




Enhancing Stability
Crafting Value

AIMS AMP CAPITAL INDUSTRIAL REIT | Annual Report 2017





Fundamental to the code of craftsmanship is pure dedication. With time and patience, a craftsman slowly builds up his craft, moulding a masterpiece.

Driven by this commitment to excellence, deep-seated values and backed by a highly dedicated team, AA REIT has formed lasting relationships and delivered resilient returns for our Unitholders over the past decade.

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The Trust

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

The Manager

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

Vision

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

Mission

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



AIMS AMP Capital Industrial REIT

Our Growth Story

2007

APRIL

AIMS AMP Capital Industrial REIT ("AA REIT") (previously known as MacarthurCook Industrial REIT) was listed and began trading on the SGX-ST Mainboard



AMPCAPITAL

2010

OCTOBER

Acquired 27 Penjuru Lane, AA REIT's maiden ramp-up warehouse which was then AA REIT's largest asset in the portfolio

**NOVEMBER**

Sold 23 Changi South Avenue 2 as part of a capital recycling strategy (above book value)



2011

FEBRUARY

Acquired 29 Woodlands Industrial Park E1, AA REIT's first hi-tech property

**MARCH**

Sold AA REIT's then only overseas asset in Tokyo, Japan, as part of a portfolio repositioning strategy (above book value)

**JULY**

Undertook AA REIT's first redevelopment of 1.2 million square feet ("sq ft") five-storey ramp-up warehouse at 20 Gul Way which was 100.0 per cent pre-committed to CWT Limited



Asset was originally valued at S\$41.8 million (prior to redevelopment)

Project size: S\$150.1 million

Temporary Occupation Permit ("TOP") of Phase One: 29 October 2012

TOP of Phase Two: 7 May 2013

2012

APRIL

Assigned an investment grade rating of BBB–by Standard & Poor's

S&P Global**JULY**

Established a S\$500.0 million multi-currency medium term notes programme for the purpose of diversifying funding sources and lengthening debt maturity

AUGUST

Announced maiden issuance of S\$100.0 million unsecured fixed rate notes which were five times oversubscribed

2013

JANUARY

Undertook a second redevelopment of a modern 203,000 sq ft six-storey industrial facility at 103 Defu Lane 10 which was 76.0 per cent pre-committed to Focus Network Agencies (Singapore) Pte Ltd

Project size: S\$21.7 million

TOP: 28 May 2014

**JUNE**

Undertook a further development of 497,000 sq ft at 20 Gul Way as a result of increase in plot ratio. The asset is the largest in AA REIT's portfolio and 100.0 per cent leased to CWT Limited

Project size: S\$73.0 million

TOP of Phase Two Extension: 14 June 2014

TOP of Phase Three: 9 September 2014



2014

JANUARY

Welcomed Koh Wee Lih on board as the Manager's Chief Executive Officer and Executive Director

FEBRUARY

Acquired a 49.0 per cent interest in a business park, Optus Centre, Macquarie Park, New South Wales, marking AA REIT's maiden acquisition in Australia

**MAY**

Undertook an asset enhancement initiative at 26 Tuas Avenue 7 to create additional production line and storage space for existing master tenant

The master tenant, Aalst Chocolate Pte Ltd extended the lease for a further five-year term



2015

MAY

Undertook a third redevelopment of a five-storey ramp-up warehouse (approximately 289,000 sq ft) at 30 Tuas West Road which is fully leased to CWT Limited

Project size: S\$40.6 million

TOP: 27 December 2016



2016

APRIL

Undertook a fourth redevelopment of a three-storey industrial facility (approximately 159,000 sq ft) at 8 & 10 Tuas Avenue 20

Project size: S\$27.0 million (including land cost)

Target completion: Second half of 2017

**AUGUST**

Announced AA REIT's first greenfield build-to-suit industrial facility (approximately 232,000 sq ft) at 51 Marsiling Road which will be fully leased to Beyonics International Pte Ltd for ten years upon completion (after fitting-out period)

Project size: S\$39.4 million (including land cost)

Target completion: Second half of 2017



Our Sponsors

About AIMS Financial Group

Established in 1991, AIMS Financial Group ("AIMS") is a diversified financial services and investment group, active in the areas of mortgage lending, securitisation, investment banking, funds management, property investment, private equity, venture capital, stock broking and high-tech investment. AIMS is also a strategic investor in the Sydney Stock Exchange.

Since 1999, AIMS has raised more than A\$4.0 billion in funds from the capital market. AIMS has issued approximately A\$3.0 billion of residential mortgage-backed securities, predominantly rated AAA by both Standard & Poor's and Fitch Ratings and has originated over A\$8.0 billion mortgages since 1991.

AIMS has actively introduced a number of international investors into the Australian market and to date has attracted in excess of A\$1.0 billion of investment funding into Australia from overseas investors. AIMS is the investment manager for AIMS' funds, which amount to circa A\$2.0 billion as at 30 November 2016.

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

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

AIMS' head office is in Sydney and it has businesses across Australia, China, Hong Kong and Singapore. Its highly qualified, professional and experienced cross-cultural teams enable AIMS to bridge the gap between Australia and Asia across various sectors.

www.aims.com.au

About AMP Capital

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

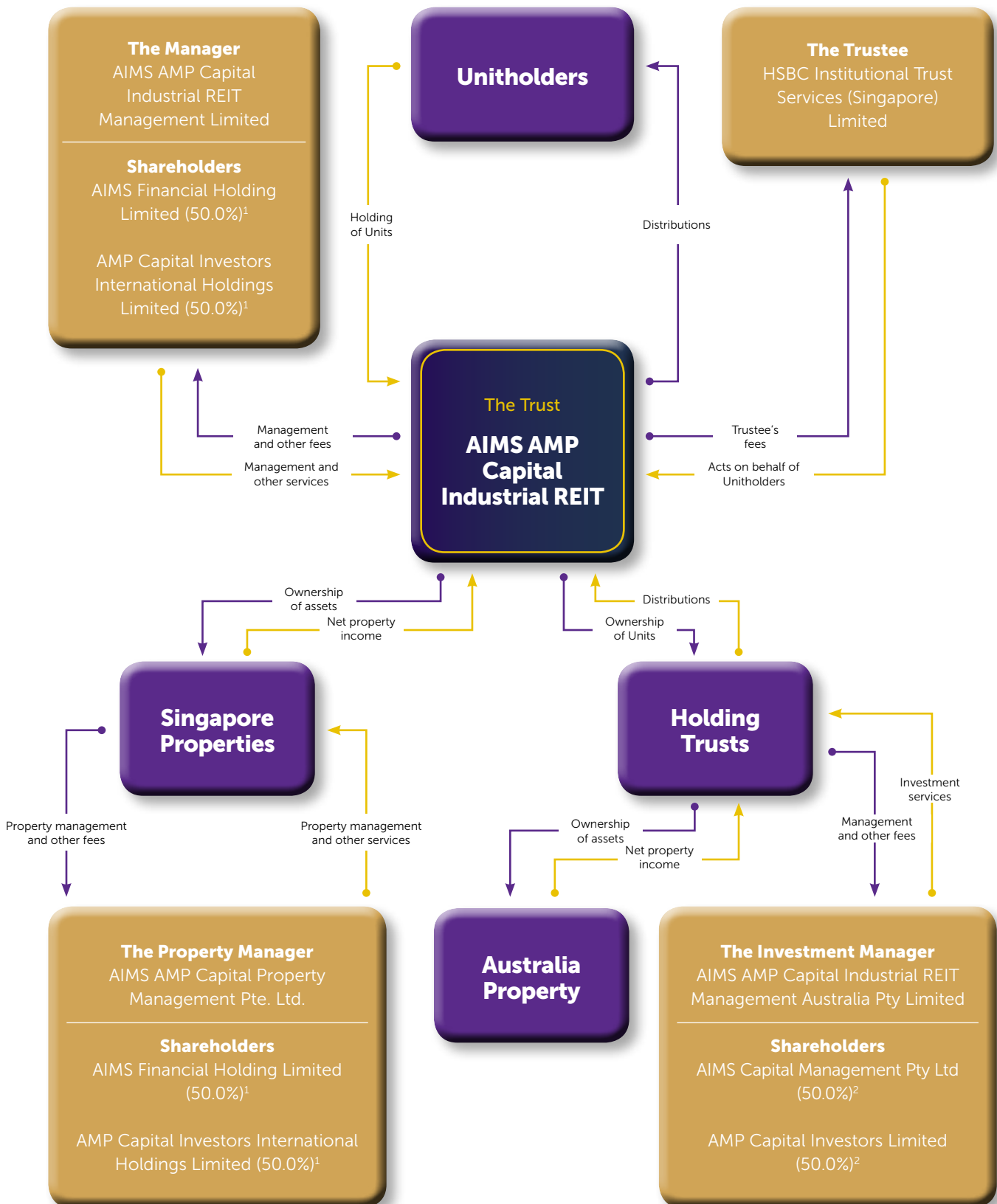
A home strength in Australia and New Zealand has enabled AMP Capital to grow internationally, and today has operations established in Dubai, China, Hong Kong, India, Ireland, Japan, Luxembourg, the United Kingdom and the United States. AMP Capital also collaborates with a network of global investment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

AMP Capital's asset class specialists, investment strategists and economists work together with the aim of delivering strong investment outcomes for clients. That is why AMP Capital's clients trust AMP Capital to invest over A\$165.4 billion (as at 31 December 2016) on their behalf, across a range of single sector and diversified funds.

www.ampcapital.com.au



Structure of AIMS AMP Capital Industrial REIT



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

² AIMS Capital Management Pty Ltd and AMP Capital Investors Limited are indirectly owned by the two strategic sponsors, AIMS Financial Group and AMP Capital respectively.



