenses | **34** | 41 |
| Insurance | **43** | 46 |
| Directors' fees | **292** | 697 |
| Rental expenses paid to a related company | **160** | 167 |
| Others | **82** | 38 |
| | **1,971** | 1,862 |

## 8. INCOME TAXES

(a) *Income tax expenses*

| | 2018 $'000 | 2017 $'000 |
|---|---|---|
| Tax expense attributable to profit is made up of: | | |
| Current income tax expense | | |
| - based on current year's results | **1,460** | 957 |
| - over provision in respect of prior years | **(18)** | (319) |
| Deferred tax expense | | |
| - origination and reversal of temporary differences | **(6)** | (7) |
| Income tax expenses recognised in profit or loss | **1,436** | 631 |

## 8. INCOME TAXES (CONTINUED)

### (a) *Income tax expenses (continued)*

A reconciliation between tax expenses and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 March 2018 and 2017 is as follows:

| | 2018 $'000 | 2017 $'000 |
|---|---|---|
| Profit before tax | **12,333** | 7,910 |
| Income tax using the statutory tax rate of 17% (2017: 17%) | **2,097** | 1,345 |
| - Effect of partial tax exemption | **(26)** | (26) |
| - Tax effect of non-deductible expenses | **6** | 2 |
| - Income not subject to tax | **(611)** | (358) |
| - Effect of tax incentives | **(12)** | (13) |
| - Over provision in respect of prior years | **(18)** | (319) |
| Income tax expenses recognised in profit or loss | **1,436** | 631 |

### (b) *Deferred income tax assets*

| | 2018 $'000 | 2017 $'000 |
|---|---|---|
| Deferred income tax assets | | |
| - To be settled after one year | **22** | 16 |

Movements in the deferred income tax account are as follows:

| | 2018 $'000 | 2017 $'000 |
|---|---|---|
| Balance at beginning of financial year | **16** | 9 |
| Movement in temporary difference | **6** | 7 |
| Balance at end of financial year | **22** | 16 |

## 9. PROPERTY, PLANT AND EQUIPMENT

| | Renovations and improvements $'000 | Computers, furniture and equipment $'000 | Total $'000 |
|---|---|---|---|
| **2018** | | | |
| **Cost** | | | |
| Balance at beginning and end of financial year | – | 40 | **40** |
| **Accumulated depreciation** | | | |
| Balance at beginning of financial year | – | 37 | **37** |
| Depreciation charge | – | 2 | **2** |
| Balance at end of financial year | – | 39 | **39** |
| **Net book value** | | | |
| Balance at end of financial year | – | 1 | **1** |
| 2017 | | | |
| **Cost** | | | |
| Balance at beginning of financial year | 10 | 74 | **84** |
| Write-offs | (10) | (34) | **(44)** |
| Balance at end of financial year | – | 40 | **40** |
| **Accumulated depreciation** | | | |
| Balance at beginning of financial year | 10 | 65 | **75** |
| Depreciation charge | – | 6 | **6** |
| Write-offs | (10) | (34) | **(44)** |
| Balance at end of financial year | – | 37 | **37** |
| **Net book value** | | | |
| Balance at end of financial year | – | 3 | **3** |

## 10. AVAILABLE-FOR-SALE FINANCIAL ASSETS

| | 2018 $'000 | 2017 $'000 |
|---|---|---|
| Balance at beginning of financial year | **44,793** | 31,259 |
| Additions | **5,405** | 4,451 |
| Fair value (loss)/gain recognised in equity (Note 14) | **(4,614)** | 9,083 |
| Balance at end of financial year | **45,584** | 44,793 |

Available-for-sale financial assets are analysed as follows:

| | 2018 $'000 | 2017 $'000 |
|---|---|---|
| Quoted equity securities – Singapore | **45,584** | 44,793 |

## 11. TRADE AND OTHER RECEIVABLES

| | 2018 $'000 | 2017 $'000 |
|---|---|---|
| Trade receivables | | |
| - a-iTrust | **7,752** | 6,969 |
| Other receivables | | |
| - a-iTrust | **18** | 49 |
| - intermediate holding company | **2,908** | – |
| - other related companies | **24** | 34 |
| - non-related parties | **–** | 34 |
| | **2,950** | 117 |
| | **10,702** | 7,086 |
| Add: Cash and cash equivalents | **–** | 2 |
| Total loans and receivables | **10,702** | 7,088 |

Trade receivables are non-interest bearing and are to be settled in the form of cash and/or units from a-iTrust as the Company elects. As at 31 March 2018, trade receivables arising from a-iTrust amounting to $3,453,000 (2017: $2,760,000) are arranged to be settled via the issuance of units by a-iTrust.

Other receivables from intermediate holding company and other related companies are unsecured, interest-free and repayable on demand in cash.

## 12. TRADE AND OTHER PAYABLES

| | 2018 $'000 | 2017 $'000 |
|---|---|---|
| **Current** | | |
| Other payables | | |
| - intermediate holding company | **–** | 1,172 |
| - immediate holding company | **1,000** | – |
| - other related companies | **510** | 269 |
| - non-related parties | **1,842** | 1,822 |
| | **3,352** | 3,263 |
| Accrued operating expenses | **932** | 821 |
| | **4,284** | 4,084 |
| **Non-current** | | |
| Other payables | **165** | 314 |
| Total financial liabilities carried at amortised cost | **4,449** | 4,398 |

Other payables to intermediate holding company, immediate holding company and other related companies are unsecured, interest-free and repayable on demand in cash.

Other payables to non-related parties represent mainly accrued employee bonus, sundry payables and goods and services tax payable.

Included in accrued operating expenses (current) is an amount of $643,000 (2017: $772,000) that relates to Directors' fees for the current financial year.

Non-current other payables are accruals relating to employee compensation scheme that is deferred and payable over a period of time.

## 13. SHARE CAPITAL

The Company's share capital comprises fully-paid up 1,000,000 (2017: 1,000,000) ordinary shares with no par value, amounting to a total of $1,000,000 (2017: $1,000,000).

The holder of ordinary shares is entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions.

## 14. FAIR VALUE RESERVE

Fair value reserve represents the cumulative fair value changes of available-for-sale financial assets until they are disposed of or impaired.

## 15. DIVIDENDS

| | 2018<br>$'000 | 2017<br>$'000 |
|---|---|---|
| **Declared and paid/payable during the financial year** | | |
| Dividends on ordinary shares: | | |
| - Final tax exempt (one-tier) dividend for FY2017 paid/payable of $4.00 (2017: dividend for FY2016 paid of $3.00) per share | **4,000** | 3,000 |
| **Proposed but not recognised as a liability as at 31 March** | | |
| Dividends on ordinary shares, subject to shareholders' approval at the Annual General Meeting: | | |
| - Final tax exempt (one-tier) dividend proposed in respect of the financial year of $2.00 (2017: $4.00) per share | **2,000** | 4,000 |

## 16. RELATED PARTY TRANSACTIONS

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions took place between the Company and related parties at terms agreed between the parties during the financial year:

| | 2018<br>$'000 | 2017<br>$'000 |
|---|---|---|
| **Directors:** | | |
| - Directors' fees | **643** | 599 |
| **Key management personnel compensation (excluding Directors' fees)** | | |
| - salaries and other employee benefits | **1,860** | 1,908 |
| - contribution to CPF | **58** | 49 |
| | **1,918** | 1,957 |

## 17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to market risk (including foreign currency risk, price risk and interest rate risk), credit risk, liquidity risk and capital risk. The Company's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Company's financial performance. The Company sets policies, strategies and mechanism, which aim at effective management of these risks within its operating environment.

Risk management is carried out in accordance with established policies and guidelines approved by the Board of Directors. Management continually monitors the Company's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management objectives and policies are reviewed regularly to reflect changes in market conditions and the Company's activities.

*(a) Market risk*

*(i) Foreign currency risk*

The Company's exposure to currency risk is minimal as its revenue, expenses, assets and liabilities are substantially denominated in SGD.

*(ii) Price risk*

As at 31 March 2018, the Company has available-for-sale investment in equity securities listed in Singapore and is exposed to price risk.

Sensitivity analysis for price risk

If prices for the equity securities listed in Singapore change by the percentages indicated below with all other variables including tax rates being held constant, the effects on profit after tax and equity will be as follows:

| | **2018** | | 2017 | |
|---|---|---|---|---|
| | **Profit After Tax $'000** | **Equity $'000** | Profit After Tax $'000 | Equity $'000 |
| **Equity securities** | | | | |
| Listed in Singapore | | | | |
| - increased by 17% (2017: 21%) | **–** | **7,749** | – | 9,407 |
| - decreased by 17% (2017: 21%) | **–** | **(7,749)** | – | (9,407) |

*(iii) Interest rate risk*

The Company is not exposed to any interest rate risk as its financial assets and liabilities are not interest-bearing.

## 17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) *Credit risk*

Credit risk is the potential financial loss resulting from the failure of a customer or a counterparty to settle its financial and contractual obligations to the Company, as and when they fall due. In managing credit risk exposure, credit review and approval processes as well as monitoring mechanism are applied.

For trade receivables, the Company adopts the policy of dealing only with customer of appropriate credit history, and obtaining sufficient security where appropriate to mitigate credit risk. For other receivables, the Company deals only with high credit quality counterparties.

The maximum exposure to credit risk is represented by the carrying amount of that class of financial instruments presented on the balance sheet.

(i) *Financial assets that are neither past due nor impaired*

Trade receivables that are neither past due nor impaired are receivables from a-iTrust which represent the Company's maximum exposure to credit risk. a-iTrust has a relatively healthy financial position and Management does not expect a-iTrust to fail to meet its obligations.

(ii) *Financial assets that are past due and/or impaired*

There are no financial assets that are either past due and/or impaired.

(c) *Liquidity risk*

Excess cash in the Company will be transferred to the intermediate holding company for efficient cash management. To meet payment obligations in a timely manner, the intermediate holding company makes fund transfers back to the Company as and when the need arises.

The table below analyses the maturity profile of the Company's financial liabilities into relevant maturity groupings based on the remaining period from the end of the reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

| | Within 1 year<br>$'000 | After 1 year but within 5 years<br>$'000 | Total<br>$'000 |
|---|---|---|---|
| **2018** | | | |
| Trade and other payables | 4,284 | 165 | **4,449** |
| 2017 | | | |
| Trade and other payables | 4,084 | 314 | **4,398** |

## 17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### *(d) Capital risk*

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Company may adjust the amount of dividend payment, return capital to shareholder, issue new shares, obtain new borrowings or sell assets to reduce borrowings.

Management monitors capital based on the debt equity ratio, which is calculated as total external borrowings divided by total equity. As at end of reporting period, the Company does not have any external borrowings.

The Company is not subject to any externally imposed capital requirements for the financial years ended 31 March 2018 and 2017.

## 18. FAIR VALUE OF ASSETS AND LIABILITIES

### *(a) Fair value hierarchy*

The Company classifies its fair value measurement of assets and liabilities using a fair value hierarchy that is dependent on the valuation inputs used as follows:

(i) Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date;

(ii) Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

(iii) Level 3 – Unobservable inputs for the asset or liability.

## 18. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) *Assets measured at fair value*

The following table presents the assets measured at fair value at the end of the reporting period:

| | Level 1<br>$'000 |
|---|---|
| **Assets** | |
| **2018** | |
| **Financial assets** | |
| Available-for-sale financial assets | |
| - Quoted equity securities | **45,584** |
| 2017 | |
| **Financial assets** | |
| Available-for-sale financial assets | |
| - Quoted equity securities | **44,793** |

The carrying value of current trade and other receivables and payables approximate their fair values due to their short-term nature.

The carrying amount of non-current other payables approximate their fair value as the effect of discounting is not significant.

## 19. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements for the year ended 31 March 2018 were authorised for issue in accordance with a resolution of the Directors on 4 May 2018.

# UNITHOLDING STATEMENT

AS AT 14TH MAY 2018

## ANALYSIS OF UNITHOLDINGS

| | | |
|---|---|---|
| Number of Units Issued | : | 1,033,788,437 |
| Market Capitalisation | : | S$1,085,477,859 (based on closing price of S$1.05 as at 14th May 2018) |
| Voting Rights | : | One vote per Unit |

## DISTRIBUTION OF UNITHOLDINGS

| Size of Unitholdings | No. of Unitholders | % | No. of Units | % |
|---|---|---|---|---|
| 1 – 99 | 15 | 0.17 | 232 | 0.00 |
| 100 – 1,000 | 4,368 | 49.24 | 4,324,965 | 0.42 |
| 1,001 – 10,000 | 2,885 | 32.52 | 16,362,507 | 1.58 |
| 10,001 – 1,000,000 | 1,579 | 17.80 | 69,390,633 | 6.71 |
| 1,000,001 and above | 24 | 0.27 | 943,710,100 | 91.29 |
| **Total** | **8,871** | **100.00** | **1,033,788,437** | **100.00** |

## TWENTY LARGEST UNITHOLDERS

| No. | Name | No. of Units | % |
|---|---|---|---|
| 1 | DBS Nominees (Private) Limited | 234,734,710 | 22.71 |
| 2 | Ascendas Land International Pte Ltd | 183,279,388 | 17.73 |
| 3 | Raffles Nominees (Pte) Limited | 153,998,423 | 14.90 |
| 4 | Citibank Nominees Singapore Pte Ltd | 104,415,885 | 10.10 |
| 5 | DBSN Services Pte. Ltd. | 80,886,025 | 7.82 |
| 6 | HSBC (Singapore) Nominees Pte Ltd | 60,937,165 | 5.89 |
| 7 | Ascendas Property Fund Trustee Pte. Ltd. | 46,607,075 | 4.51 |
| 8 | DBS Vickers Securities (Singapore) Pte Ltd | 37,743,900 | 3.65 |
| 9 | BPSS Nominees Singapore (Pte.) Ltd. | 14,618,660 | 1.41 |
| 10 | OCBC Securities Private Limited | 4,083,200 | 0.39 |
| 11 | United Overseas Bank Nominees (Private) Limited | 3,753,180 | 0.36 |
| 12 | Yim Chee Chong | 1,900,000 | 0.18 |
| 13 | Ng Soo Boon or Ng Soo Boon @ Low Siew Koon @ Lau Siew Koon | 1,888,000 | 0.18 |
| 14 | Phillip Securities Pte Ltd | 1,614,700 | 0.16 |
| 15 | DB Nominees (Singapore) Pte Ltd | 1,523,010 | 0.15 |
| 16 | Morgan Stanley Asia (Singapore) Securities Pte Ltd | 1,518,879 | 0.15 |
| 17 | Unitronic Components Pte Ltd | 1,400,000 | 0.14 |
| 18 | OCBC Nominees Singapore Private Limited | 1,379,300 | 0.13 |
| 19 | Tan Wai See | 1,368,000 | 0.13 |
| 20 | Gan Jai Chuan | 1,333,700 | 0.13 |
| | **Total** | **938,983,200** | **90.82** |

# UNITHOLDING STATEMENT

AS AT 14TH MAY 2018

### PUBLIC UNITHOLDERS

Pursuant to Rule 1207(9)(e) of the SGX-ST Listing Manual, based on the information available to the Trustee-Manager as at 14th May 2018, approximately 46.25% of the total number of Units issued is held by the public. Therefore, Rule 723 of the SGX-ST Listing Manual has been complied with.