BUILDING



The construction of a bowed string instrument such as the violin begins with obtaining resilient and quality wood. Then, every part of the instrument is carved, assembled and refined by the master luthier with meticulous care and focus. Through delicate fine-tuning, a masterpiece is formed.

ON STRENGTHS

With a focused management framework, our strength lies in our capacity to continually create and deliver value. Our strong investment fundamentals, quality portfolio and sound strategies underpin AA REIT's stability and resilience.

Letter to Unitholders



From left:

George Wang
Chairman

Koh Wee Lih
Chief Executive Officer

Dear Unitholders,

Celebrating ten years of partnership

This year marks a significant milestone for AIMS AMP Capital Industrial REIT (“AA REIT”) and AIMS AMP Capital Industrial REIT Management Limited (the “Manager”) as we celebrate AA REIT’s tenth year anniversary. Over the past decade, our journey has taken us through different economic and property cycles and provided us with the opportunity to form new relationships and strengthen existing ones. We have been fortunate in having a professional and dedicated team that has created value and delivered long-term sustainable returns for our partners and Unitholders.

Since listing in April 2007, we have steadily grown our portfolio five-fold to S\$1.45 billion, with 27 strategically located properties in established industrial hubs across Singapore and Australia from an initial portfolio of 12 properties solely located in Singapore.

Demonstrating resilience in a challenging market

The year ended 31 March 2017 (“FY2017”) was no doubt a challenging year, with global trade prospects and business sentiments being weighed down by uncertainty in the geopolitical and macroeconomic environment. In Singapore, industrial rents were suppressed due to an oversupply situation and demand continues to remain subdued, although data from the first quarter of 2017 is reflecting early signs of recovery and providing some optimism.

Against this challenging backdrop, AA REIT persevered with its strategy of proactive asset and lease management. Tenant retention has been identified as the top priority, coupled with prudent capital and risk management, to deliver consistent results. Despite ongoing pressures on industrial rents, AA REIT concluded 81 new and renewal leases, representing 25.7 per cent of the portfolio’s current net lettable area at a weighted average rental rate decrease of 3.1 per cent on the renewals¹ in FY2017.

¹ Takes into account only renewal leases with the same tenant of the same lease area.

Letter to Unitholders

Since FY2012, AA REIT has been focused on developing a higher value portfolio to navigate the competitive environment, and future-proof AA REIT to better capture upcoming opportunities in the market.

Portfolio occupancy remained healthy and improved to 94.6 per cent from 93.4 per cent a year ago, well above the industrial average across all industrial subsectors.

Gross revenue in FY2017 was S\$120.1 million and net property income ("NPI") was S\$79.4 million, down from S\$124.4 million and S\$82.3 million in the year before. AA REIT achieved distributable income of S\$70.5 million and total distribution per Unit of 11.05 cents for FY2017. The lower distributable income for FY2017 compared to the previous year was in part due to a temporary loss in revenue as AA REIT is redeveloping its property at 8 & 10 Tuas Avenue 20 to unlock further organic growth, and lower income contribution from some of our multi-tenanted properties.

Repositioning and building a higher-value portfolio to future-proof AA REIT

With increased supply in the industrial space for the past year and this year, it is a tenant's market and in

an environment of choices, there is a natural flight to quality spaces by tenants. Since FY2012, AA REIT has been focused on developing a higher value portfolio to navigate the competitive environment, and future-proof AA REIT to better capture upcoming opportunities in the market.

To-date, AA REIT has redeveloped three of our existing properties with the fourth redevelopment at 8 & 10 Tuas Avenue 20 targeted to complete by second half of 2017. Upon completion, the redevelopment will maximise the plot ratio and increase gross floor area by 41,332.0 sq ft to 158,853.0 sq ft.

AA REIT's third redevelopment at 30 Tuas West Road¹, obtained its temporary occupation permit in December 2016, achieving a NPI yield on cost of 7.4 per cent and a profit margin of 11.0 per cent (higher than expected profit margin). The property is 100.0 per cent leased to master tenant, CWT Limited, with its maiden rental contribution starting from 27 February 2017.

¹ The land parcels at 30 & 32 Tuas West Road have been amalgamated and are now known as 30 Tuas West Road.

Letter to Unitholders

FY2017 also marked a significant milestone for AA REIT's portfolio. Underscoring AA REIT's strategy to seek yield-accretive investments and grow our portfolio, AA REIT announced plans for its first third-party greenfield build-to-suit development at 51 Marsiling Road in August 2016. The S\$39.4 million¹ five-storey industrial facility is pre-committed to leading manufacturer Beyonics International Pte Ltd with a ten-year master lease on the whole property with rent escalations. Targeted to be completed by the second half of 2017, the property is estimated to provide S\$3.5 million in rental income in the first year.

Disciplined capital and risk management

FY2017 was a busy year on the capital management front as AA REIT continued its strong track record of prudent and disciplined capital and risk management.

During the year, AA REIT upsized its existing secured facility with a syndicate of five financial institutions with a four-year term loan facility of S\$100.0 million. The term loan facility was drawn down to redeem its unsecured fixed rate notes which matured on 8 August 2016. As a result of this refinancing, AA REIT achieved approximately S\$1.5 million in interest cost savings in FY2017.

In March 2017, AA REIT tapped into its Medium Term Note programme and successfully issued a fourth series of unsecured fixed rate notes. The S\$50.0 million five-year fixed rate notes will mature on 22 March 2022 at an attractive interest rate of 3.60 per cent per annum. The proceeds from the notes were deployed to partially repay its revolving credit facility which is due to expire in November 2017.

In April 2017, AA REIT received commitment from a syndicate of financial institutions to refinance its secured revolving credit facility and Australian dollar term loan due in November 2017. With the new facilities, the weighted term to maturity of AA REIT's borrowings would increase to approximately 2.7 years on a pro forma basis as at 31 March 2017. With the above refinancing, there will be no debt due until November 2018.

The capital structure of AA REIT remained well-positioned with an increased weighted average debt maturity, a reduced overall blended funding cost of 3.7 per cent compared to 4.2 per cent a year ago and well-staggered debt maturity profile. Furthermore, 84.4 per cent of AA REIT's borrowings were on fixed rates taking into account the interest rate swaps and fixed rate notes.

In recognition of AA REIT's stable cash flows from its strategically-located and high quality industrial assets, as well as its proven track record of prudent capital management, Standard & Poor's has reaffirmed AA REIT's investment grade rating of 'BBB-' with a stable outlook in April 2017.

Committed towards a sustainable future

We remain committed to operating in a responsible and sustainable manner, while contributing positively to the environment and society.

Over the years, we have deepened our commitments in social responsibility and sustainability through initiatives such as the "Blessed for Good" project, which saw the adoption of two elderly care centres in Singapore in



27 Penjuru Lane, Singapore

¹ Includes land and associated transaction costs.

Letter to Unitholders

FY2017 and closely monitoring the energy consumption of the properties in AA REIT's portfolio.

We have made significant strides in corporate governance and have been recognised by industry peers as well as leading award panels. This year, AA REIT was awarded the Titanium Award for Excellence in Governance, Corporate Social Responsibility and Investor Relations by The Asset. The award is testament to the Manager's efforts in upholding transparency, clarity and best practices in corporate governance and sustainability.

Further cementing our commitment towards sustainability, we are pleased to present our inaugural sustainability report in this year's annual report ended 31 March 2017, a year ahead of the mandated deadline. AA REIT is aligning its report with the internationally-recognised Global Reporting Initiative G4 guidelines.

Looking ahead

We expect the market to remain subdued with uncertainty over President Trump's commercial policies, effect of Brexit, Europe's election cycle and China's slowing growth which continue to weigh on global trade prospects and market recovery. Locally, the Singapore Government predicts a modest gross domestic product growth of between one to three per cent, marked by the downturn in the offshore and marine industry and sluggish business conditions.

Nonetheless, we believe in the long-term industry outlook and are confident that AA REIT is well-positioned to navigate the volatility and uncertainties primarily due to the strengths and well-diversified nature of our portfolio and the Manager's proactive approach to managing the assets and fostering strong tenant relationships.

In FY2018, AA REIT's strategy will remain steadfastly focused on our mission to deliver long-term and sustainable returns for Unitholders. It will do this through a continual focus on seeking yield-accretive investments and developments, proactive asset and leasing management to maintain high occupancy and unlock organic growth for our Unitholders, and disciplined risk and capital management to maintain a strong and resilient capital structure.

In appreciation

It has been an excellent decade for AA REIT and we would like to extend our gratitude to our fellow directors, management and staff for their continuous support and dedication over the years. We would also like to thank our trusted partners – tenants, business partners and service providers – for their continued support and valued contributions to AA REIT.

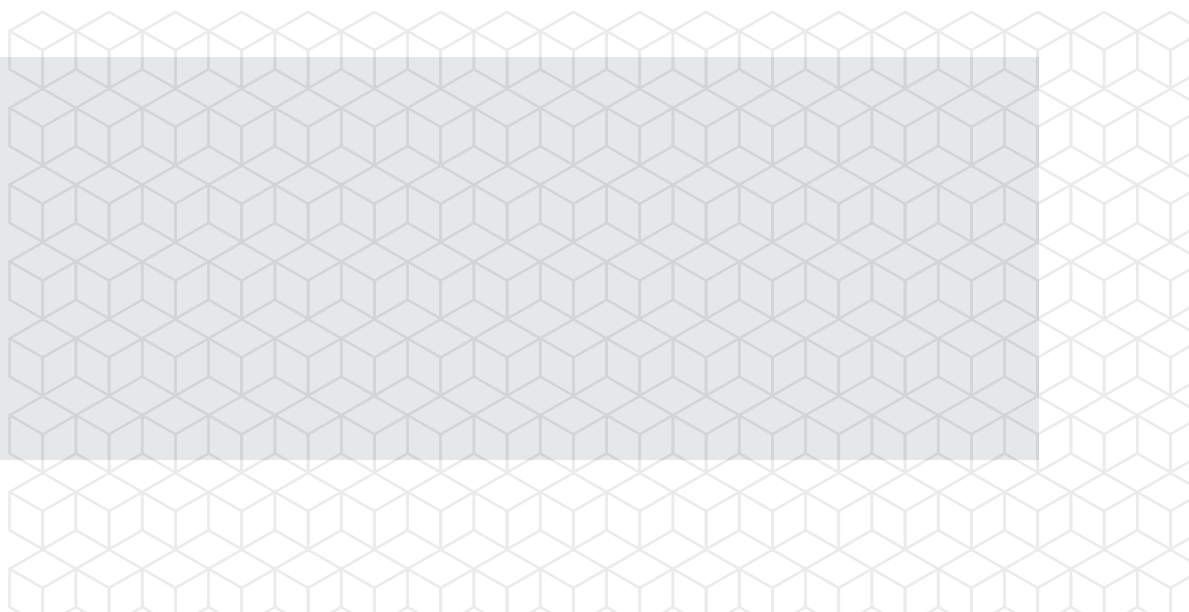
Additionally, we express gratitude to our outgoing Director, Mr Tan Kai Seng for his stewardship and invaluable contributions to AA REIT during his tenure. At the same time, we warmly welcome Mr Peter Michael Heng as a Non-Executive Independent Director to the Board.

Finally, we would like to thank you, our Unitholders, for your unwavering support and trust in our strategy and our management. We look forward to your ongoing support and to the next decade of growth and prosperity.

Yours faithfully,

George Wang
Chairman

Koh Wee Lih
Chief Executive Officer



Financial Highlights

(\$ million unless otherwise stated)

For the Financial Year ended 31 March	2017	2016	2015
Gross revenue	120.1	124.4	115.4
Net property income	79.4	82.3	80.0
Distributions to Unitholders	70.5	72.1	69.2
Distribution per Unit (cents)	11.05	11.35	11.07

Balance Sheet as at 31 March	2017	2016	2015
Total assets	1,465.5	1,459.4	1,458.3
Total liabilities	577.0	518.7	496.2
Total borrowings	529.3	473.4	457.2
Unitholders' funds	888.5	940.7	962.1
Total Units in issue ¹ (million)	639.3	636.6	630.9

Key financial ratios as at 31 March	2017	2016	2015
Net asset value per Unit (\$)	1.390	1.478	1.525
Aggregate leverage ratio ² (%)	36.1	32.4	31.4
Interest cover ratio ³ (times)	5.0	4.8	4.4
Expense ratio ⁴ (%)	0.97	0.96	0.98

¹ For FY2017, the total Units in issue included 679,091 Units to be issued to the Manager as partial payment of the base fee element of the management fees incurred for the period from 1 January 2017 to 31 March 2017. For FY2016, the total Units in issue included 1,089,469 Units issued to the Manager on 25 May 2016 for the payment of performance fees for FY2016 and 168,162 Units issued on 28 July 2016 to the Manager as partial payment of the base fee element of the management fees incurred for the period from 1 January 2016 to 31 March 2016. For FY2015, the total Units in issue included 1,991,579 Units issued to the Manager on 25 May 2015 for the payment of performance fees for FY2015.

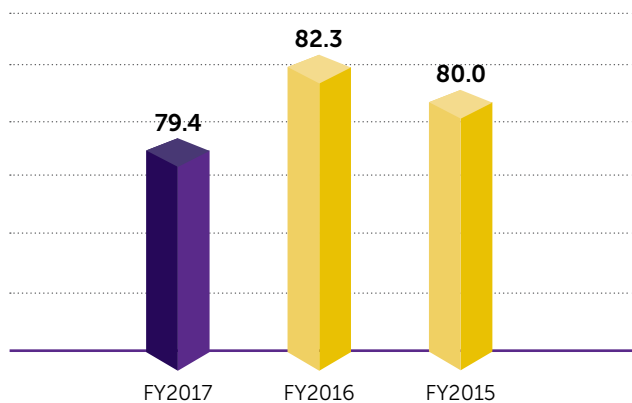
² Aggregate leverage ratio is computed as total borrowings as a percentage of total assets.

³ Bank covenant: minimum of 2.0 times.

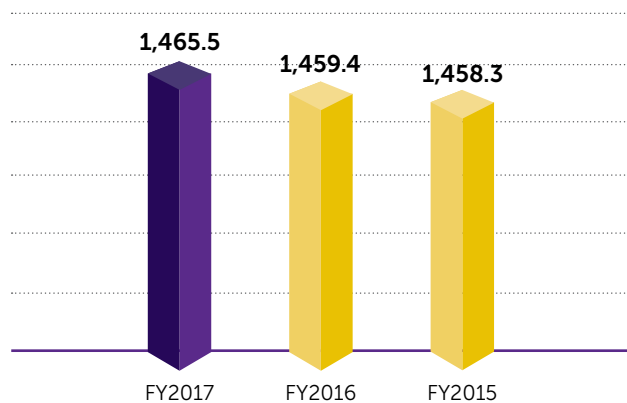
⁴ Expenses to weighted average net asset value (excludes performance-related fee): The expenses refer to the expenses of the Group excluding property-related expenses, borrowing costs, change in fair value of financial derivatives, investment properties, investment properties under development and foreign exchange gains/(losses). There was no performance fee in FY2017. The expense ratio, including performance-related fee payable was 1.11 per cent and 1.29 per cent for FY2016 and FY2015 respectively.