### SUBSTANTIAL UNITHOLDERS (AS AT 14TH MAY 2018)

| Name | Direct | Deemed | Total | %[1] |
|---|---|---|---|---|
| Temasek Holdings (Private) Limited[2] | – | 229,886,463 | 229,886,463 | 22.24 |
| Tembusu Capital Pte. Ltd.[2] | – | 229,886,463 | 229,886,463 | 22.24 |
| Bartley Investments Pte. Ltd.[2] | – | 229,886,463 | 229,886,463 | 22.24 |
| Mawson Peak Holdings Pte. Ltd.[2] | – | 229,886,463 | 229,886,463 | 22.24 |
| Glenville Investments Pte. Ltd.[2] | – | 229,886,463 | 229,886,463 | 22.24 |
| TJ Holdings (III) Pte. Ltd.[2] | – | 229,886,463 | 229,886,463 | 22.24 |
| JTC Corporation[3] | – | 229,886,463 | 229,886,463 | 22.24 |
| Ascendas-Singbridge Pte. Ltd.[4] | – | 229,886,463 | 229,886,463 | 22.24 |
| Ascendas Pte Ltd[4] | – | 229,886,463 | 229,886,463 | 22.24 |
| Ascendas Land International Pte Ltd | 183,279,388 | – | 183,279,388 | 17.73 |
| Matthews International Capital Management, LLC[5] | – | 66,233,800 | 66,233,800 | 6.41 |
| Matthews International Funds[5] | – | 57,863,800 | 57,863,800 | 5.60 |
| Massachusetts Financial Services Company[6] | – | 64,692,400 | 64,692,400 | 6.26 |
| Kabouter Management, LLC[7] | – | 130,865,267 | 130,865,267 | 12.66 |
| Kabouter International Opportunities Fund II, LLC | 109,809,375 | – | 109,809,375 | 10.62 |
| JF Asset Management Limited | 60,265,600 | – | 60,265,600 | 5.83 |
| J.P. Morgan Chase & Co[8] | – | 63,305,400 | 63,305,400 | 6.12 |

**Notes:**

(1) The percentage is based on 1,033,788,437 Units in issue as at 14th May 2018. The figures are rounded down to the nearest 0.01%.

(2) Temasek Holdings (Private) Limited, Tembusu Capital Pte. Ltd., Bartley Investments Pte. Ltd., Mawson Peak Holdings Pte. Ltd., Glenville Investments Pte. Ltd. and TJ Holdings (III) Pte. Ltd. are deemed interested in the Units held by Ascendas Land International Pte Ltd and Ascendas Property Fund Trustee Pte. Ltd.

(3) JTC Corporation is deemed interested in the Units held by Ascendas Land International Pte Ltd and Ascendas Property Fund Trustee Pte. Ltd.

(4) Ascendas-Singbridge Pte. Ltd. and Ascendas Pte Ltd are deemed interested in the Units held by Ascendas Land International Pte Ltd and Ascendas Property Fund Trustee Pte. Ltd.

(5) Matthews International Capital Management, LLC ("MICM") is a USA-registered investment advisor and Matthews International Funds ("MIF") is a USA-registered investment trust. MICM acts as an investment advisor to MIF and its other clients. MICM has discretionary authority over its clients' Units.

(6) Massachusetts Financial Services Company ("MFS") is deemed interested in the Units held by its multiple subsidiaries and its other clients for which it or one of its subsidiaries serves as investment manager. MFS has investment and/or voting discretion over its clients' Units.

(7) Kabouter Management, LLC ("KM") is deemed interested in the Units held through funds managed by KM.

(8) J.P. Morgan Chase & Co. is deemed interested in the Units held by JF Asset Management Limited and other J.P. Morgan affiliates.

# GLOSSARY

**AAIPL** Avance-Atlas Infratech Private Limited
**Adjusted EBITDA** Earnings Before Interest Expenses, Tax, Depreciation and Amortisation (excluding gains/losses from foreign exchange translation and mark-to-market revaluation from settlement of loans). Earnings include interest income.
**ACRA** Accounting and Corporate Regulatory Authority
**a-iTrust/the Trust** Ascendas India Trust
**AGM** Annual General Meeting
**AIGP** Ascendas India Growth Programme
**AITPCL** Ascendas IT Park (Chennai) Limited
**APFT/Trustee-Manager/the Company** Ascendas Property Fund Trustee Pte. Ltd.
**ARC** Audit and Risk Committee
**ARSIL** Arshiya Rail Siding and Infrastructure Limited
**ASB** Ascendas-Singbridge Group
**ASIPL/Property Manager** Ascendas Services (India) Pvt Ltd
**aVance** aVance Business Hub, Hyderabad
**b/bn** Billion
**BlueRidge 2** Blueridge IT/ITES Special Economic Zone Phase II
**Board** Board of Directors
**BPM** Business Process Management
**BT** Business Trust
**BTA** Business Trusts Act
**CAGR** Compound Annual Growth Rate
**CCTV** Closed-circuit Television
**CDP** Central Depository (Pte) Limited
**CEO** Chief Executive Officer
**CFO** Chief Financial Officer
**CGU** Cash Generating Units
**CIS** Code on Collective Investment Schemes
**Code** Code of Corporate Governance of 2012
**CP** CyberPearl, Hyderabad
**CPF** Central Provident Fund
**CPITPPL** Cyber Pearl Information Technology Park Pvt Limited
**CRESS** Construction and Real Estate Sector Supplement
**CV** CyberVale, Chennai
**CY2016** Calendar Year 2016
**CY2017** Calendar Year 2017
**CY2018** Calendar Year 2018
**DFI** Derivative Financial Instrument
**DPP** Dedicated Power Plant
**DPU** Distribution per Unit
**DRVPL** Deccan Real Ventures Private Limited
**EY** Ernst & Young
**FCCD** Fully & Compulsorily Convertible Debentures
**FDI** Foreign Direct Investment
**FDPL** Flagship Developers Private Limited
**FRS** Singapore Financial Reporting Standards
**FY** Financial Year Ended / Ending 31st March
**FY16/17** Financial Year Ended 31st March 2017
**FY17/18** Financial Year Ended 31st March 2018
**FY18/19** Financial Year Ended 31st March 2019
**GDP** Gross Domestic Product
**GRI** Global Reporting Initiative
**Group** a-iTrust and its subsidiaries
**GST** Goods and Services Tax
**HIPL** Hyderabad Infratech Pvt. Ltd.
**IC** Investment Committee
**IGBC** Indian Green Building Council
**INR/₹** Indian Rupee
**INT FRS** Interpretation to FRS
**IPT** Interested Person Transactions
**IT** Information Technology
**ITAT** Income Tax Appellate Tribunal
**ITES** Information Technology Enabled Services
**IMF** International Monetary Fund
**ITPB** International Tech Park Bangalore
**ITPC** International Tech Park Chennai
**ITPL** Information Technology Park Ltd
**IT SEZ** Information Technology Special Economic Zone
**JPY** Japanese Yen
**JTC** Jurong Town Corporation
**LEED** Leadership in Energy and Environmental Design
**Listing Manual** The Listing Manual of SGX-ST
**m/mil** Million
**MAS** Monetary Authority of Singapore
**MAT** Minimum Alternative Tax
**MFS** Massachusetts Financial Services Company
**MICM** Matthews International Capital Management
**MIF** Matthews International Funds
**MTN** Medium Term Note
**NRC** Nominating & Remuneration Committee
**NCD** Non-convertible Debentures
**NPI** Net Property Income
**O&M** Operations and Maintenance
**PFA** Property Funds Appendix
**PIPL** Phoenix Infocity Pvt Ltd
**PPE** Personal Protective Equipment
**Pvt/Pte Ltd** Private Limited
**REIT** Real Estate Investment Trust
**REITAS** REIT Association of Singapore
**RERA** Real Estate and Regulatory Authority
**ROFR** Right of First Refusal
**SBA** Super Built-up Area
**S¢** Singapore Cent
**SEZ** Special Economic Zone
**SGD/S$** Singapore Dollar
**SGX-ST** Singapore Exchange Securities Trading Limited
**SPV** Special Purpose Vehicle
**sq ft** Square foot/ feet
**STPI** Software Technology Parks of India
**TAFEP** Tripartite Alliance for Fair & Progressive Employment Practices
**The V** The V, Hyderabad
**TIDCO** Tamil Nadu Industrial Development Corporation Limited
**Trust Deed** Trust Deed constituting a-iTrust (as amended on 28th June 2007)
**UK** United Kingdom
**US/USA** United States of America
**USD** United States Dollar
**USGBC** U.S. Green Building Council
**VAT** Value Added Tax
**VCU** Venture Capital Undertaking
**VITPPL** VITP Pvt Ltd
**WSHMS** Workplace Safety and Health Management System

# MARKET RESEARCH REPORT

SOURCE: CUSHMAN & WAKEFIELD RESEARCH

# A INDIA: ECONOMIC & COMMERCIAL REAL ESTATE OVERVIEW

## 1 INDIA POLICY OVERVIEW

The Indian government has implemented several key policy reforms in recent years, with impact on the real estate sector shown below:

- **Real Estate Investment Trusts (REITs)**

  In September 2014, the Securities and Exchange Board of India (SEBI) approved REIT regulations. The introduction of REITs is expected to provide additional access to funding for developers while introducing a new investment product to the market. In addition, the introduction of REITs to the India market will also lead to a more structured commercial real estate market with better transparency and governance.

  The Indian government has eased REITs norms since 2014 in order to make the upcoming REITs more attractive to investors, and to increase the competitiveness of the Indian REITs. In May 2015, the Indian government exempted Minimum Alternate Tax (MAT) on upcoming REITs and in February 2016, the Indian government proposed an exemption on levy of Dividend Distribution Tax (DDT) with respect to distributions made by a Special Purpose Vehicle (SPV) of the Trust. In September 2017, SEBI allowed REITs to raise funds through debt securities and also allowed single-asset REITs to facilitate the growth of the upcoming REITs.

  In a major fillip to upcoming REITs, institutional investors such as banks, mutual funds and insurance companies have received permission from the respective regulatory bodies of Reserve Bank of India (RBI), SEBI and Insurance Regulatory and Development Authority of India (IRDA) to invest in REITs. This is expected to bring in long term stable investments to upcoming REITs.

- **The Insolvency and Bankruptcy Code**

  The Insolvency and Bankruptcy Code Act was passed in May 2016 in order to consolidate and make amendments to the existing bankruptcy framework. The act is aimed at resolving cases of bankruptcy through closure or revival, so as to reduce the accumulation of bad loans.

  Implementation of the act is expected to encourage real estate developers to effectively utilise borrowed capital and complete their projects on time.

- **Demonetisation**

  Demonetisation came into effect on the 8 November 2016 in India, whereby older INR 500 and INR 1000 denominated banknotes were retired and replaced with new INR 500 and INR 2000 banknotes.

  The ban on old notes was cited as one of the key contributors to the slowdown in economy in FY17/18. However, the Indian Economic Survey FY17/18 suggests that the negative impact of demonetisation on the Indian economy may have finally come to an end as the cash-to-GDP ratio had stabilised, suggesting a return to equilibrium. The Economic Survey also stated that India's GDP is forecast to grow 7-7.5% in FY18/19, an increase from GDP growth rate of 6.7% in FY17/18.

# A INDIA: ECONOMIC & COMMERCIAL REAL ESTATE OVERVIEW

## 1 INDIA POLICY OVERVIEW (CONTINUED)

- **Real Estate (Regulation and Development) Act**

  The Real Estate (Regulation and Development) Act came into effect from 1 May 2017 and is focused on safeguarding buyers' interest and ensuring transparency in the market. Implementation of the act will place the Indian real estate market on par with that of other developed countries.

- **Goods and Services Tax (GST)**

  GST is an indirect tax levied in India on the sale of goods and services. The tax, which came into effect from 1 July 2017, replaced the multiple taxes levied by the central and state governments with a unified tax, and is therefore expected to dramatically reshape the economy of India.

  Inflation rates are expected to soften as the cascading (tax on tax) effect of taxes would be eliminated. The revenue from the taxes for the government is likely to increase with an extended tax net, and the fiscal deficit is expected to remain in check. Moreover, exports are expected to grow, while Foreign Direct Investment (FDI) is also expected to increase.

## 2 INDIA INVESTMENT OVERVIEW

According to the Department of Industrial Policy and Promotion, India attracted cumulative FDI inflow of USD 532 billion (INR 29.22 trillion)[1] from April 2000 to December 2017. Equity inflows constituted nearly 69% of FDI, while the rest constituted reinvestment of earnings capital. FDI equity inflows in CY2017 stood at USD 43.58 billion (INR 2.82 trillion)[1] as compared to FDI inflows of USD 46.40 billion (INR 3.12 trillion)[1] in CY2016.

Policy reforms are leading a transformation in the country's real estate sector, which continues to draw private equity investors, including sovereign wealth funds and pension funds. Newer players are also making a foray into real estate investments after India's insurance regulator permitted private insurance firms to invest up to 3%[2] of respective fund size of the insurer in REITs or invest in up to 5% of the units issued by a single REIT, whichever is lower.