Financial Highlights

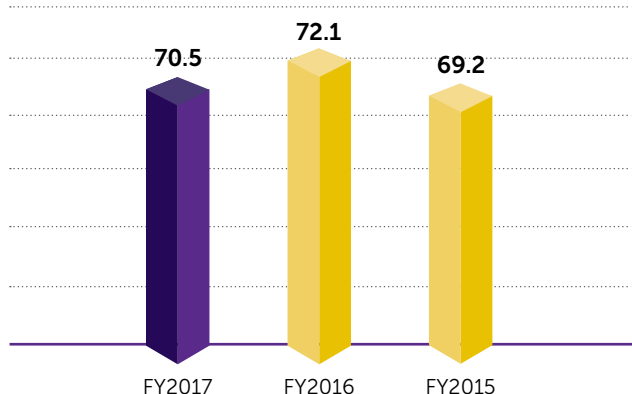
Net property income
(S\$'million)



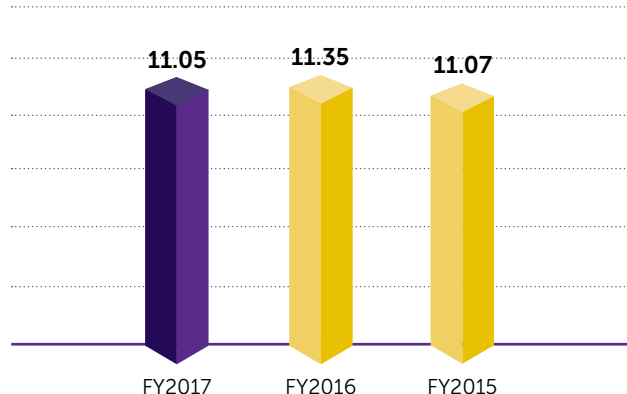
Total assets
(S\$'million)



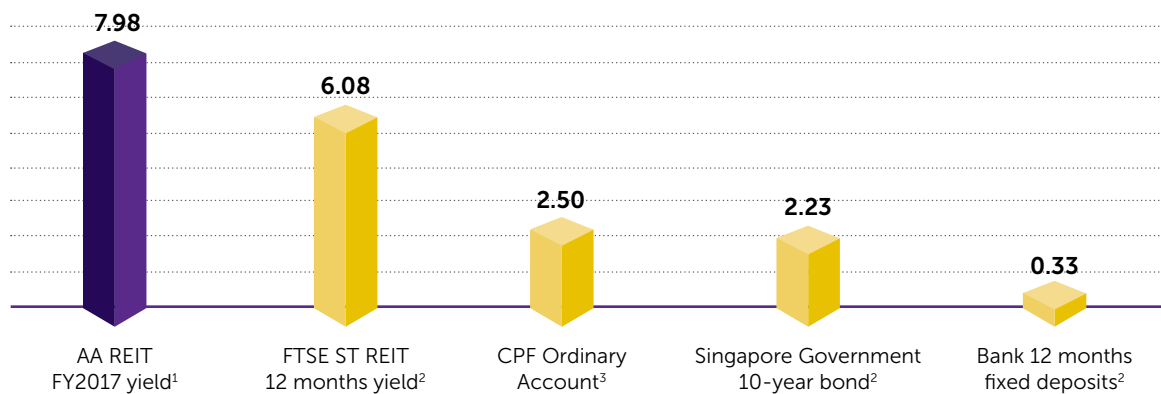
Distributions to Unitholders
(S\$'million)



Distribution per Unit
(cents)



Yield per annum
(%)



¹ Based on closing price of S\$1.385 on 31 March 2017 and actual Distribution per Unit of 11.05 cents for FY2017.

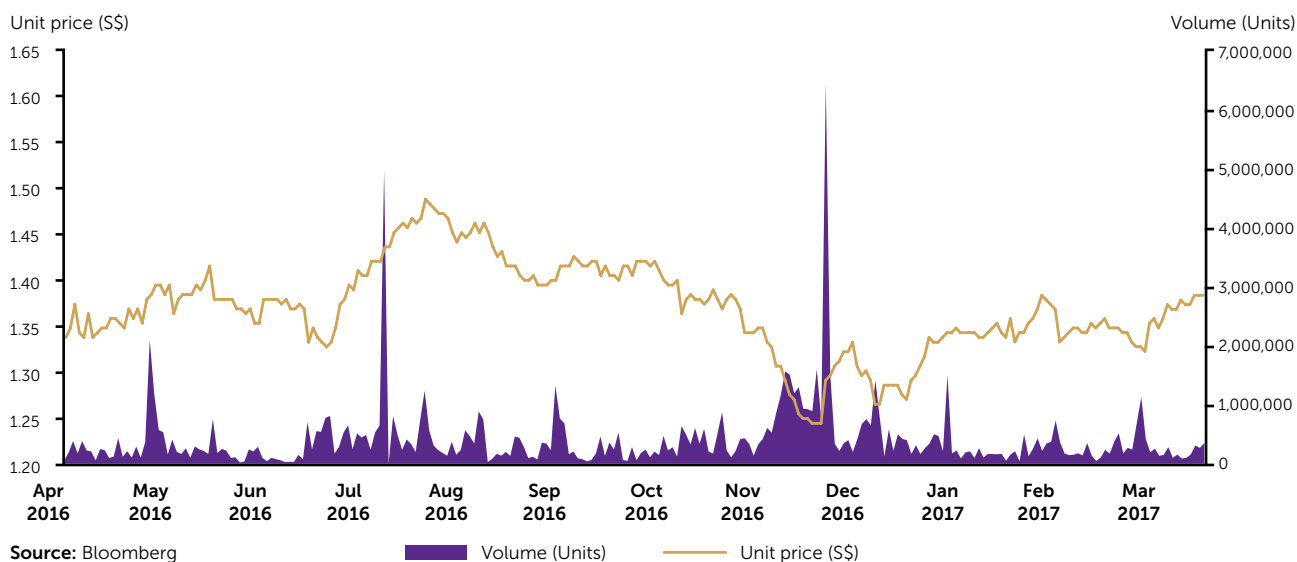
² Source: Bloomberg data as at March 2017.

³ Prevailing CPF Ordinary Account interest rate.

Trading Performance

	31 March 2017	31 March 2016	31 March 2015
Net asset value per Unit (S\$)	1.390	1.478	1.525
Closing price (S\$)	1.385	1.335	1.490
Highest price during financial year (S\$)	1.485	1.530	1.495
Lowest price during financial year (S\$)	1.250	1.270	1.340
Total volume traded during financial year ('million Units)	102.9	118.4	95.1
Average daily volume traded during financial year (Units)	404,986	477,495	378,899
Market capitalisation ¹ (S\$'million)	884.5	848.2	937.1

Unit price and volume



Total returns

%

Since listing on 19 April 2007 to 31 March 2017	5.55
From 1 April 2016 to 31 March 2017 (one-year)	12.49
From 1 April 2014 to 31 March 2017 (three-year)	9.34

The total returns are calculated on the following assumptions:

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

¹ Based on closing price per Unit of S\$1.385 on 31 March 2017, S\$1.335 on 31 March 2016 and S\$1.490 on 31 March 2015.

Significant Events

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

S&P reaffirmed AIMS AMP Capital Industrial REIT's ("AA REIT") investment grade credit rating of BBB- with a stable outlook. The stable outlook reflected S&P's expectation that AA REIT will operate within its financial policy and generate steady cash flows over the next 12 to 24 months.

2.95
cents DPU
(4Q FY2016)

4Q FY2016 and FY2016 financial results

Announced financial results for the financial year ended 31 March 2016 achieving 4.1 per cent year-on-year ("y-o-y") increase in distributions to Unitholders of S\$72.1 million. The Distribution per Unit ("DPU") grew 3.5 per cent quarter-on-quarter ("q-o-q") to 2.95 cents for the final quarter of FY2016, bringing the full year DPU to 11.35 cents – a 2.5 per cent increase over FY2015 DPU of 11.07 cents.

14 Apr 2016



4 Apr 2016

27 Apr 2016



AA REIT unveiled plans to transform 8 & 10 Tuas Avenue 20

Announced AA REIT's fourth redevelopment, a S\$27.0 million project (including land cost) at 8 & 10 Tuas Avenue 20. Upon completion, gross floor area ("GFA") will increase by around 41,332.0 square feet ("sq ft") to 158,853.0 sq ft, improving the plot ratio from 1.03 to the maximum of 1.4.



Significant Events

Awarded the Best Investor Relations Company and Asia's Best CEO (Investor Relations) in Singapore, at the 6th Asian Excellence Award 2016

In recognition of AA REIT's efforts in facilitating open and transparent communications with investors, analysts, media and the general investment community, AA REIT clinched the Best Investor Relations Company and Asia's Best CEO (Investor Relations) in Singapore, at the 6th Asian Excellence Award 2016 organised by Corporate Governance Asia.



3 Jun 2016

25 Jul 2016

Jun 2016

Established Nominating and Remuneration Committee ("NRC")

Announced the establishment of the NRC of the Manager on 1 June 2016. The NRC comprises Non-Executive Directors of the Board.

Upsized existing secured facility

AA REIT executed a supplemental loan facility agreement with a syndicate of five financial institutions to upsize its existing secured facility for a four-year term loan facility of S\$100.0 million to refinance its unsecured borrowings due in August 2016. The weighted average debt maturity (on a pro forma basis as at 30 June 2016) will increase to 2.7 years and save over S\$1.0 million per annum in interest cost.



Significant Events

2.75
cents DPU
(1Q FY2017)

1Q FY2017 financial results

Announced financial results for the first quarter ended 30 June 2016 delivering a stable DPU of 2.75 cents. Gross revenue, net property income and distributions to Unitholders remained stable compared to the previous year.

Poll results of the 7th Annual General Meeting ("AGM")

Announced that all three resolutions, as set out in the notice of AGM dated 21 June 2016, were duly passed at the AGM on 26 July 2016.

Redemption of S\$100.0 million 4.90 per cent fixed rate notes ("Notes")

Announced AACI REIT MTN Pte. Ltd., the issuer of the Notes had redeemed in full the S\$100.0 million 4.90 per cent fixed rate notes due on 8 August 2016.

4 Aug 2016

27 Oct 2016

26 Jul 2016

8 Aug 2016

AA REIT announced first greenfield build-to-suit ("BTS") development

Announced plans for its first third-party greenfield BTS development facility for leading manufacturer, Beyonics International Pte Ltd ("Beyonics"). The S\$39.4 million development (including land cost) is located at the junction of Marsiling Road and Marsiling Lane, and will have a GFA of approximately 232,000 sq ft. Beyonics has committed to a ten-year master lease term on the entire production facility with rent escalations. This development is estimated to be completed in the second half of 2017 and is expected to be valued at S\$42.9 million.

2Q FY2017 and 1H FY2017 financial results

Announced financial results for the second quarter ended 30 September 2016 achieving a stable DPU of 2.75 cents despite challenging market conditions.

2.75
cents DPU
(2Q FY2017)



Significant Events



Awarded the Titanium Award for Excellence in Governance, Corporate Social Responsibility ("CSR") and Investor Relations at The Asset Corporate Awards 2016

In recognition of its commitment to uphold high standards of corporate governance, corporate social responsibility, environmental responsibility and investor relations, AA REIT was awarded the Titanium Award for Excellence in Governance, CSR and Investor Relations at The Asset Corporate Awards 2016.

0.7%
q-o-q increase
in DPU
(3Q FY2017)

3Q FY2017 financial results

Announced financial results for the third quarter ended 31 December 2016, which saw a 0.7 per cent q-o-q increase in DPU to 2.77 cents. Distributions to Unitholders rose 0.9 per cent q-o-q to S\$17.7 million. Gross revenue grew 1.5 per cent against the last quarter to S\$30.4 million, while net property income rose 2.7 per cent to S\$19.8 million.

28 Dec 2016

Dec 2016

9 Feb 2017



Valued at
S\$60.7
million

AA REIT achieved Temporary Occupation Permit ("TOP") for 30 Tuas West Road

Received TOP for its redevelopment of 30 Tuas West Road on 27 December 2016. The S\$40.6 million redevelopment transformed the former two three-storey detached industrial buildings with an under-utilised plot ratio of 1.15 into a five-storey ramp-up warehouse facility with a plot ratio of 2.08. The redeveloped property is valued at S\$60.7 million, up more than four times from its former value of S\$14.1 million. The redevelopment also nearly doubles the GFA from 159,717 sq ft to 288,664 sq ft.

The property is fully leased to CWT Limited and will deliver S\$4.15 million in rental income in the first year with fixed annual rent escalations over the lease term.

Significant Events





DRIVEN



Lampworking is an ancient art that has been practised for over 3,000 years, with the process encompassing melting glass with a torch. The malleable molten glass is carefully wound and shaped with high heat resistance tools, moulding the perfect shape with intricate contours.

BY PASSION

Led by a team of passionate and talented managers, we remain dedicated to forging strong synergies with our Sponsors, tenants, business partners and Unitholders through active engagement bound by a shared vision.

Board of Directors



Board of Directors



From left:

1. Koh Wee Lih
2. Nicholas Paul McGrath
3. George Wang
4. Norman Ip Ka Cheung
5. Eugene Paul Lai Chin Look
6. Peter Michael Heng

Board of Directors

George Wang

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

Mr Wang was appointed as a Director on 7 August 2009 and reprised the role as Chairman of the Manager on 16 January 2014. He was previously the Chairman from 7 August 2009 to 19 April 2012.

Mr Wang is the founding Executive Chairman of AIMS Financial Group and an active participant in both the Australian and Chinese financial services industries. Established in 1991, AIMS Financial Group is a diversified financial services and investment group, active in the areas of mortgage lending, securitisation, investment banking, funds management, property investment, private equity, venture capital, stock broking and high-tech investment and strategic investor in Sydney Stock Exchange. Mr Wang is also the Deputy Chairman of Sydney Stock Exchange (formerly known as Asia Pacific Stock Exchange). Mr Wang is the Executive Chairman of AIMS Fund Management Limited, the responsible entity for AIMS Property Securities Fund, a diversified real estate securities fund, which is listed on the Australian Securities Exchange and the Singapore Stock Exchange.

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

Norman Ip Ka Cheung

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

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

Mr Ip is a Chartered Accountant by training and has over 35 years of experience in finance, accounting and general management. From 2000 to 2009, he held the position of the President and Group Chief Executive Officer of The Straits Trading Company Limited ("STC"), the main activities of which are in real estate, mining and hospitality. Prior to joining STC in 1983, he was with Ernst & Whinney (now known as Ernst & Young LLP).

Mr Ip is currently the Group Managing Director of United Engineers Limited. Mr Ip is also an Independent Director of Great Eastern Holdings Limited and is a director of its subsidiaries, including The Great Eastern Life Assurance Company Limited, The Overseas Assurance Corporation Limited, Great Eastern Life Assurance (Malaysia) Berhad, Overseas Assurance Corporation (Malaysia) Berhad and Great Eastern Takaful Bhd. In addition, he also serves as a member of the Building and Construction Authority Board and the Securities Industry Council.

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

Eugene Paul Lai Chin Look

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

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

Mr Lai began his career as an attorney in New York and in Singapore and has a wealth of experience of over 29 years in law, investment banking, real estate and private equity. He is currently a Managing Director and Co-Managing Partner of Southern Capital Group and was previously a Managing Director and Senior Country Officer at JP Morgan, Malaysia as well as the Managing Director and Chief Executive Officer of The Ascott Group Limited. He also held the position of Managing Director at The Carlyle Group Asia and Managing Director at Citigroup, Singapore.

Board of Directors

Mr Lai currently holds directorships in several other companies such as Perennial Real Estate Holdings Limited and Greatearth Pte Ltd and is also a council member of the Securities Industry Council.

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

Peter Michael Heng

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

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

Mr Heng has over 30 years of investment management experience. Before this appointment, Mr Heng held the position of Senior Vice President and Chief Investment Officer at NTUC Income Co-operative from 2009 until his retirement in 2015. Prior to that, Mr Heng served as the Chief Investment Officer of Manulife Asset Management (Singapore) Pte. Ltd. and Straits Lion Asset Management Ltd.

Mr Heng also serves as a member of the NKF Investment Committee, and as a member of the Investment Committee of OWW Investments III Ltd.

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

Nicholas Paul McGrath

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

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

Mr McGrath held the position of Chief Executive Officer of the Manager from 12 January 2009 until 31 December 2013. He remains on the Board of the Manager in the capacity of a Non-Executive Non-Independent Director. Mr McGrath is currently the fund manager of the AMP Capital Wholesale Office Fund, an A\$4.7 billion prime commercial office fund with assets located in Sydney, Melbourne and Perth.

Prior to joining AMP Capital and the Manager, Mr McGrath was the Chief Executive Officer of Allco Commercial REIT (now known as Frasers Commercial Trust) and Managing

Director of Allco (Singapore) Limited. Mr McGrath moved to Singapore in 2005 to establish Allco (Singapore) Limited's real estate funds management business and was responsible for growing assets under management in excess of S\$2.0 billion. Prior to that, he spent over five years with Allco Finance Group in Australia in a range of senior executive roles in its property funds management and structured finance divisions. Mr McGrath has over 17 years of experience in real estate investment and fund management.

Mr McGrath was a lawyer at a leading Australian law firm, Blake Dawson (now known as Ashurst) before joining Allco Finance Group.

Mr McGrath holds a LL.B and a Bachelor of Business from the University of Technology, Sydney and a Graduate Diploma of Applied Finance & Investment from Securities Institute of Australia.

Koh Wee Lih

Executive Director and Chief Executive Officer

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

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

Mr Koh has over 21 years of experience in investment, corporate finance and asset management, of which more than 13 years are in direct real estate, covering investments, developments, asset management and real estate private equity in the Asia Pacific region. Since 3 August 2016, Mr Koh has served as a member of the Executive Committee of the REIT Association of Singapore.