### PRIVATE EQUITY REAL ESTATE INVESTMENTS (PERE)

PERE Investment volume in CY2017 increased 17% to INR 419.08 billion (USD 6 billion)[3] from CY2016, eclipsing the previous peak recorded in CY2008. This was driven by the surge in office investments, which more than trebled from CY2016 levels. The market witnessed large deals in CY2017, with the average transaction size increasing almost 38% compared to CY2016. The deal book was dominated by foreign funds, which accounted for 60% of deals across residential, office and industrial assets.

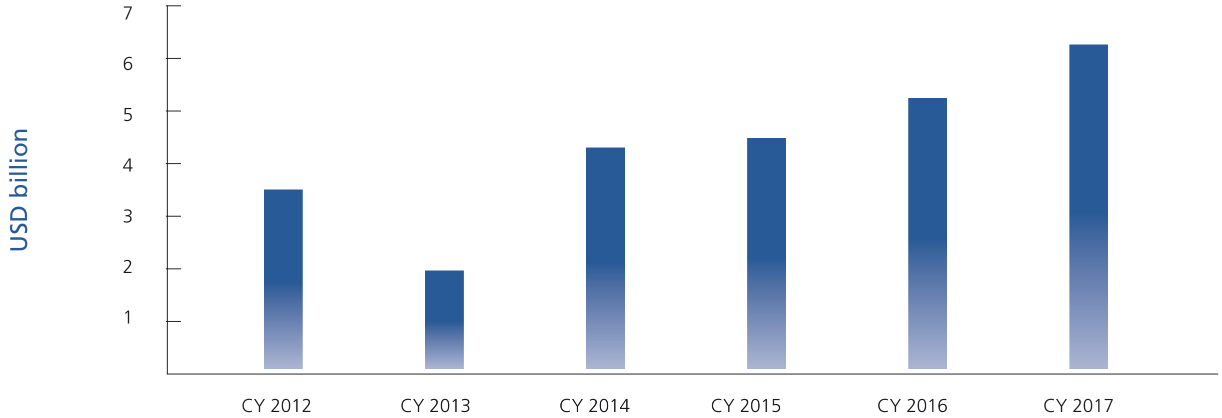
The industrial and warehousing sector has witnessed significant interest from investors in CY2017. The logistics sector was granted infrastructure status in the latter part of CY2017, and is also one of the biggest beneficiaries of the GST. Large, centralised warehouses are likely to become the norm, post implementation of GST, and significant consolidation and development is expected in the sector. As a result, investor activity is expected to continue over the next few years, with fundraising already underway.

1 Department of Industrial Policy and Promotion, December 2017
2 Insurance Regulatory and Development Authority
3 1 USD = INR 65.12

# A INDIA: ECONOMIC & COMMERCIAL REAL ESTATE OVERVIEW

## 2 INDIA INVESTMENT OVERVIEW (CONTINUED)

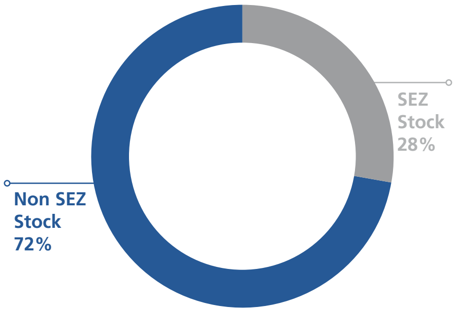
▶ PE Investment in Indian Real Estate



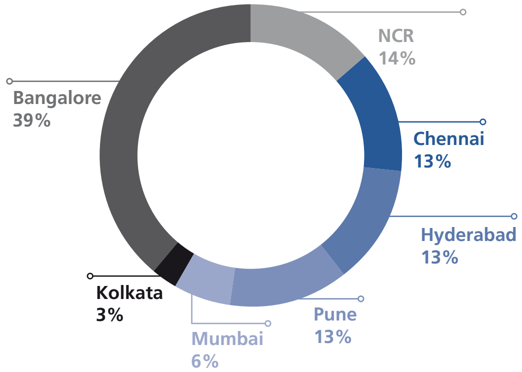

Source: Cushman & Wakefield Research

## 3 INDIA IT-SEZ OVERVIEW

▶ SEZ Stock as a Share of Overall Grade-A Office Stock in India




▶ City-wise Spread of Existing SEZ Stock

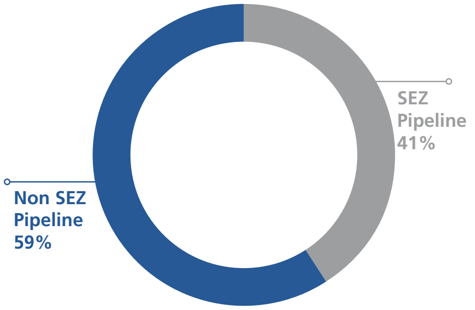



Source: Cushman & Wakefield Research

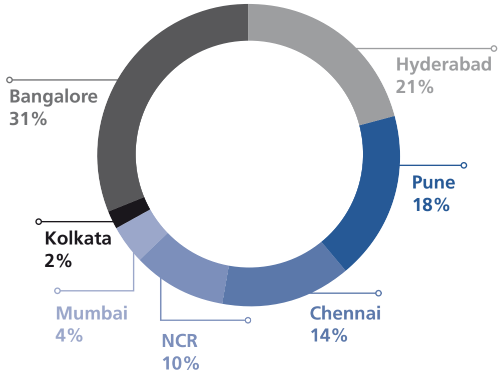
# A INDIA: ECONOMIC & COMMERCIAL REAL ESTATE OVERVIEW

## 3 INDIA IT-SEZ OVERVIEW

▶ SEZ Stock as a Share of Overall Grade-A Office Supply Pipeline in CY2018




▶ City-wise Spread of Upcoming SEZ Supply




Source: Cushman & Wakefield Research

Special Economic Zone (SEZ) space comprises approximately 28% of total Grade-A office stock across the top seven cities (Bangalore, Chennai, NCR, Hyderabad, Kolkata, Mumbai and Pune). Approximately 39% of the SEZ stock is concentrated in Bangalore. Chennai, NCR region, Hyderabad and Kolkata collectively comprise approximately 53% of the SEZ stock. Approximately 41% of the upcoming Grade-A office space supply in CY2018 is expected to consist of SEZ developments, with a large proportion concentrated in cities like Bangalore, Hyderabad and Pune.

SEZ office space take-up is approximately 30% of total Grade-A office take-up in CY2017, a marginal decline as compared to 35% take-up in CY2016. Approximately 78% of the SEZ office space take-up in 2017 was concentrated in the southern Indian cities of Bangalore, Chennai and Hyderabad.

# B BANGALORE COMMERCIAL MARKET OVERVIEW

## 1 CITY OVERVIEW

Bangalore is the capital city of Karnataka state and is spread over a total area of over 786 sq km. Economic activity in Bangalore includes sectors like IT/ITES, biotech, pharmaceuticals, aerospace and construction.

The city, known as the Silicon Valley of India, has emerged as a favourite IT/ITES destination over the last 13-15 years. Home to companies such as Microsoft, Google and Accenture, the city has been the front-runner in attracting technology companies to India. Apart from successfully attracting IT/ITES companies, Bangalore is considered to be a biotech and manufacturing destination as well, home to companies such as Biocon, Novozymes and Hindustan Aeronautics Limited.

Bangalore is also home to renowned research institutions like Indian Institute of Science, Indian Space Research Organisation and National Centre for Biological Resources. Prominent educational institutions such as Indian Institute of Management, National Law School and a number of engineering/medical colleges ensure the availability of a young talent pool. The physical infrastructure of the city is well-developed with excellent road, rail and air transport networks.

Real estate development has evolved from the centre of the city, with the Central Business District (MG Road) located there. The Eastern corridor comprising Whitefield, Outer Ring Road (Sarjapur – Marathahalli), and the south-eastern corridor comprising Hosur Road represents the largest clusters of IT/ITES companies in Bangalore. The International Airport at Devanahalli has led to a spurt in development along the northern quadrant of Bangalore.

Map not to scale

# B BANGALORE COMMERCIAL MARKET OVERVIEW

## 1 CITY OVERVIEW (CONTINUED)

### 1.1 Bangalore Micro-market Classification and Key Commercial Hubs

Bangalore has been classified into different activity zones based on the concentration and profile of development activity, as defined below:

| Micro-market | Locations Included | Description |
|---|---|---|
| Central Business District (CBD) and Off-Central Business District (Off-CBD) | • MG Road<br>• Vittal Mallya Road<br>• Ulsoor Road | • Foremost commercial business district of Bangalore which houses major banks, financial institutes, insurance companies, corporates and IT/ITES companies.<br>• Prominent companies include Amazon, Deloitte India and GE.<br>• As of December 2017, the CBD and Off-CBD market has total Grade-A office stock of approximately 4.3 million sq ft.<br>• The weighted average vacancy rate as of December 2017 is estimated at 6.1%.<br>• During CY2017, the CBD/Off-CBD market attracted rentals in the range of INR 80-150 psf per month. |
| Suburban Business District (SBD) | • Koramangala<br>• Indiranagar<br>• Old Madras Road | • Located at a distance of 5-7 km from the CBD, these locations house many banks, financial institutes and IT/ITES companies.<br>• Prominent companies include WeWork, HSBC and First American.<br>• As of December 2017, the total Grade-A office stock in this market is estimated at 24.6 million sq ft.<br>• The weighted average vacancy rate as of December 2017 was registered at 0.8%.<br>• During CY2017, the SBD market attracted rentals in the range of INR 70-140 psf per month. |
| Outer Ring Road (ORR) | • Outer Ring Rd (Sarjapur-Marathahalli)<br>• Outer Ring Rd (Marathahalli-KR Puram)<br>• Outer Ring Rd (KR Puram-Hebbal) | • Located at a distance of 8-9 km from the CBD, these locations house many major banks, financial institutes and IT/ITES companies.<br>• Prominent companies include Qualcomm, KPMG, and Google.<br>• As of December 2017, the total Grade-A office stock in these markets is estimated at 58.3 million sq ft.<br>• The weighted average vacancy rate as of December 2017 was registered at 3.3%.<br>• During CY2017, the ORR market attracted rentals in the range of INR 60-90 psf per month. |
| Peripheral Business District (PBD) | • Whitefield<br>• Electronic City<br>• Bellary Road | • Prominent companies in this micro-market include TCS, Atos and Citi Bank.<br>• As of December 2017, the total Grade-A office stock in these markets is estimated at 34.1 million sq ft.<br>• The weighted average vacancy rate as of December 2017 was approximately 9.5%.<br>• During CY2017, the PBD market attracted rentals in the range of INR 40-65 psf per month. |

Source: Cushman & Wakefield Research

# B BANGALORE COMMERCIAL MARKET OVERVIEW

## 1 CITY OVERVIEW (CONTINUED)

### 1.2 Whitefield Micro-market Overview

Whitefield, located in East Bangalore, has the presence of the Export Promotion Industrial Park zone (approximately 650 acres), as well as companies in the fields of IT/ITES and manufacturing. The micro-market houses over 400 companies, which includes prominent companies such as Oracle, SAP and IBM. Currently, the accessibility in the micro-market is good with access to MG Road, the CBD and the new International Airport at Devanahalli. Furthermore, connectivity is expected to improve in the future with the development of the Peripheral Ring Road and the Metro Rail.

In terms of commercial development, Whitefield comprises a mix of BTS, campuses and MTBs. Some of the prominent commercial developments in the micro-market are Brigade Metropolis, Prestige Shantiniketan and ITPB. Other prominent developments include company-owned campuses such as Hindustan Petroleum, Qualcomm and TCS.

Retail developments in the Whitefield micro-market comprise malls and standalone retail formats such as restaurants and hypermarkets. Prominent developments include Forum Value Mall, Park Square Mall and Phoenix Market City.

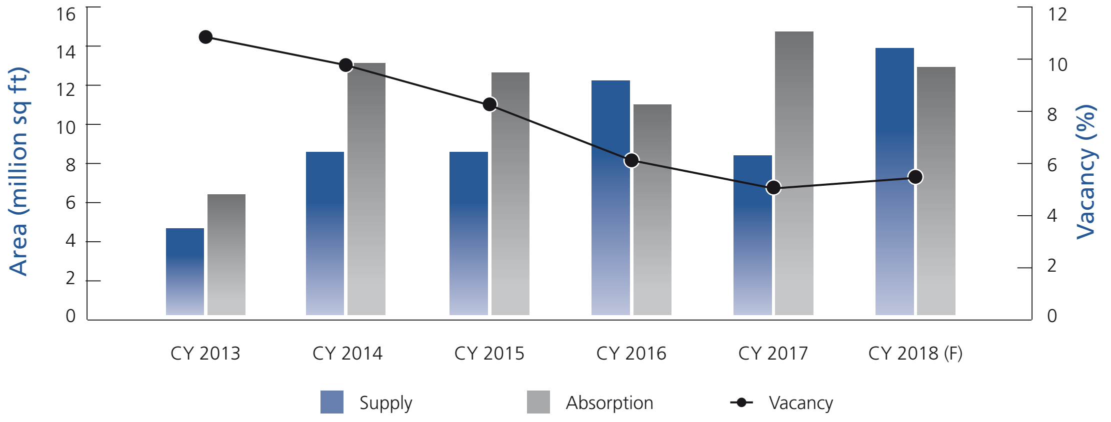
Prominent hospitality developments include both 4 and 5-star segments. Some of the prominent hospitality developments include Four Points by Sheraton, Marriot and Taj Vivanta.