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

Senior Management



From left:

- 1.** Toh Lay Gan
- 2.** Joanne Loh
- 3.** Koh Wee Lih
- 4.** Stella Yeak

Senior Management

Koh Wee Lih

Chief Executive Officer

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

Joanne Loh

Assistant Fund Manager

Ms Loh is the Assistant Fund Manager and is responsible for the management of the fund's performance. Alongside the Chief Executive Officer, she formulates strategic and investment plans to maximise the returns of the fund and AA REIT's existing assets. Ms Loh also heads the investor relations team and spearheads the sustainability initiatives throughout the organisation.

Ms Loh has been with the Manager since August 2007 and has over 13 years of experience in the real estate industry spanning across fund management, asset and lease management and investor relations. Prior to joining the Manager, Ms Loh was a Property Manager at the property consultant firm Colliers International, managing a portfolio of residential and industrial assets. Previously, she worked with real estate developers including Far East Organisation and Keppel Land.

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

Stella Yeak

*Vice President, Finance and Joint Company Secretary
(with effect from 31 May 2017)*

Ms Yeak was the Assistant Vice President, Finance and was recently promoted to the Vice President, Finance of the Manager and appointed as Joint Company Secretary on 31 May 2017. She is responsible for the financial accounting and reporting, treasury, taxation, compliance as well as corporate secretarial matters of AA REIT.

Ms Yeak has been with the Manager since February 2013 and has over 18 years of experience in group financial and management reporting, budget and forecasting, financial controls, audit, taxation and compliance with regional exposure in South East Asia, North Asia and Australia, of which more than 13 years are in the real estate industry. Prior to joining the Manager, Ms Yeak was a senior financial analyst with Robert Bosch (SEA) Pte Ltd. Previously, she also worked at LaSalle Investment Management Limited and held various finance roles in CapitaLand Limited's business units, CapitaLand Residential Limited and Australand Property Group in Australia.

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

Toh Lay Gan

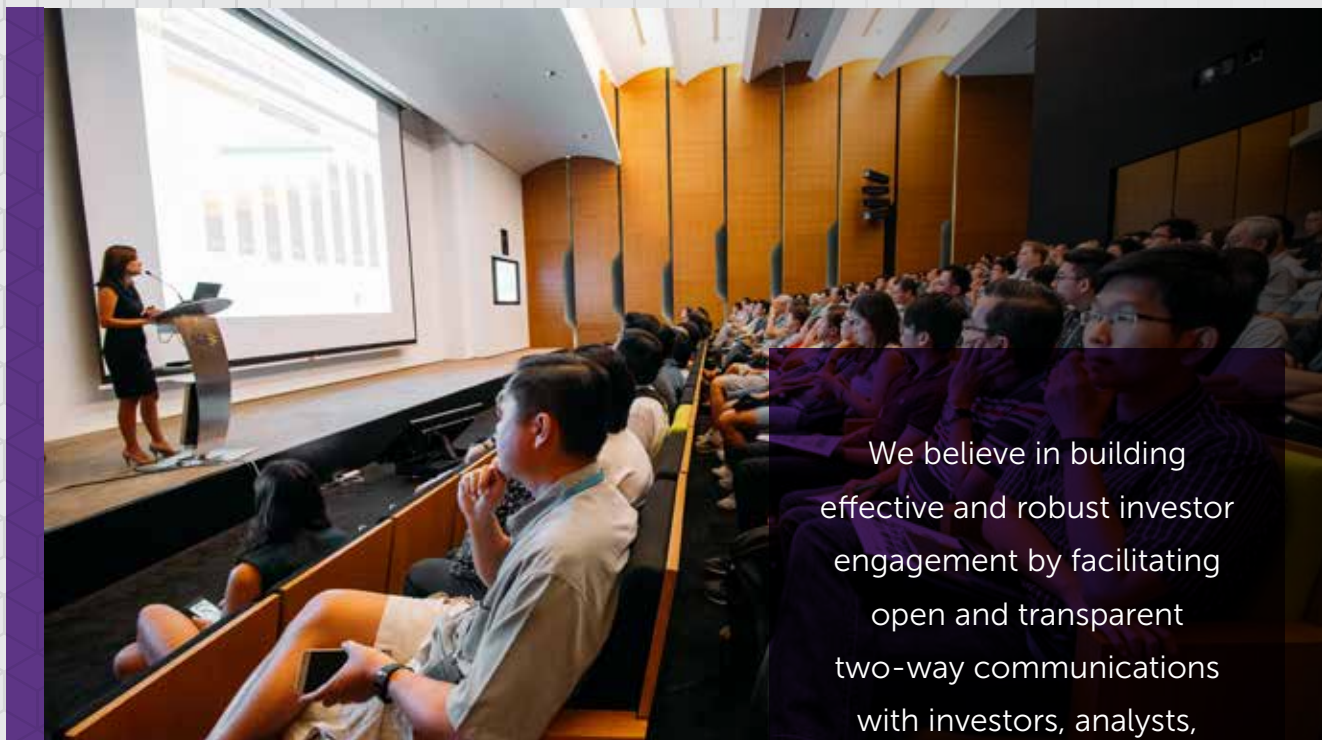
Vice President, Asset Management

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

Ms Toh has been with the Manager since March 2015 and has over 21 years of experience in the real estate industry and expertise in asset and lease management. Prior to joining the Manager, she was the Head of Portfolio and Asset Management with Ascendas Land (S) Pte Ltd. Previously, she held various roles in the Ascendas Group heading the asset management / leasing teams of different property clusters. She was credited particularly for her involvement in the successful launch of Ascendas REIT in 2002. Before joining Ascendas, she was with DTZ Leung and Far East Organisation where she specialised in valuation and marketing of industrial properties respectively.

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

Investor Engagement



SGX-SIAS Corporate Connect Seminar held at SGX Auditorium on 14 January 2017

We believe in building effective and robust investor engagement by facilitating open and transparent two-way communications with investors, analysts, media and the wider investment community.

Commitment to open communications

AIMS AMP Capital Industrial REIT (“AA REIT”) has come a long way since its initial public offering ten years ago. From an initial portfolio of 12 properties located solely in Singapore valued at S\$316.5 million, AA REIT has grown to a portfolio of 27 properties located in Singapore and Australia valued at S\$1.45 billion as at 31 March 2017. This decade of progress would not have been possible without the support and trust from its investors.

AIMS AMP Capital Industrial REIT Management Limited (the “Manager”) as manager of AA REIT believes in building effective and robust investor engagement by facilitating open and transparent two-way communications with investors, analysts, media and the wider investment community.

Looking towards the next decade, the Manager remains committed to delivering timely, objective and clear information to its Unitholders¹.

¹ This commitment is governed by a strict disclosure policy which requires the accurate and timely disclosure of all material information relating to AA REIT to stakeholders, and SGX-ST via SGXNET and on its corporate website at www.aimsampcapital.com

Investor Engagement



Effective multi-channel investor communications

The Manager believes in the importance of articulating its strategy and direction to the market. The open communication to investors is extremely critical during this time when the industrial sector is facing headwinds.

To facilitate this, the Manager holds numerous investor meetings across the year. Participants have the opportunity to raise questions, communicate their feedback and interact with the Chief Executive Officer and Assistant Fund Manager during these meetings.

The Manager also employs various communication channels to effectively connect and engage with existing and potential investors. These channels include:

- Annual General Meeting (“AGM”) usually held in July each year. In 2016, more than 200 Unitholders and proxies attended the meeting. All resolutions were conducted by poll via electronic polling system for speed, accuracy and transparency.
- Briefings for analysts and institutional investors on quarterly and full year financial results.
- Participation and presentations at non-deal road shows (“NDR”), investor conferences, seminars, and industry events in Asia and globally.
- One-on-one meetings with current and potential institutional investors to introduce or provide updates on AA REIT.
- Property tours for media, analysts and investors to provide greater insights into AA REIT’s quality portfolio and operations.
- Daily email alerts for investors which include information on AA REIT’s stock price and relevant SGXNET announcements. To subscribe to the services, investors can log on to AA REIT’s website at www.aimsampcapital.com and sign up for the *Investor Email Alert*.

- Proactive media and influencer relations programme engaging relevant business and financial media and influencers, including print, broadcast, and social media. The programme included distributing media releases, facilitating interviews with the Manager’s Chief Executive Officer, thought leadership articles, property tours as well as traditional and online media monitoring.
- A content-rich corporate website, which includes comprehensive background on AA REIT, all assets within its portfolio, and the latest news and SGX announcements.
- An active LinkedIn profile¹ managed by the Manager to share the latest updates on AA REIT, as well as important industry news and insights.