## 2 SUPPLY, ABSORPTION AND VACANCY TRENDS: BANGALORE

| Grade-A Office Stock Breakup (million sq ft) | Bangalore | Whitefield |
|---|---|---|
| Total Completed Stock | 125.7 million sq ft | 23.2 million sq ft |
| Breakup – SEZ & Non SEZ | SEZ~49.9 million sq ft<br>Non SEZ~75.8 million sq ft | SEZ~6.6 million sq ft<br>Non SEZ~16.6 million sq ft |

Source: Cushman & Wakefield Research

▶ City-Supply, Absorption, Vacancy



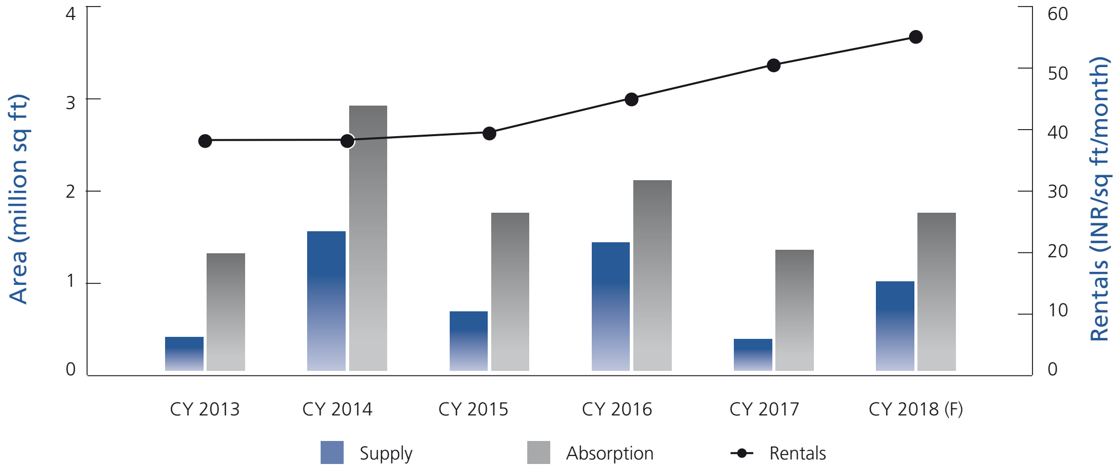

Source: Cushman & Wakefield Research

Note: Supply – refers to fresh completed supply added each year; Absorption – refers to the occupancy witnessed in each year which is reflective of both fresh and secondary leasing; The vacancy in the chart accounts for the gap between cumulative stock and occupied space in the city in any given year and includes secondary spaces (if any) being generated due to churn in the market

# B BANGALORE COMMERCIAL MARKET OVERVIEW

## 3 SUPPLY, ABSORPTION & RENTAL TRENDS: WHITEFIELD MICRO-MARKET

▶ Supply, Absorption & Rental Trends for Grade-A Office in Whitefield




Source: Cushman & Wakefield Research

Note: Supply – refers to fresh completed supply added each year; Absorption – refers to the occupancy witnessed in each year which is reflective of both fresh and secondary leasing

## 4 ANALYSIS OF DEVELOPMENTS IN WHITEFIELD

### 4.1 Current Commercial Developments in Whitefield

| Building Name | Developer | Year of Completion | Total Area (million sq ft) | Vacancy (% of total area) | Main Occupiers |
|---|---|---|---|---|---|
| Prestige Shantiniketan | Prestige Developers | 2013 | 3.5 | 2% | Sonus Networks, Alcon Laboratories, Capgemini |
| DivyaSree Technopark | DivyaSree Developers | 2015 | 2.5 | Fully occupied | Accenture, Huawei Technologies |
| Kalyani Platina | Kalyani Developers | 2014 | 1.4 | Fully occupied | HP, Delphi, DXC Technologies |
| Salarpuria GR Tech Park | Salarpuria Group | 2008 | 1.3 | 20% | HP, Firstsource Solution, TCS, Goldman Sachs |

Source: Cushman & Wakefield Research

### 4.2 Upcoming Commercial Developments in Whitefield

| Building Name | Developer | Expected Completion | Total Area (million sq ft) |
|---|---|---|---|
| Prestige Techno Star | Prestige Group | 2018-19 | 1.0 |

Source: Cushman & Wakefield Research

### 4.3 Current Retail Developments in Whitefield

| Building Name | Developer | Year of Completion | Total Area (million sq ft) | Vacancy (% of total area) | Main Occupiers |
|---|---|---|---|---|---|
| VR Bengaluru | Virtuous Retail | 2015 | 0.5 | 3% – 6% | Central, H&M, PVR |
| Phoenix Market City | Phoenix | 2011 | 0.9 | 5% – 10% | PVR, Home Town, Marks & Spencer |
| Forum Neighbourhood Mall (Forum Value Mall) | Prestige Group | 2009 | 0.2 | 3% – 6% | Inox, Megamart, Veromoda |

Source: Cushman & Wakefield Research

### 4.4 Upcoming Retail Developments in Whitefield

| Development | Developer | Expected Completion | Total Area (million sq ft) |
|---|---|---|---|
| Forum Shantiniketan | Prestige Group | 2018 | 0.6 |

Source: Cushman & Wakefield Research

## 5 OUTLOOK

Cushman & Wakefield is of the opinion that the Whitefield micro-market is expected to witness increased demand for Grade-A office space over the next 3-5 years due to its strategic location, superior social and physical infrastructure, and existing tenant base in the micro-market.

Due to the existing availability of office space in the Whitefield micro-market, developers have been cautious, leading to limited upcoming supply. The total supply of Grade-A office space in Whitefield from January to December 2017 was 0.4 million sq ft, which is around 4.3% of the total supply of Grade-A office space in Bangalore. The upcoming planned supply of Grade-A office space in Whitefield in the next 2 years is approximately 2.6 million sq ft, which would be approximately 10.5% of the total upcoming supply of Bangalore in the next 2 years.

Rentals are expected to increase moderately to INR 52-55 per sq ft per month over the next two years on account of limited supply in the short term.

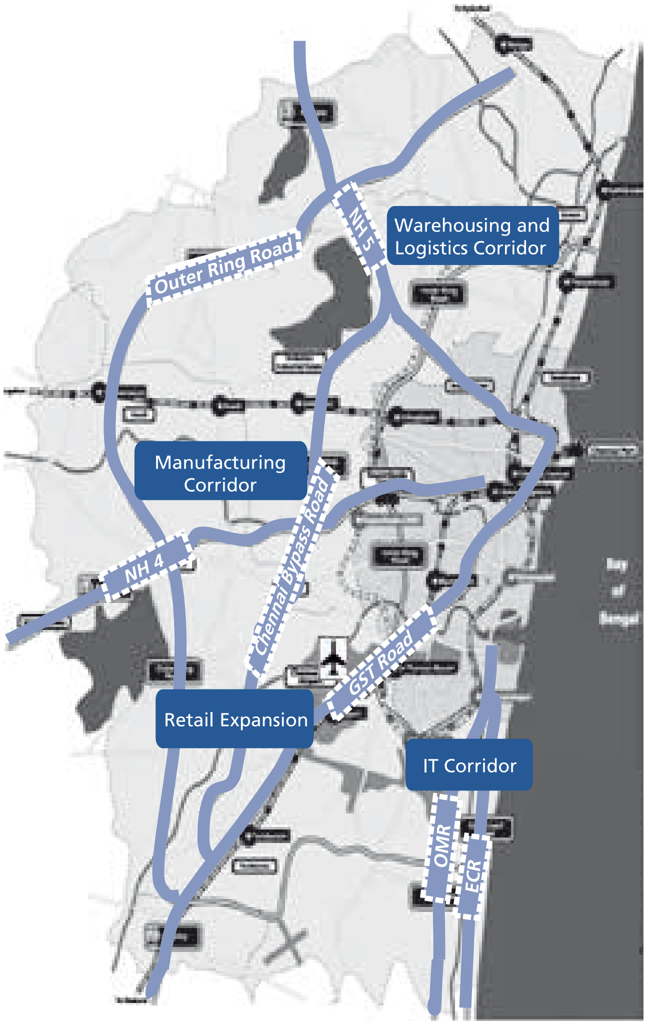
# C CHENNAI COMMERCIAL MARKET OVERVIEW

## 1 CITY OVERVIEW

Chennai, the capital city of Tamil Nadu, is spread over a total area of 1,189 sq km. Economic activity in Chennai includes sectors like IT/ITES, automobiles, electronics, engineering and construction, with the IT and manufacturing sectors expected to play increased roles in the long term.

Chennai is known for its high quality of life, established social & physical infrastructure, skilled workforce, cultural heritage and rich temple architecture. Chennai is home to renowned technology companies such as Infosys, Wipro, and TCS, while serving as the manufacturing base for large multinationals such as Ford Motors, Hyundai and Saint-Gobain. The city, known as the 'automobile manufacturing hub' of India, is a preferred manufacturing destination which contributes over 60% of India's automobile exports. It is also home to Institutions like Cancer Institute, Central Leather Research Institute, The Institute of Mathematical Sciences as well as other prominent educational institutions like Indian Institute of Technology, Loyola College and Anna University. The physical infrastructure of the city is well-developed with excellent road, rail, sea and air transport networks.

Chennai has emerged as a favoured investment destination for manufacturing, IT/ITES and logistics by virtue of its strategic location and government subsidies, making it one of the most attractive locations in the country. Factors that have led to the current activity levels in the city include government initiatives to attract investments, significant improvement in the quality of real estate developments and a favourable business environment. The significant growth witnessed by the IT/ITES sector has led to the demand for large space in the suburban and peripheral locations, which account for approximately 60-70% of the aggregate leasing activity in the city.




Map not to scale

# C CHENNAI COMMERCIAL MARKET OVERVIEW

## 1 CITY OVERVIEW (CONTINUED)

### 1.1 Chennai Micro-market Classification and Key Commercial Hubs

| Cluster | Locations | Nature |
|---|---|---|
| Central Business District (CBD) | • Anna Salai<br>• Nungambakkam<br>• R.K. Salai | • Located in the heart of the city, this commercial micro-market comprises largely of corporate offices of banks, insurance companies and head offices of manufacturing companies.<br>• Prominent companies include TVS, KPMG and Rane.<br>• As of December 2017, the CBD market has total Grade-A office stock of approximately 2.3 million sq ft.<br>• The vacancy rate as of December 2017 was estimated at 14.3%.<br>• CBD markets consist of limited supply of Grade-A buildings and command the highest rental in Chennai market due to limited availability.<br>• During CY2017, the CBD market attracted rentals in the range of INR 75-85 psf per month. |
| Off-CBD | • T.Nagar<br>• Alwarpet<br>• Kilpauk | • Located at a distance of 2-4 km from the CBD, this micro-market has a mix of corporates companies from various sectors such as IT/ITES, manufacturing and financial services.<br>• Prominent companies include Franklin Templeton, Piramal and Pricol.<br>• These markets account for Grade-A office stock of approximately 0.4 million sq ft.<br>• Off-CBD markets registered a vacancy of around 29.3% during December 2017.<br>• Off-CBD markets command a rental range of INR 60-70 psf per month. |
| Suburban Markets | • Guindy<br>• Taramani-Perungudi<br>• Rajiv Gandhi Salai<br>• Ambattur | • These clusters are the emerging office markets with significant demand. With limited availability of space in CBD and off-CBD markets, suburban markets are registering buoyant demand from occupiers, predominantly from the IT sector.<br>• Prominent companies include Verizon, Amazon and Yes Bank.<br>• Grade-A office stock in suburban markets is estimated at 29.1 million sq ft.<br>• Vacancy in the suburban markets as of December 2017 was registered at 4.4%.<br>• Suburban markets attract rentals ranging between INR 55-80 psf per month in Guindy and Taramani-Perungudi market and INR 30-40 psf per month for Ambattur market. |
| Peripheral Markets | • Locations after Thoraipakkam in Rajiv Gandhi Salai and after Perungulathur in GST (Grand Southern Trunk Road) | • Located in the peripheral area of the city, the GST road has very limited stock of office buildings.<br>• Prominent companies include TCS, Renault Nissan and Infosys.<br>• The office stock in these markets is estimated at around 13 million sq ft.<br>• Vacancy in these markets as of December 2017 is approximately 17%.<br>• Due to limited demand for office space, these markets have relatively higher vacancy levels. Office rentals in the peripheral markets of GST range between INR 30-45 psf per month. |

Source: Cushman & Wakefield Research

# C CHENNAI COMMERCIAL MARKET OVERVIEW

## 1 CITY OVERVIEW (CONTINUED)

### 1.2 Rajiv Gandhi Salai Micro-market Overview

Rajiv Gandhi Salai is an established commercial micro-market in India, and is home to large-scale commercial developments such as Ramanujam IT City, RMZ Millenia and SP Info City. The surrounding micro-markets of Thoraipakkam and Pallavaram also have presence of large-scale commercial developments such as Chennai One, AKDR Towers, and Prince Techno Park.

In addition to commercial office space, Rajiv Gandhi Salai also has good presence of retail and hospitality developments. Phoenix market city is the prominent retail development in the micro-market. Prominent hospitality developments in the micro-market include Holiday Inn Express, Turya Chennai and Hotel Ginger.

### 1.3 Grand Southern Trunk Road Micro-market Overview

Grand Southern Trunk Road is an emerging commercial micro-market in India, and includes large-scale commercial developments such as The Gateway and Estancia IT Park as well as campuses of Wipro, Infosys and Capgemini located at Mahindra World City.

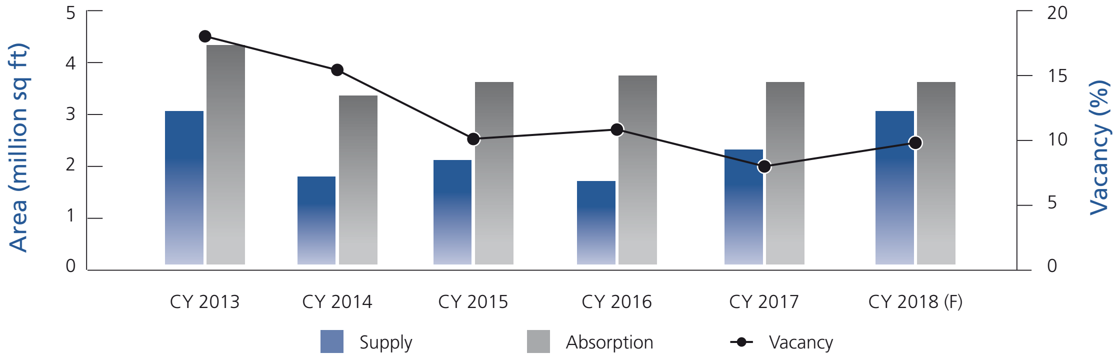
Prominent hospitality developments in the micro-market include Holiday Inn, SRM Hotel and Fortune Select Grand, while retail developments are still in the nascent stage.