To actively stimulate and encourage two-way dialogue with the investors all year round, the Manager’s investor relations team is easily accessible via a dedicated email address investorrelations@aimsampcapital.com to respond to any queries and concerns from investors.

Recognised for strong investor relations

In recognition of the Manager’s efforts in building effective and open communications with investors, analysts, media and the wider investment community, the Manager clinched the Best Investor Relations Company and Asia’s Best CEO (Investor Relations) in Singapore, at the 6th Asian Excellence Award 2016 organised by Corporate Governance Asia.

In addition, AA REIT was awarded the Titanium Award for Excellence in Governance, Corporate Social Responsibility and Investor Relations by The Asset. The award is testament to the Manager’s efforts in upholding transparency, clarity and best practices in corporate governance and sustainability.

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

Investor Engagement

Analyst coverage

A total of four research houses and investment banks issue research reports on AA REIT.

Research house / investment bank	Analyst
Jefferies Singapore Limited	Krishna Guha
Macquarie Capital Securities (Singapore) Pte. Limited	Tuck Yin Soong / Ken Ang
Maybank Kim Eng Research Pte Ltd	Chua Su Tye
Religare Capital Markets Limited	Pang Ti Wee

Investor and media relations activities in FY2017

1Q FY2017	2Q FY2017	3Q FY2017	4Q FY2017
<ul style="list-style-type: none"> • FY2016 results announcement and analyst briefing • Maybank Kim Eng Lunchtime presentation to remisiers and brokers • Singapore and Hong Kong NDR 	<ul style="list-style-type: none"> • 1Q FY2017 results announcement and analyst briefing • RHB Group Lunchtime presentation to remisiers and brokers • 7th AGM • SGX-REITAS Education Series on REITs • Macquarie ASEAN Conference 2016 • S-REITs CEO media roundtable • Singapore, Hong Kong and Europe NDR 	<ul style="list-style-type: none"> • 2Q FY2017 results announcement and analyst briefing • Trade media outreach to The Motley Fool and REITsWeek 	<ul style="list-style-type: none"> • 3Q FY2017 results announcement and analyst briefing • Citi-SGX Singapore Corporate Day Event • SGX-Securities Investors Association (Singapore), Corporate Connect Seminar • Media Asset Profiling Tour in Tuas (Business Times, Lianhe Zaobao, The Edge) • OCBC Securities Lunch Talk with remisiers/ brokers • SGX-CLSA REITAS S-REITs Corporate Day in Seoul, Korea • RHB S-REITs Corporate Day in Tokyo, Japan

Corporate Governance Statement

Our role

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

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

The Manager has general powers of management over the assets of AA REIT and our main responsibility is to manage the assets and liabilities of AA REIT in the best interests of the unitholders of AA REIT ("Unitholders"). We do this with a focus on generating rental income and, where appropriate, increasing the value of AA REIT's assets over time so as to enhance the returns from the investments, and ultimately distributions and the total return to the Unitholders.

The Manager has covenanted in the trust deed constituting AA REIT dated 5 December 2006 (as amended, varied or supplemented from time to time) ("Trust Deed") to use its best endeavours to ensure that the business of AA REIT is carried out and conducted in a proper and efficient manner and to conduct all transactions with or for AA REIT at arm's length and on normal commercial terms.

Other main functions and responsibilities of the Manager include:

- (a) ensuring compliance with relevant laws and regulations, including the Listing Manual issued by the SGX-ST ("Listing Manual"), the applicable provisions of the Securities and Futures Act (Chapter 289) ("SFA"), the Code on Collective Investment Schemes (including Appendix 6 thereto on property funds ("Property Funds Appendix")), written directions, notices, codes and other guidelines that may be issued by the Monetary Authority of Singapore ("MAS") from time to time, the Trust Deed and the tax rulings issued by the Inland Revenue Authority of Singapore on the taxation of AA REIT and its Unitholders;
- (b) preparing annual business plans for review by the Board of Directors of the Manager (each, a "Director" or collectively, "Directors" or "Board"), including forecasts on revenue, net property income, capital expenditure, explanation of major variances to previous plan(s), commentary on key issues and relevant assumptions. These plans explain the performance of AA REIT's assets;
- (c) managing the finances of AA REIT, including accounts preparation, capital management, coordination of the budget process, forecast modelling and corporate treasury functions;
- (d) attending to all regular communications with the Unitholders; and
- (e) supervising the property manager, AIMS AMP Capital Property Management Pte. Ltd. ("Property Manager") which performs the day-to-day property management functions (including lease management, property management, maintenance and administration) pursuant to the property management agreements.

AA REIT, constituted as a trust, is externally managed by the Manager and accordingly, has no personnel of its own. The Manager appoints experienced and qualified personnel to run the day-to-day operations of the Manager and AA REIT. The Manager holds a capital markets services licence issued by MAS to conduct real estate investment management activities. All Directors and employees of the Manager are remunerated by the Manager and not by AA REIT.

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

Corporate Governance Statement

Our corporate governance culture

We are committed to upholding high standards of corporate governance in our management of AA REIT and operate in keeping with the spirit of the Code of Corporate Governance issued by MAS on 2 May 2012 ("2012 Code") when discharging our responsibilities as the Manager in our dealings with Unitholders and other stakeholders. We believe that strong and effective corporate governance is imperative for the long-term success of AA REIT.

This report describes the corporate governance practices and structures that were in place during the financial year ended 31 March 2017 ("FY2017") with specific reference to the principles and guidelines of the 2012 Code, and where applicable, the Listing Manual and the Companies Act (Chapter 50 of Singapore) ("Companies Act").

The following paragraphs describe our corporate governance policies and practices in FY2017 as the Manager with specific references to the 2012 Code. Any deviations from the 2012 Code are also explained.

Board matters

The Board's conduct of affairs

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

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

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

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

Mr George Wang	Chairman, Non-Executive	Non-Independent
Mr Norman Ip Ka Cheung	Non-Executive	Lead Independent
Mr Eugene Paul Lai Chin Look	Non-Executive	Independent
Mr Peter Michael Heng ¹	Non-Executive	Independent
Mr Nicholas Paul McGrath	Non-Executive	Non-Independent
Mr Koh Wee Lih	Executive Director and Chief Executive Officer	Non-Independent

¹ Mr Peter Michael Heng was appointed as a Non-Executive Independent Director on 31 March 2017.

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

Each Director must act honestly, with due care and diligence and in the best interests of AA REIT. This obligation ties in with the Manager's prime responsibility in managing the assets and liabilities of AA REIT for the benefit of the Unitholders. Decisions are taken objectively in the interests of AA REIT. The Manager has adopted guidelines for dealings with conflict of interests, interested party transactions and treatment of fees payable to the Manager, details of which are set out on pages 46 to 48 of this Annual Report.

Corporate Governance Statement

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

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

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

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

The Board is also assisted by the Property Investment Committee ("PIC"), which comprises the Chief Executive Officer and Vice President, Finance of the Manager, and one management representative each from AIMS Financial Group and AMP Capital ("Sponsors") to manage the assets of AA REIT. The PIC has adopted terms of reference to define its scope of authority and responsibilities in relation to AA REIT, which include:

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

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

The Manager has adopted a set of internal guidelines which sets out the limits of its financial authority. The Board's approval is required for material transactions, including but not limited to the acquisition, redevelopment and/or divestment of investment properties, valuation of properties, annual budget for operating/capital expenditure, bank borrowings and hedging strategies as well as arrangements in relation to cheque signatories. Appropriate delegations of authority and approval sub-limits are also provided at Management level to facilitate operational efficiency.

Corporate Governance Statement

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

	Board meetings	ARCC meetings	NRC meetings
Number of meetings held in FY2017	4	4	3
Board members			
Mr George Wang	4	n/a	3
Mr Tan Kai Seng ¹	3	3	3
Mr Norman Ip Ka Cheung	4	4	3
Mr Eugene Paul Lai Chin Look	4	4	3
Mr Peter Michael Heng ¹	1	1	- ²
Mr Nicholas Paul McGrath	4	n/a	3
Mr Koh Wee Lih ³	4	4	3

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

¹ Mr Peter Michael Heng was appointed as a Non-Executive Independent Director, and as a member of the ARCC and the NRC on 31 March 2017 to replace Mr Tan Kai Seng who resigned on the same day.

² All the NRC meetings for the financial year took place prior to Mr Heng's appointment on 31 March 2017.

³ Mr Koh Wee Lih, being the Chief Executive Officer, attends all ARCC and NRC meetings by invitation although he is not a member of either Board Committee.