## 2 SUPPLY, ABSORPTION AND VACANCY TRENDS: CHENNAI

| Grade-A Stock Breakup (million sq ft) | Chennai | Rajiv Gandhi Salai | Grand Southern Trunk Road |
|---|---|---|---|
| Total Completed Stock | 45.0 million sq ft | 16.1 million sq ft | 3.1 million sq.ft |
| Breakup – SEZ & Non SEZ | SEZ~16.8 million sq ft<br>Non SEZ~28.2 million sq ft | SEZ~4.5 million sq ft<br>Non SEZ~11.6 million sq ft | SEZ~2.9 million sq ft<br>Non SEZ~0.2 million sq ft |

Source: Cushman & Wakefield Research

▶ City-Supply, Absorption, Vacancy



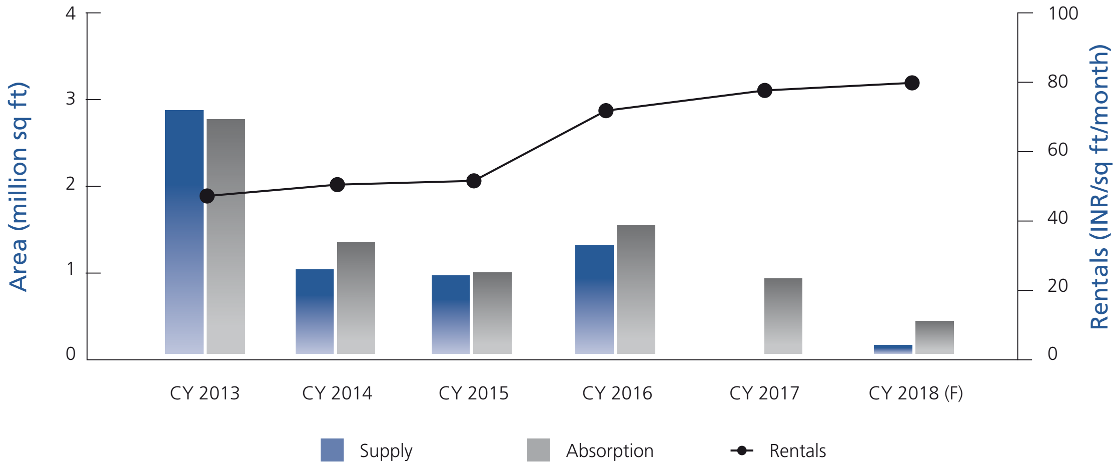

Source: Cushman & Wakefield Research

Note: Supply – refers to fresh completed supply added each year; Absorption – refers to the occupancy witnessed in each year which is reflective of both fresh and secondary leasing; The vacancy in the chart accounts for the gap between cumulative stock and occupied space in the city in any given year and includes secondary spaces (if any) being generated due to churn in the market

# C CHENNAI COMMERCIAL MARKET OVERVIEW

## 3 SUPPLY, ABSORPTION & RENTAL TRENDS: RAJIV GANDHI SALAI MICRO-MARKET

▶ Supply, Absorption & Rental Trends for Grade-A Office in Rajiv Gandhi Salai

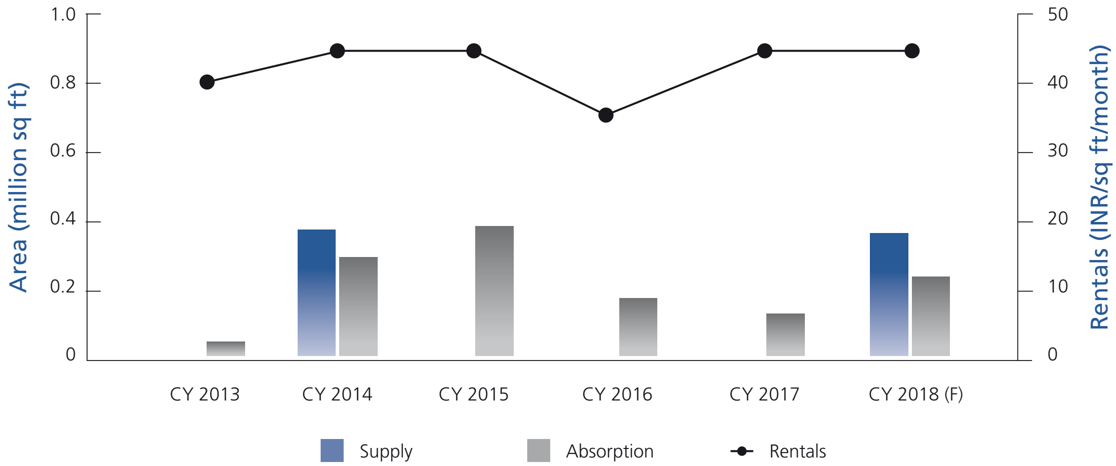



Source: Cushman & Wakefield Research

Note: Supply – refers to fresh completed supply added each year; Absorption – refers to the occupancy witnessed in each year which is reflective of both fresh and secondary leasing

## 4 SUPPLY, ABSORPTION & RENTAL TRENDS: GRAND SOUTHERN TRUNK ROAD MICRO-MARKET

▶ Supply, Absorption & Rental Trends for Grade-A Office in GST Road




Source: Cushman & Wakefield Research

Note: Supply – refers to fresh completed supply added each year; Absorption – refers to the occupancy witnessed in each year which is reflective of both fresh and secondary leasing

# C CHENNAI COMMERCIAL MARKET OVERVIEW

## 5 ANALYSIS OF DEVELOPMENTS IN RAJIV GANDHI SALAI AND GRAND SOUTHERN TRUNK ROAD

### 5.1 Current Commercial Developments in Rajiv Gandhi Salai and Grand Southern Trunk Road

| Building Name | Developer | Year of Completion | Total Area (million sq ft) | Vacancy (% of total area) | Main Occupiers |
|---|---|---|---|---|---|
| RMZ Millennia | RMZ Corp | 2005-2008 | 2.5 | Fully Occupied | Ford, Caterpillar, Shell, HP |
| Tidel Park | TIDCO & ELCOT | 2000 | 1.3 | 3.0% | TCS, Ajuba, iNautix |
| SP Info City (Ph 1 & 2) | Shapoorji & Pallonji | 2009, 2014 and 2015 | 2.8 | Fully Occupied | Amazon, Freshworks, Citibank, HSBC, BNP Paribas |
| Prince Info City 2 | Prince Foundations | 2005 | 0.7 | Fully Occupied | IBM, 3i Infotech, Thinksoft Global Services, Great Lakes |
| Ramanujan IT SEZ | Tata Realty and Infrastructure Ltd | 2011, 2014 and 2017 | 4.6 | Fully Occupied | Amazon, TCS, Cognizant, HP, Mindtree, Citibank, Astrazeneca |
| The Gateway | Shriram and Xander | 2008 onwards | 1.6 | Fully Occupied | Accenture, Redington, Sutherland |

Source: Cushman & Wakefield Research

### 5.2 Upcoming Commercial Developments in Rajiv Gandhi Salai and Grand Southern Trunk Road

| Building Name | Developer | Expected Completion | Total Area (million sq ft) |
|---|---|---|---|
| Embassy Techzone – Ph I | Embassy Group | 2019 | 2.0 |
| Brigade WTC | Brigade Group | 2020 | 1.9 |
| DLF Cybercity – Ph I | DLF Ltd | 2020 | 2.5 |
| The Gateway | Gateway Office Parks Pvt Ltd | 2020 | 1.5 |

Source: Cushman & Wakefield Research

# C CHENNAI COMMERCIAL MARKET OVERVIEW

## 6 OUTLOOK

### 6.1 Rajiv Gandhi Salai

Cushman & Wakefield is of the opinion that Rajiv Gandhi Salai micro-market is expected to witness increased demand for office space over the next 4-5 years due to its strategic location, superior social and physical infrastructure and existing tenant base in the micro-market.

Since the development of TIDEL Park, the office market along the corridor has registered tremendous growth. In the last two years, several national developers have shown interest in developing Grade-A office space in Rajiv Gandhi Salai. Approximately 6.4 million sq ft of Grade-A office space is expected to come up in the next 4-5 years in Rajiv Gandhi Salai. On the demand side, most of the upcoming supply is pre-committed while there are high levels of interest in the remaining vacant space.

Rentals are expected to increase moderately to the range of INR 77-83 psf per month in next two years due to the immediate lack of quality space. In the medium to longer term, however, rentals are expected to stabilise with the expected supply in Rajiv Gandhi Salai and surrounding micro-market of Thoraipakkam.

### 6.2 Grand Southern Trunk Road

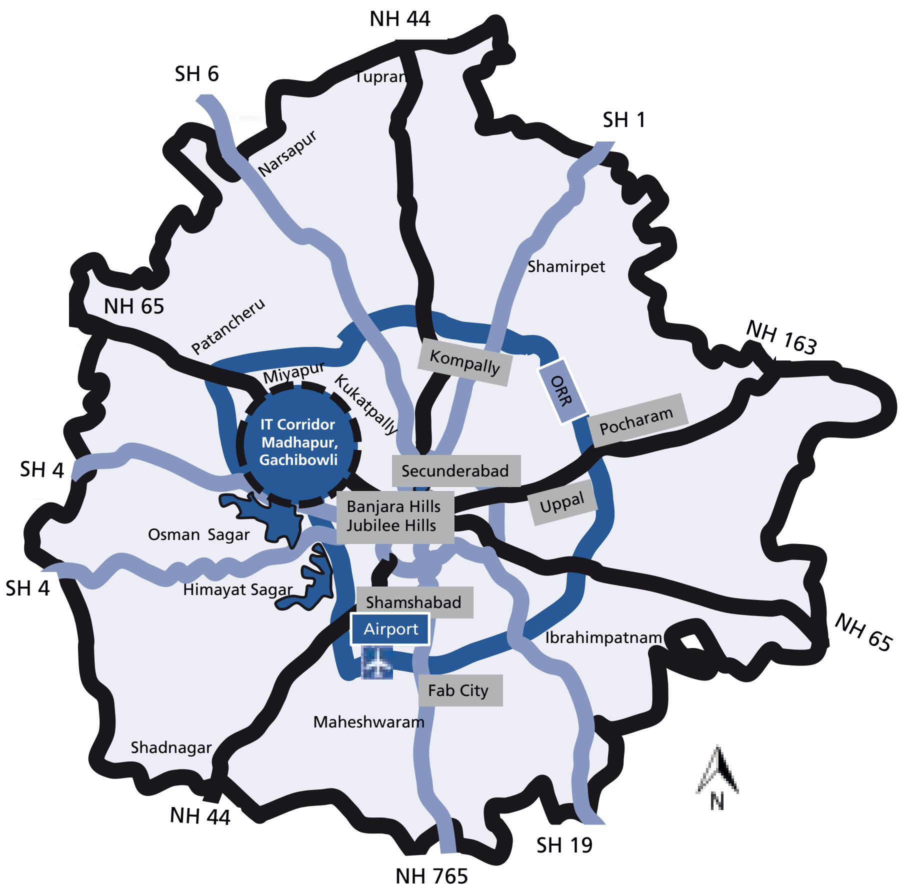
Grand Southern Trunk Road is home to large-scale developments such as Mahindra World City and Estancia. The micro-market is expected to witness a supply of 2 million sq ft of Grade-A office space in the next 2-3 years. Cushman & Wakefield is of the opinion that the rentals are expected to remain stable during the same period.

# D HYDERABAD COMMERCIAL MARKET OVERVIEW

## 1 CITY OVERVIEW

Hyderabad is the capital city of both the states of Telangana and Andhra Pradesh, and is spread over a total area of over 7,229 sq km. Economic activity in Hyderabad includes IT/ITES, bio technology, pharmaceuticals, aerospace and construction, of which the IT, pharmaceuticals and bio technology sectors are expected to expand in the long term.

The low cost of living, good quality of life, rapid pace of infrastructure development and a proactive government have led to increased corporate activity and investments in the city. Hyderabad is home to renowned technology companies such as Microsoft, Google and Apple. Institutions like Centre for Cellular and Molecular Biology, Centre for Good Governance, Insurance and Regulatory Development Authority as well prominent educational institutions like Indian School of Business, Indian Institute of Technology, NALSAR University of Law, Agha Khan Academy are located in Hyderabad. The physical infrastructure of the city is well-developed with excellent road, rail and air transport networks. The state government is proactive in upgrading the physical infrastructure.




Map not to scale

Hyderabad is also known as the "Bulk Drug Capital" of India, due to the presence of a large number of drug manufacturers, and accounts for about 20%[4] of the total production in the country.

With favourable economic outlook and proactive government policies, Hyderabad has witnessed excellent rental growth in Grade-A office space.

4 Telangana State Industrial Infrastructure Corporation (TSIIC)-2016

# D HYDERABAD COMMERCIAL MARKET OVERVIEW

## 1 CITY OVERVIEW (CONTINUED)

### 1.1 Hyderabad Micro-market Classification and Key Commercial Hubs

Hyderabad has been classified into different activity zones based on the concentration and profile of development activity, as defined below:

| Micro-market | Locations Included | Description |
|---|---|---|
| Central Business District (CBD) | • Banjara Hills Road no. 1, 2, 10 & 12 | • Located in the heart of the city, this commercial micro-market comprises largely of corporate offices of infrastructure/ construction, real estate, IT, biotech and pharmaceutical companies.<br>• Prominent companies include Karvy, HSBC, and Navayuga.<br>• CBD market has negligible presence of multi-tenanted office space buildings and majority of the office space buildings are self-occupied.<br>• During 2017, the CBD market attracted rentals in the range of INR 45-55 psf per month. |
| Off-CBD areas | • Begumpet<br>• Somajiguda<br>• Rajbhavan road<br>• Secunderabad | • Located on the eastern and southern periphery of the CBD.<br>• Prominent companies include Schneider Aurobindo Pharma, GVK Bioscience and DRL.<br>• As of December 2017, the Off-CBD market has total Grade-A office stock of approximately 0.2 million sq ft.<br>• The vacancy rate as of December 2017 was estimated at 5.6%.<br>• During CY2017, the Off-CBD market attracted rentals in the range of INR 40-50 psf per month. |
| Prime-Suburban areas | • Rest of Banjara Hills & Jubilee Hills | • Located on the northern and western periphery of the CBD.<br>• Prominent companies include Madhucon, Seaways Shipping and Prajay Construction.<br>• Prime-Suburban market has negligible presence of multi-tenanted office space buildings and majority of the office space buildings are self-occupied.<br>• During CY2017, the Prime-Suburban market attracted rentals in the range of INR 45-55 psf per month. |
| Suburban areas | • Madhapur<br>• Gachibowli<br>• Nanakramguda<br>• Raidurg<br>• Kukatpally | • Located in the western quadrant of the city and approximately 5-7 km north-west of the CBD of Hyderabad.<br>• Prominent companies include Microsoft, Google and Apple.<br>• Among all the commercial micro-markets, this micro-market is currently witnessing maximum activity.<br>• As of December 2017, the Suburban micro-market has total Grade-A office stock of approximately 40.4 million sq ft.<br>• The vacancy rate as of December 2017 was estimated at 8.1%.<br>• During CY2017, the Suburban micro-market attracted rentals in the range of INR 50-60 psf per month. |
| Peripheral areas | • Pocharam<br>• Shamshabad<br>• Uppal | • Located in periphery of the city, this micro-market is the upcoming commercial hub of Hyderabad.<br>• As of December 2017, the Peripheral micro-market has total Grade-A office stock of approximately 1.7 million sq ft.<br>• The vacancy rate as of December 2017 was estimated at 30.8%.<br>• During CY2017, the Peripheral market attracted rentals in the range of INR 25-30 psf per month. |

Source: Cushman & Wakefield Research

# D HYDERABAD COMMERCIAL MARKET OVERVIEW

## 1 CITY OVERVIEW (CONTINUED)

### 1.2 Madhapur Micro-market Overview

Madhapur is an established commercial micro-market in India, and is home to large-scale commercial developments such as Raheja Mindspace, The V and Salarpuria Sattva Knowledge City as well as TCS and TCL campuses.

In addition to commercial office space, Madhapur also boasts retail, hospitality and entertainment developments such as Inorbit mall, L&T Hitec City mall and Shilpa Kala Vedika. Prominent hospitality developments in the micro-market include ITC Kohenur, Westin and Novotel.

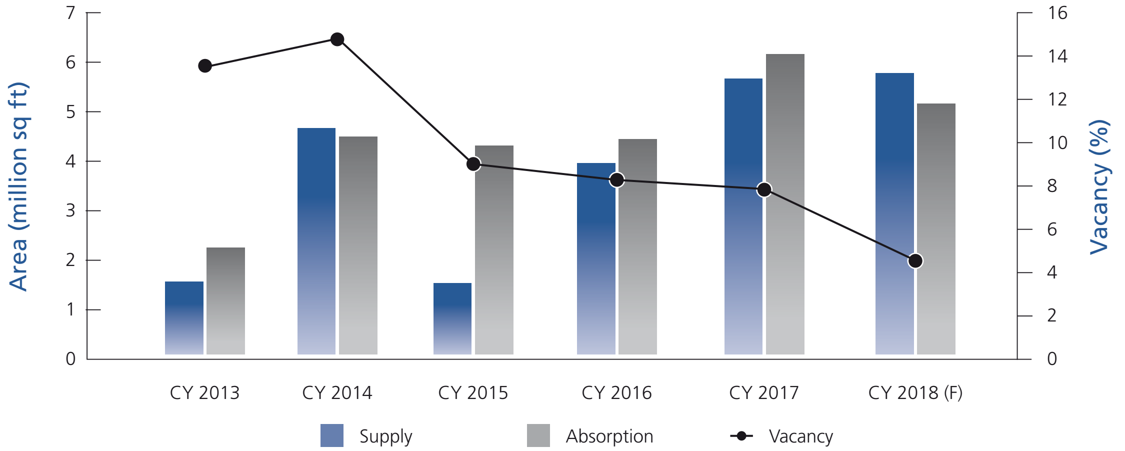
Madhapur enjoys excellent physical infrastructure, with direct connectivity to the airport, as well as connectivity to other parts of the city via the MMTS rail network and road networks. Ongoing infrastructural projects in Madhapur include multi-level flyover at Raheja Mindspace, Line-3 of Hyderabad Metro Rail, hanging bridge on Durgam Cheruvu and flyover at Old Mumbai highway. These developments are expected to be completed over the next two years and are expected to ease traffic congestion, thereby providing easier and faster access to other parts of the city.

## 2 SUPPLY, ABSORPTION AND VACANCY TRENDS: HYDERABAD

| Grade-A Stock Breakup (million sq ft) | Hyderabad | Madhapur |
|---|---|---|
| Total Completed Stock | 42.1 million sq ft | 29.6 million sq ft |
| Breakup – SEZ & Non SEZ | SEZ~17.0 million sq ft<br>Non SEZ~25.1 million sq ft | SEZ~10.5 million sq ft<br>Non SEZ~19.1 million sq ft |

Source: Cushman & Wakefield Research

▶ City- Supply, Absorption, Vacancy



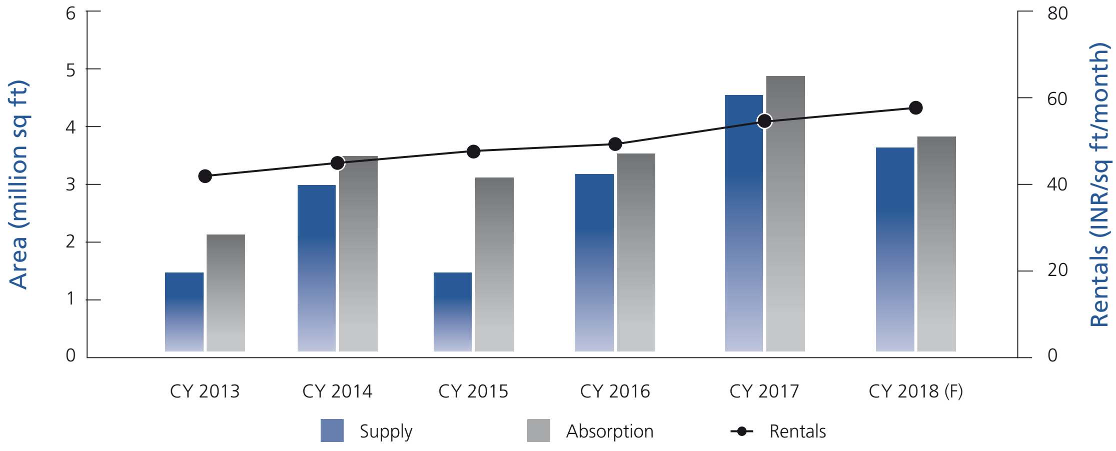

Source: Cushman & Wakefield Research

Note: Supply – refers to fresh completed supply added each year; Absorption – refers to the occupancy witnessed in each year which is reflective of both fresh and secondary leasing; The vacancy in the chart accounts for the gap between cumulative stock and occupied space in the city in any given year and includes secondary spaces (if any) being generated due to churn in the market

# D HYDERABAD COMMERCIAL MARKET OVERVIEW

## 3 SUPPLY, ABSORPTION & RENTAL TRENDS: MADHAPUR MICRO-MARKET

▶ Supply, Absorption and Rental Trends for Grade-A Office in Madhapur




Source: Cushman & Wakefield Research

Note: Supply – refers to fresh completed supply added each year; Absorption – refers to the occupancy witnessed in each year which is reflective of both fresh and secondary leasing

## 4 ANALYSIS OF DEVELOPMENTS IN MADHAPUR

### 4.1 Current Commercial Developments in Madhapur

| Building Name | Developer | Year of Completion | Total Area (million sq ft) | Vacancy (% of total area) | Main Occupiers |
|---|---|---|---|---|---|
| Raheja Mindspace (SEZ and Non SEZ) | K Raheja Corp | 2004-2016 | 9.6 | 0.5% | IBM, Accenture, Deloitte, Novartis, Facebook, UHG, CSC, HSBC, Qualcomm, JP Morgan, BA Continuum |
| Divya Sree Orion-SEZ | Divya Sree Developers | 2010-2016 | 3.3 | Fully Occupied | IBM, Wells Fargo, Invesco, NTT Data, Kony, Mind Tree, Prokarma, Pulsus, Accenture |
| Salarpuria Sattva Knowledge City | Salarpuria Sattva | 2015-2017 | 2.3 | 3.9% | State Street, Mathworks, Mentor Graphics, EPAM, Synchorny Financials, GE |
| Divya Sree Omega | Divya Sree Developers | 2009-2014 | 1.2 | Fully Occupied | Google, Ivy Comptech, Synopsis |

Source: Cushman & Wakefield Research

# D HYDERABAD COMMERCIAL MARKET OVERVIEW

## 4 ANALYSIS OF DEVELOPMENTS IN MADHAPUR (CONTINUED)

### 4.2 Upcoming Commercial Developments in Madhapur

| Building Name | Developer | Expected Completion | Total Area (million sq ft) |
|---|---|---|---|
| Block #4, Divyasree Orion (SEZ) | Divyasree NSL Developers | 2018 | 0.5 |
| Block #2, Divyasree Orion (SEZ) | Divyasree NSL Developers | 2018 | 0.4 |
| Knowledge City – Parcel IV | Salarpuria Sattva | 2019 | 2.6 |
| The Sky-View (SEZ) | RMZ /My Home Constructions | 2019 | 1.9 |
| The Sky-View (Non SEZ) | RMZ /My Home Constructions | 2019 | 1.9 |
| Knowledge City – Parcel II | Salarpuria Sattva | 2019 | 1.2 |
| Block #3, Divyasree Orion (SEZ) | Divyasree NSL Developers | 2019 | 0.6 |

Source: Cushman & Wakefield Research

## 5 OUTLOOK

Cushman & Wakefield is of the opinion that the Madhapur micro-market is expected to witness increased demand for office space over the next 4-5 years due to its strategic location, superior social and physical infrastructure and existing tenant base in the micro-market.

Over the last two years, developers have shown interest in developing office space in Madhapur, spurred by expected economic growth in the near term. Approximately 20 million sq ft of Grade-A office space is expected to be completed over the next 4-5 years. On the demand side, significant portion of the upcoming supply is already pre-committed and the micro-market is currently witnessing high levels of interest from existing and new tenants.

Rentals are expected to increase moderately to INR 58-62 psf per month over the next two years due to the immediate lack of quality space. However, rentals are expected to stabilise over the medium to long term, due to the expected supply in Madhapur and surrounding micro-market of Gachibowli.

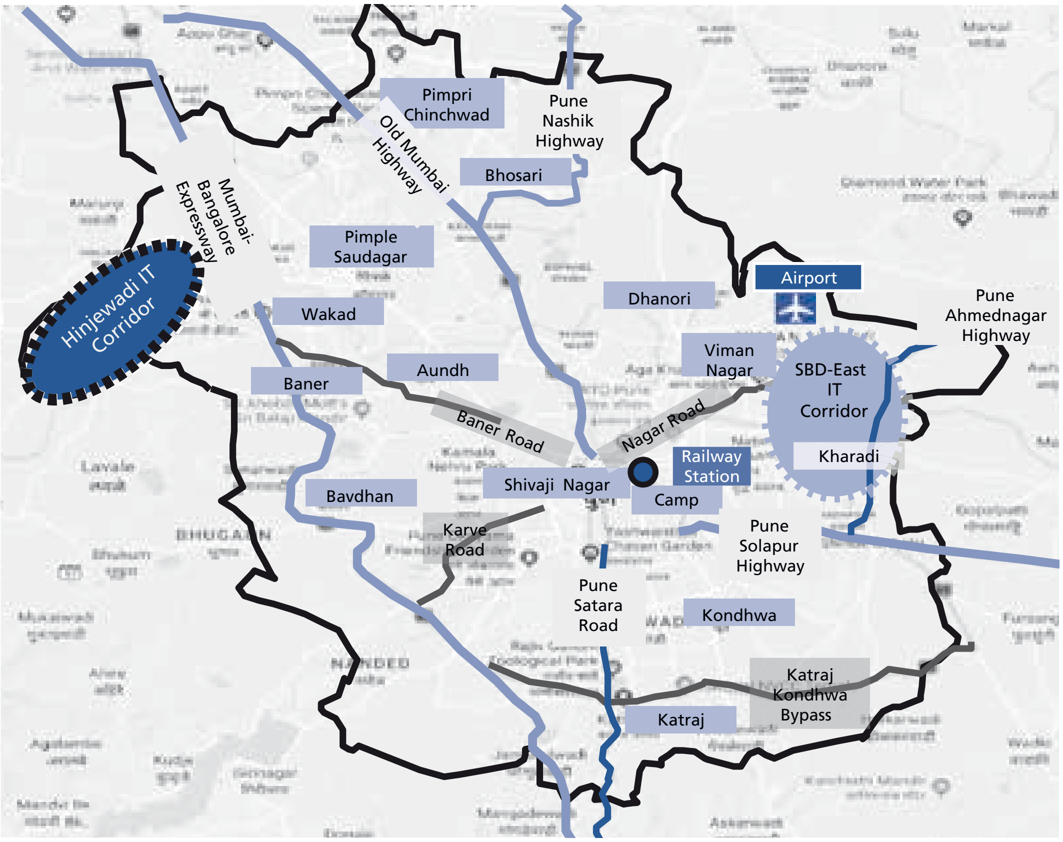
# E PUNE COMMERCIAL MARKET OVERVIEW

## 1 CITY OVERVIEW

Pune is the second largest city in the state of Maharashtra and is spread over a total area of over 244 sq km. Economic activity in Pune includes IT/ITES, automobile, education, bio-technology, pharmaceuticals, and construction, of which IT and automobile manufacturing are expected to increase in the future.

The high quality of life, favourable climate, availability of skilled manpower, infrastructure development and good connectivity to Mumbai have led to increased corporate activity and investments in the city. Pune is home to prominent technology companies such as Infosys, TCS and Cognizant, as well as automobile companies such as Daimler Chrysler, Volkswagen and Bajaj Auto. Educational institutions such as College of Engineering Pune, Indian Law School and Film and Television Institute as well as institutes such as National Chemical Laboratory, Agharkar Research Institute and Indian Institute of Tropical Meteorology are also located here. Pune is also a defence hub of India and houses institutions including the Defence Research and Development Organisation, National Defence Academy and Defence Institute of Advanced Technology. The physical infrastructure of the city is well-developed with excellent road, rail and air transport networks. Infrastructure developments such as Metro, Flyovers and Ring Road will further enhance the intra-city connectivity.

The city has witnessed industrial and warehousing development primarily in the western and north-eastern corridors. Micro-markets such as Shirwal, Shiware and Pirangut in the southern corridor have also seen significant industrial development. Quality education and employment opportunities make Pune one of the most sought-after destinations in India, potentially boosting commercial and residential development in the city.




Map not to scale

# E PUNE COMMERCIAL MARKET OVERVIEW

## 1 CITY OVERVIEW (CONTINUED)

### 1.1 Pune Micro-market Classification and Key Commercial Hubs

Pune has been classified into different activity zones based on the concentration and profile of development activity, as defined below:

| Zone | Micro-Market | Brief Overview |
|---|---|---|
| CBD (Central Business District) | • Bund Garden<br>• Koregaon Park<br>• Shivaji Nagar<br>• FC Road<br>• Wakdewadi<br>• SB Road | • Traditional office market comprising limited quality commercial developments.<br>• Prominent companies present in this micro-market are Cognizant, L&T Infotech and Bank of India.<br>• As of December 2017, the CBD market has total Grade-A office stock of approximately 3.42 million sq ft.<br>• The weighted average vacancy rate as of December 2017 is estimated at 7%.<br>• During CY2017, the CBD market attracted rentals in the range of INR 90-110 psf per month. |
| SBD – East (Secondary Business District) | • Kalyani Nagar<br>• Kharadi<br>• Yerwada<br>• Nagar Road<br>• Viman Nagar<br>• Hadapsar | • Dominated by commercial and retail developments.<br>• Prominent companies such as Barclays, NVIDIA and Mastercard are present here.<br>• As of December 2017, the SBD-East market has total Grade-A office stock of approximately 24.42 million sq ft.<br>• The weighted average vacancy rate as of December 2017 is estimated at 5.8%.<br>• During CY2017, the SBD-East market attracted rentals in range of INR 60-80 psf per month. |
| SBD – West (Secondary Business District) | • Aundh<br>• Baner<br>• Balewadi<br>• Kothrud<br>• Karve Nagar<br>• Paud Road | • Located in north-western part of Pune.<br>• Prominent companies present here are Cummins, Siemens and Veritas.<br>• As of December 2017, the SBD-West market has total Grade-A office stock of approximately 4.19 million sq ft.<br>• The weighted average vacancy rate as of December 2017 is estimated at 6.3%.<br>• During 2017, the SBD-West market attracted rentals in the range of INR 65-85 psf per month. |
| PBD – East (Peripheral Business District) | • Phursungi<br>• Wagholi<br>• Charoli<br>• Solapur Road<br>• Saswad Road<br>• Katraj | • Prominent companies such as IBM, Amdocs and Accenture are present here.<br>• As of December 2017, the PBD-East market has total Grade-A office stock of approximately 1.95 million sq ft.<br>• The weighted average vacancy rate as of December 2017 is estimated at 35.2%.<br>• During CY2017, the PBD-East market attracted steady rentals in the range of INR 45-65 psf per month. |
| PBD – West (Peripheral Business District) | • Hinjewadi<br>• Wakad<br>• Pimpri<br>• Bhosari<br>• Chinchwad<br>• Talawade<br>• Nanded | • Hinjewadi is a prominent IT/ITES destination in this micro-market. This is a fast-developing hub for residential and commercial activities, which offers good connectivity to other cities.<br>• Prominent companies present here are Infosys, Cognizant and Wipro.<br>• As of December 2017, the PBD-West market has total Grade-A office stock of approximately 11.21 million sq ft.<br>• The weighted average vacancy rate as of December 2017 is estimated at 12.9%.<br>• During CY2017, the PBD-West market attracted steady rentals of approximately INR 40-60 psf per month. |

Source: Cushman & Wakefield Research

# E PUNE COMMERCIAL MARKET OVERVIEW

## 1 CITY OVERVIEW (CONTINUED)

### 1.2 Hinjewadi Micro-market Overview

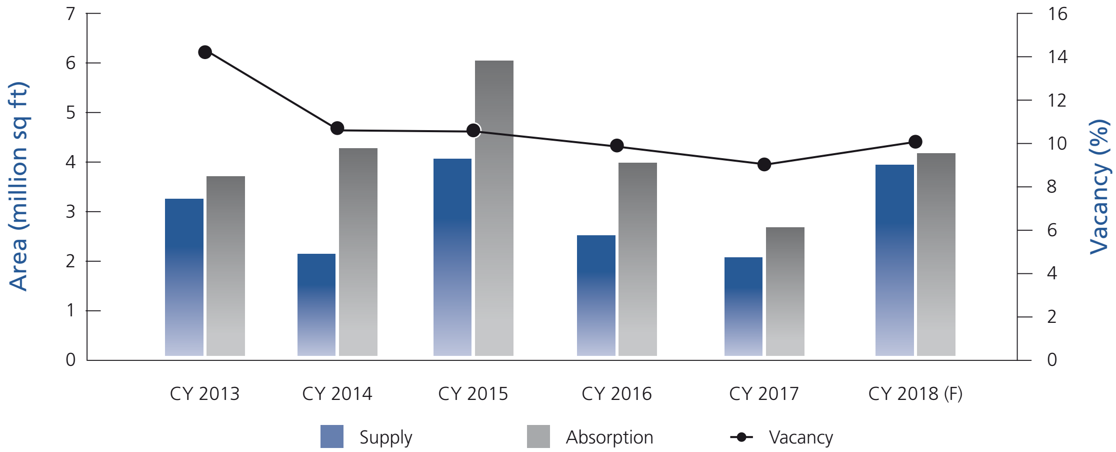
Hinjewadi is an established commercial micro-market in Pune, Maharashtra. Hinjewadi houses the government-promoted Rajiv Gandhi Info-Tech Park in MIDC area, as well as prominent developments such as EON IT Park, Embassy Tech Zone and Quadron Business Park. Moreover, large IT campuses such as TCS, Infosys and Wipro are located here. Hinjewadi's close proximity to the Mumbai Pune Expressway and high-quality amenities for commercial spaces give this micro-market an advantage over the other micro-markets in Pune.

In addition to commercial office space, Hinjewadi also boasts retail, hospitality and entertainment developments. Xion mall is a prominent retail development in the micro-market while many restaurants and standalone retail spaces have developed to cater to the demand from IT professionals. Prominent hospitality developments in the micro-market include Hyatt Place, Lemon Tree and Radisson Blu.

## 2 SUPPLY, ABSORPTION AND VACANCY TRENDS: PUNE

| Grade-A Stock Breakup (million sq ft) | Pune | Hinjewadi |
|---|---|---|
| Total Completed Stock | 45.4 million sq ft | 10 million sq ft |
| Breakup – SEZ & Non SEZ | SEZ~13 million sq ft<br>Non SEZ~32.4 million sq ft | SEZ~8.3 million sq ft<br>Non SEZ~1.7 million sq ft |

▶ City- Supply, Absorption, Vacancy



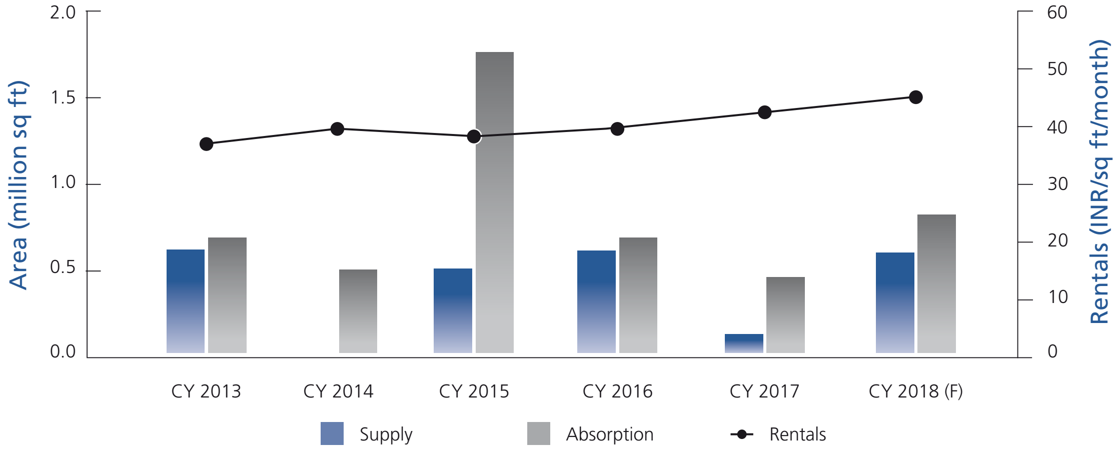

Source: Cushman & Wakefield Research

Note: Supply – refers to fresh completed supply added each year; Absorption – refers to the occupancy witnessed in each year which is reflective of both fresh and secondary leasing; The vacancy in the chart accounts for the gap between cumulative stock and occupied space in the city in any given year and includes secondary spaces (if any) being generated due to churn in the market

# E PUNE COMMERCIAL MARKET OVERVIEW

## 3 SUPPLY, ABSORPTION & RENTAL TRENDS: HINJEWADI MICRO-MARKET

▶ Supply, Absorption and Rental Trends for Grade-A Office in Hinjewadi




Source: Cushman & Wakefield Research

Note: Supply – refers to fresh completed supply added each year; Absorption – refers to the occupancy witnessed in each year which is reflective of both fresh and secondary leasing

## 4 ANALYSIS OF DEVELOPMENTS IN HINJEWADI

### 4.1 Current Commercial Developments in Hinjewadi

| Building Name | Developer | Year of Completion | Total Area (million Sq ft) | Vacancy (% of total area) | Major Occupiers |
|---|---|---|---|---|---|
| Quadron Business Park | DLF & Hubtown Limited | 2011 | 1.9 | 1% | Barclays, Cognizant, E-Clerx etc |
| Embassy Tech Zone (SEZ) | Embassy Group | 2010/11 | 1.9 | 16% | Calsoft, Nitor Infotech Pvt. Ltd, E-Clerx |
| Qubix Business Park/ Blue Ridge Phase I | Paranjapee Schemes | 2011 | 1.5 | Fully Occupied | Persistent, HCL, L&T Infotech etc |
| International Tech Park Pune | Ascendas-Singbridge | 2016 | 1.3 | Fully Occupied | Synechron and Infosys |
| Wadhwa IT Park | Wadhwa Developers | 2012 | 0.3 | Fully Occupied | Credit Suisse, Harman, Regal Global Technology |
| Embassy Tech Zone (Non SEZ) | Embassy Group | 2008 | 0.3 | Fully Occupied | Mercedes Benz, Volkswagon, Atos etc |
| JK Infotech | GK Group | 2010 | 0.2 | Fully Occupied | Chirpn, Baxture, Bitscisys Technologies etc |
| Panchshil Tech Park (Courtyard) | Panchshil Realty | 2009 | 0.2 | 5% | Brose Pune Automotive Systems, Uniglobe etc |

Source: Cushman & Wakefield Research

# E PUNE COMMERCIAL MARKET OVERVIEW

## 4 ANALYSIS OF DEVELOPMENTS IN HINJEWADI (CONTINUED)

### 4.2 Upcoming Commercial Developments in Hinjewadi

| Building Name | Developer | Expected Completion | Total Area (million sq ft) |
|---|---|---|---|
| Gera Imeperium | Gera Developments P. L. | 2018 | 0.3 |
| Deron Business Square | Astrix Constructions | 2018 | 0.1 |
| Embassy Tech Zone (Ganga) | Embassy Group | 2020 | 0.3 |

Source: Cushman & Wakefield Research

## 5 OUTLOOK

Cushman & Wakefield is of the opinion that the Hinjewadi micro-market is expected to witness steady demand for office space over the next 4-5 years due to its strategic location, infrastructure and existing tenant base.

Over the last few years, developers have shown keen interest in developing the commercial office space in Hinjewadi. Approximately 1 million sq ft of Grade-A office space is expected to be completed over the next 2-3 years in Hinjewadi. Further supply of Grade-A office space (of approximately 9 million sq ft), is expected to be developed over the next 4-5 years in Hinjewadi.

Rentals are expected to increase moderately to the range of INR 45-50 psf per month over the next two years due to the immediate lack of quality space. However, in the medium to longer term, rentals are expected to stabilise with the expected supply in Hinjewadi and surrounding micro-markets.

# F ABBREVIATIONS

| | | | |
|---|---|---|---|
| sq ft | Square Feet | BTS | Built-To-Suit |
| sq km | Square Kilometre | IT/ITES | Information Technology/Information Technology Enabled Services |
| USD | United States Dollar | CBD | Central Business District |
| INR | Indian National Rupee | SBD | Secondary Business District |
| SEZ | Special Economic Zone | MNC | Multi-National Company |
| PE | Private Equity | CY | Calender Year |
| MTB | Multi-Tenanted Building | FY | Financial Year |

# G CAVEATS & LIMITATIONS

1. The Market Research Report (hereafter referred to as the "Report") will cover specific markets and situations, which will be highlighted in the Report. C&WI will not be carrying out comprehensive field research based analysis of the market and the industry given the limited nature of the scope of the assignment.

2. In conducting this assignment, C&WI will carry out analysis and assessments of the demand-supply for the hospitality/retail/land/commercial sector in general. C&WI will also obtain other available information and documents that are additionally considered relevant for carrying out the exercise. The opinions expressed in the Report will be subject to the limitations expressed below.

   a. C&WI endeavors to develop forecasts on demand, supply and pricing on assumptions that would be considered relevant and reasonable at that point of time. All of these forecasts will be in the nature of likely or possible events/occurrences and the Report will not constitute a recommendation to Ascendas Property Fund Trustee Pte. Limited (hereafter referred to as the "Client") or its affiliates and subsidiaries or its customers or any other party to adopt a particular course of action. The use of the Report at a later date may invalidate the assumptions and bases on which forecasts have been generated and is not recommended as an input to a financial decision.

   b. Changes in socio-economic and political conditions could result in a substantially different situation than those presented at the stated effective date. C&WI assumes no responsibility for changes in such external conditions.

   c. In the absence of a detailed field survey of the market and industry (as and where applicable), C&WI will rely upon secondary sources of information for a macro-level analysis. Hence, no direct link is sought to be established between the macro-level understandings on the market with the assumptions estimated for the analysis.

   d. While the information included in the Report will be accurate and reliable, no representations or warranties, expressed or implied, as to the completeness of such information is being made. C&WI will not undertake any obligation to update or supplement any information contained in the Report save as provided for in the Agreement.

   e. In the preparation of the Report, C&WI will rely on the following information:

      i. Recent data on the industry segments and market projections;

      ii. Other relevant information available to C&WI; and

      iii. Other publicly available information and reports.

3. The Report will reflect matters as they currently exist. Changes may materially affect the information contained in the Report.

4. In the course of the analysis, C&WI would be relying on information or opinions, both written and verbal, as current obtained from third parties provided with, including limited information on the market, financial and operating data, which would be accepted as accurate in bona-fide belief. No responsibility is assumed for technical information furnished by the third party organizations and this is bona-fidely believed to be reliable.

5. This engagement shall be governed by and construed in accordance with Indian laws and any dispute arising out of or in connection with the engagement, including the interpretation thereof, shall be submitted to the exclusive jurisdiction of courts in Bangalore.

# NOTICE OF ANNUAL GENERAL MEETING

**ASCENDAS INDIA TRUST**
(Registration Number: 2007004)
(a business trust registered under the Singapore Business Trusts Act, Chapter 31A)
Managed by Ascendas Property Fund Trustee Pte. Ltd. (Company Registration Number: 200412730D)
as trustee-manager of Ascendas India Trust ("**Trustee-Manager**")

**NOTICE IS HEREBY GIVEN** that the Eleventh Annual General Meeting of the Unitholders of Ascendas India Trust ("**a-iTrust**") will be held at M Hotel Singapore, Banquet Suite, Level 10, 81 Anson Rd, Singapore 079908 on Wednesday, 27th June 2018 at 2.30 p.m. to transact the following business:

## ORDINARY BUSINESS

### Resolution 1

To receive and adopt the Trustee-Manager's Statement and Audited Financial Statements of a-iTrust, for the financial year ended 31st March 2018, together with the Auditor's Report thereon.

### Resolution 2

To re-appoint Messrs Ernst & Young LLP ("**EY**") as Independent Auditor of a-iTrust to hold office until the conclusion of the next Annual General Meeting ("**AGM**") of a-iTrust and to authorise the Directors of the Trustee-Manager to fix their remuneration.

## SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

### Resolution 3

That pursuant to Section 36 of the Singapore Business Trusts Act, Cap. 31A (the "**BTA**"), Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), and Clause 6.1.1 of the Amended and Restated Trust Deed dated 28th June 2007 constituting a-iTrust (the "**Trust Deed**"), the Trustee-Manager be authorised and empowered to:

(a) (i) issue units of a-iTrust ("**Units**") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Units to be issued, including but not limited to the creation and issue of (as well as adjustments to) securities, warrants, debentures or other instruments convertible into Units,

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

(b) issue Units in pursuance of any Instrument made or granted by the Trustee-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 pursuant to Instruments made or granted under this Resolution) shall not exceed fifty per cent (50%) of the total number of issued Units (excluding treasury Units, if any) 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 pursuant to Instruments made or granted under this Resolution), shall not exceed twenty per cent (20%) of the total number of issued Units (excluding treasury Units, if any) calculated in accordance with sub-paragraph (2) below;

(2) subject to such manner of calculation as may be prescribed by the SGX-ST for the purpose of determining the aggregate number of Units that may be issued under sub-paragraph (1) above, the percentage of issued Units shall be calculated based on the total number of issued Units (excluding treasury Units) 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 or subsisting 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 Trustee-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), the Trust Deed and the BTA;

(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 a-iTrust or (ii) the date by which the next AGM of a-iTrust is required by applicable 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 Trustee-Manager is authorised to issue additional Instruments or Units notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time the Instruments or Units are issued; and

(6) the Trustee-Manager and any of its Directors be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Trustee-Manager or, as the case may be, the Director may consider expedient or necessary or in the interests of a-iTrust to give effect to the authority conferred by this Resolution.

(Please see Explanatory Note)

**By Order of the Board**
**Ascendas Property Fund Trustee Pte. Ltd.**
as Trustee-Manager of Ascendas India Trust

**Mary Judith de Souza**
Company Secretary

Singapore
11th June 2018

**NOTES:**

1. A Unitholder entitled to attend and vote at the AGM is entitled to appoint not more than two (2) proxies to attend and vote in his/her stead. A proxy need not be a Unitholder of a-iTrust.

2. Where a Unitholder appoints more than one (1) proxy, the appointments shall be invalid unless he/she specifies the proportion of his/her holding (expressed as a percentage of the whole) to be represented by each proxy.

3. The proxy form must be deposited at the registered office of the Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, not less than 48 hours before the time set for holding the AGM.

**EXPLANATORY NOTE:**

**Ordinary Resolution 3**

Ordinary Resolution 3, if passed, will empower the Trustee-Manager from the date of this AGM until (i) the conclusion of the next AGM of a-iTrust, (ii) the date by which the next AGM of a-iTrust is required by the applicable regulations to be held, or (iii) the day on which such authority is revoked or varied by the Unitholders in a general meeting, whichever is earlier, to issue Units and to make or grant Instruments, up to a number not exceeding fifty percent (50%) of the total number of issued Units (excluding treasury Units, if any), of which up to twenty percent (20%) may be issued other than on a pro rata basis to Unitholders (in each case, excluding treasury units, if any).

For determining the aggregate number of Units that may be issued, the percentage of issued Units will be calculated based on the issued Units at the time Ordinary Resolution 3 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.

Ordinary Resolution 3, if passed, will empower the Trustee-Manager from the date of this AGM until the date of the next AGM of a-iTrust, to allot and issue Units to itself instead of cash in the event the Trustee-Manager elects in accordance with Clause 12 of the Trust Deed to receive all or any part of the fees due and payable to it in Units, provided that such allotment and issue shall be in accordance with the provisions of the Trust Deed, BTA and applicable regulations.

**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, such Unitholder of a-iTrust (i) consents to the collection, use and disclosure of the Unitholder's personal data by the Trustee-Manager (or its agents) for the purpose of the processing and administration by the Trustee-Manager (or its 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 Trustee-Manager (or its 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 Trustee-Manager (or its agents), the Unitholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Trustee-Manager (or its 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 Trustee-Manager in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Unitholder's breach of warranty.

# PROXY FORM

**ASCENDAS INDIA TRUST**
(Registration Number: 2007004)
(a business trust registered under the Business Trusts Act, Chapter 31A)
Managed by Ascendas Property Fund Trustee Pte. Ltd.
(Company Registration Number: 200412730D)
as trustee-manager of Ascendas India Trust ("**Trustee-Manager**")

**IMPORTANT**

1. 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.
2. **PLEASE READ THE NOTES TO THE PROXY FORM.**

**PERSONAL DATA PRIVACY**

By submitting an instrument appointing a proxy(ies) and/or representative(s), the Unitholder accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 11th June 2018.

| Total Number of Units Held | |
|---|---|

## ELEVENTH ANNUAL GENERAL MEETING

I/We ____________________________________________ (Name(s))

of ____________________________________________ (Address)

being a Unitholder of Ascendas India Trust ("**a-iTrust**"), hereby appoint:

| Name | Address | NRIC/Passport No. | Proportion of Unitholdings (%) |
|---|---|---|---|
| | | | |

and/or (delete as appropriate)

| Name | Address | NRIC/Passport No. | Proportion of Unitholdings (%) |
|---|---|---|---|
| | | | |

or failing him/her, the Chairman of the meeting, as my/our proxy/proxies to attend and vote for me/us and on my/our behalf at the Eleventh Annual General Meeting of a-iTrust to be held at M Hotel Singapore, Banquet Suite, Level 10, 81 Anson Rd, Singapore 079908 on Wednesday, 27th June 2018 at 2.30 p.m. ("**Meeting**"), and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the 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 will on any other matter arising at the Meeting.

| No. | Resolution | No. of Votes For* | No. of Votes Against* |
|---|---|---|---|
| **Ordinary Business** | | | |
| 1. | Adoption of the Trustee-Manager's Statement and Audited Financial Statements of a-iTrust, for the financial year ended 31st March 2018, together with the Auditor's Report thereon. | | |
| 2. | Re-appointment of Messrs Ernst & Young LLP as Independent Auditor of a-iTrust to hold office until the conclusion of the next Annual General Meeting of a-iTrust and to authorise the Directors of the Trustee-Manager to fix their remuneration. | | |
| **Special Business** | | | |
| 3. | Authority for the Trustee-Manager to issue units and to make or grant convertible instruments. | | |

* If you wish to exercise all your votes "For" or "Against", please tick (√) within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this ____________ day of ______________________ 2018

_____________________________________________

Signature(s) of Unitholder(s)/Common Seal of Corporate Unitholder

3rd fold here; glue along the dotted line and fold flap

Postage will
be paid
by addressee.
For posting in
Singapore only.

ascendas India Trust

**BUSINESS REPLY SERVICE**
**PERMIT NO. 08271**

**The Company Secretary**
**Ascendas Property Fund Trustee Pte. Ltd.**
**(as Trustee-Manager of Ascendas India Trust)**
c/o Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

2nd fold here

**Notes:**

1. Please insert at the top right hand corner of this Proxy Form the number of units in a-iTrust registered in your name in the Depository Register maintained by The Central Depository (Pte) Limited ("**CDP**") in respect of the units in your securities account with CDP. If no number is inserted, this Proxy Form shall be deemed to relate to all the units held by you.

2. A Unitholder entitled to attend and vote at the Meeting is entitled to appoint one or two proxy/proxies to attend and vote in his/her stead. A proxy need not be a Unitholder of a-iTrust.

3. A Unitholder is not entitled to appoint more than two proxies to attend and vote on his/her behalf. Where a Unitholder appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her unitholding (expressed as a percentage of the whole) to be represented by each proxy.

4. The sending of a Proxy Form by a Unitholder does not preclude him/her from attending and voting in person at the Annual General Meeting if he/she finds that he/she is able to do so. In such event, the relevant Proxy Form will be deemed to be revoked.

5. To be effective, this Proxy Form must be deposited at the registered office of the Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, not less than 48 hours before the time set for holding the Meeting.

6. This Proxy Form must be signed by the appointor or by his/her attorney. In the case of a corporation, this form must be executed under its common seal or signed by its duly authorised attorney or officer.

7. Where this Proxy Form is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof, must (failing previous registration with a-iTrust), be lodged with this Proxy Form, failing which the instrument may be treated as invalid.

8. Any alteration made in this Proxy Form should be initialled by the person who signs it.

9. The Trustee-Manager shall be entitled to reject this Proxy Form if it is incomplete, improperly completed or illegible or where the true intention of the appointor is not ascertainable from the instruction of the appointor specified in the Proxy Form. In the case of Unitholders whose units are entered against their names in the Depository Register, the Company may reject any Proxy Form lodged if such Unitholders are not shown to have the corresponding number of units in a-iTrust entered against their names in the Depository Register as at 48 hours before the time set for holding the Meeting or the adjourned meeting, as appropriate.

1st fold here

# CORPORATE INFORMATION

### ASCENDAS INDIA TRUST
Website: www.a-itrust.com
Email: enquiries@a-itrust.com
SGX Code: CY6U.SI
Bloomberg Code: AIT SP

### REGISTERED OFFICE
1 Fusionopolis Place
#10-10 Galaxis
Singapore 138522
Phone: (65) 6774 1033
Fax: (65) 6774 9563

### TRUSTEE-MANAGER
**Ascendas Property Fund Trustee Pte. Ltd.**

### INDEPENDENT AUDITOR
**Ernst & Young LLP**
Public Accountants and Certified Public Accountants
One Raffles Quay
North Tower Level 18
Singapore 048583
Audit Partner-in-charge: Low Yen Mei
Date of Appointment: Since financial year ended 31st March 2017

### PROPERTY MANAGER
**Ascendas Services (India) Private Limited**
Discoverer, Level 3
International Tech Park Bangalore
Whitefield Road
Bangalore 560 066
Karnataka, India

### BOARD OF DIRECTORS
Mr Chiang Chie Foo (Chairman)
Mr Manohar Khiatani (Deputy Chairman)
Mr Jonathan Yap
Mr Sanjeev Dasgupta
Mr Alan Rupert Nisbet
Mr T.V. Mohandas Pai
Mr Girija Prasad Pande
Mr Ng Eng Leng
Mrs Zia Mody

### AUDIT AND RISK COMMITTEE
Mr Alan Rupert Nisbet (Chairman)
Mr T.V. Mohandas Pai
Mr Ng Eng Leng
Mrs Zia Mody

### INVESTMENT COMMITTEE
Mr Manohar Khiatani (Chairman)
Mr Jonathan Yap
Mr T.V. Mohandas Pai
Mr Girija Prasad Pande

### NOMINATING AND REMUNERATION COMMITTEE
Mr Chiang Chie Foo (Chairman)
Mr Manohar Khiatani
Mr Alan Rupert Nisbet

### COMPANY SECRETARIES
Ms Mary Judith de Souza
Mr Hon Wei Seng

### UNIT REGISTRAR
**Boardroom Corporate & Advisory Services Pte. Ltd.**
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

MIX
Paper from responsible sources
FSC
www.fsc.org
FSC™ C124277

**Ascendas India Trust**
1 Fusionopolis Place #10-10
Galaxis, Singapore 138522

**www.a-itrust.com**