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

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

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

Board composition and guidance

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

Corporate Governance Statement

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

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

In addition, MAS requires at least half of the Board to comprise independent directors where the Unitholders of AA REIT do not appoint the directors of the REIT manager. The current composition of the Board is in keeping with prevailing guidelines and regulations, consisting of six members, of whom half are Independent Directors. The majority of the Board members are Non-Executive Directors with the Chief Executive Officer as the only Executive Director.

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

None of the Independent Directors have any relationship with the Manager, its related companies, its ten per cent shareholders or its officers and the ten per cent Unitholders of AA REIT that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement with a view to the best interests of AA REIT.

The independence of each Independent Director is reviewed by the NRC annually on an informal basis. In determining whether a Director is independent, the NRC has considered the guidelines in the 2012 Code. As the NRC was first established on 1 June 2016, this is the first year in which the NRC has conducted its review of each Independent Director's independence.

Following its annual review, the Board and the NRC are of the view that all its Independent Directors are independent in character and judgement and there are no relationships or circumstances which are likely to affect or could appear to affect the Directors' independent business judgement in the best interests of AA REIT.

The NRC notes that under the 2012 Code, the independence of any Independent Director who has served on the Board beyond nine years from the date of first appointment should be subject to particularly rigorous review. At present, no Independent Director in the current Board has served beyond nine years since the date of his first appointment.

The number of NRC meetings held and corresponding attendance for the financial year are set out on page 34 of this Annual Report.

Chairman and Chief Executive Officer

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

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

Corporate Governance Statement

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

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

The Chairman and the Chief Executive Officer are not related to each other. The division of responsibilities between the Chairman and the Chief Executive Officer and the clarity of their roles allows for a robust and professional relationship between the Board and Management which facilitates effective oversight.

Guideline 3.3 of the 2012 Code recommends every company to appoint an independent director to be the lead independent director in certain specified circumstances including where the Chairman is not an independent director. Mr Norman Ip Ka Cheung is the Lead Independent Director in accordance with Guideline 3.3 of the 2012 Code. He is also the Chairman of the ARCC. Mr Ip as the Lead Independent Director has the discretion to hold meetings with the Independent Directors without the presence of the Non-Independent Directors and Management as he deems appropriate or necessary and to provide feedback to the Chairman after such meetings.

Board membership

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

The NRC administers nominations to the Board, reviews the structure, size and composition of the Board and reviews the performance and independence of the Directors. In addition, as part of regulatory requirements, MAS also provides prior approval for any change of the Chief Executive Officer or of any appointment of Director. Directors of the Manager are not subject to periodic retirement by rotation.

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

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

The Manager adopts a comprehensive and detailed process in the selection of new Directors. The selection of candidates is evaluated taking into account various factors, including the current and mid-term needs and goals of AA REIT, and hence, the Manager, as well as the relevant expertise of the candidates and their potential contributions. Candidates may be put forward or sought through contacts and recommendations. The Board, in consultation with the NRC, will consider AA REIT's and the Manager's strategic goals, business direction and needs. The NRC will conduct interviews with the candidates, and nominate the candidate deemed most suitable for appointment to the Board.

Corporate Governance Statement

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

Mr Eugene Paul Lai Chin Look	NRC Chairman
Mr Norman Ip Ka Cheung	NRC Member
Mr Peter Michael Heng	NRC Member
Mr George Wang	NRC Member
Mr Nicholas Paul McGrath	NRC Member

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

- reviewing the composition of the Board at regular intervals, and when a Director gives notice of his intention to retire or resign. This is to ensure that the Board is of an appropriate size and comprises of directors who as a group provide the necessary core competencies, balance and diversity of skills, experience and knowledge to AA REIT, taking into consideration the nature and scope of AA REIT's operations, and that the Board has a strong independent element;
- making recommendations to the Board for the appointment of new directors, including reviewing the suitability of any candidate put forward by any Director for appointment, with regard to the current and mid-term needs and goals of AA REIT and the Manager, the relevant expertise of the candidates and their potential contributions, whether the candidate has sufficient time to commit to his responsibilities as a Director, and whether he is a fit and proper person for the office in accordance with the Guidelines on Fit and Proper Criteria issued by the MAS (which require the candidate to be, among other things, competent, honest, to have integrity and be financially sound);
- reviewing the performance of the Board and each Director annually and proactively addressing any issues identified in the Board and Director performance evaluation;
- annual review of the independence of each Director; and
- reviewing of training and professional development programmes for the Board.

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

In FY2017, none of the Directors has appointed an alternate director.

The NRC considers whether each Director is able to and has been adequately carrying out his duties as a Director of the Company, taking into consideration, *inter alia*, the Director's other public listed company board representations and other principal commitments. In addition, the NRC also takes into consideration, *inter alia*, a qualitative assessment of each Director's contributions as well as any other relevant time commitments. Although some of the Directors have other listed company board representations and commitments, the Board has determined through informal assessment of the Board's performance that each individual Director has devoted sufficient time and attention to his role as a Director and to the affairs of the Manager. For FY2017, the Board is of the view that such appointments do not hinder the Directors from carrying out their duties as Directors of the Manager and therefore believes that it would not be necessary to prescribe a maximum number of listed company board representations a Director may hold. The Board does not wish to exclude from consideration suitable individuals who, despite the demands on their time, have the capacity to participate and contribute as members of the Board.

Corporate Governance Statement

Board performance

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

The NRC assesses and discusses the performance of the Board as a whole and its Board Committees on an annual basis. Each Director presents his responses to the NRC, and the NRC will recommend to the Board key areas for improvement and follow-up actions, where necessary.

The performance of the Board is evaluated taking into account a set of performance criteria including, *inter alia*, Board composition and size, Board processes and Board effectiveness. The Board is of the view that this set of performance criteria allows for appropriate comparison and addresses how the Directors have enhanced long-term Unitholders' value. In FY2017, the NRC is of the view that the Board has fared well against the performance criteria, and the NRC is satisfied with the Board's performance.

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

Other contributions by an individual Director, including providing objective perspectives on issues, facilitating business opportunities and strategic relationships with external parties and being accessible to Management outside of formal Board and/or Board Committee meetings will be considered. In FY2017, the NRC is of the view that the Directors have fared well against the performance criteria, and the NRC is satisfied with the Directors' performance.

Access to information

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

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

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

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

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

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

Remuneration matters

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

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

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

AA REIT, constituted as a trust, is externally managed by the Manager and accordingly, it has no personnel of its own. The Manager appoints experienced and qualified personnel to manage the day-to-day operations of the Manager and AA REIT.

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

- reviewing and recommending a general framework of remuneration for Directors and key management personnel of the Manager;
- reviewing and recommending the specific remuneration packages for each Director and key management personnel; and
- reviewing the Manager's obligations arising in the event of the termination of a Director's or executive officer's contract of service and ensure that that such contract of service contains fair and reasonable termination clauses which are not overly generous.

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

In FY2017, the NRC participated in the determination of the remuneration of Directors and key management personnel and reviewed the remuneration of the Manager's employees to ensure that remuneration payable is competitive. The NRC also performed a remuneration survey in respect of the Manager through an independent advisor, McLagan/AON Hewitt, to assess the competitiveness of the employees' remuneration compared to the market.

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

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

The Chief Executive Officer and Non-Executive Non-Independent Directors are not paid directors' fees by the Manager. Independent Directors are paid fixed basic fees for their Board and Board Committee memberships by the Manager. In determining the quantum of the fees, the Manager took into account factors such as time spent and responsibilities of the Directors. Directors' fees are reviewed periodically to benchmark such fees against the amounts paid by other listed real estate investment trusts. No Director decides on his own fees. There are no unit-based incentives or awards in place to reward Directors as part of the remuneration package.

Directors' fees are paid by the Manager. As at 31 March 2017, the Directors' fees paid in cash were as follows:

Directors' fees	FY2017	FY2016
Board members		
Mr George Wang	-	-
Mr Tan Kai Seng ¹	S\$75,294	S\$68,214
Mr Norman Ip Ka Cheung	S\$66,442	S\$64,512
Mr Eugene Paul Lai Chin Look	S\$66,442	S\$62,012
Mr Peter Michael Heng ¹	-	-
Mr Nicholas Paul McGrath	-	-
Mr Koh Wee Lih	-	-

¹ Mr Peter Michael Heng was appointed as a Non-Executive Independent Director, and as a member of the ARCC and the NRC on 31 March 2017 to replace Mr Tan Kai Seng who resigned on the same day.

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

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

- the remuneration of the Directors and employees of the Manager are not paid out of the deposited property of AA REIT (listed issuer). Instead, they are remunerated directly by the Manager, which is a private company. The fees that the Manager receives from AA REIT had been disclosed under the "Interested person/interested party transactions" section of the Annual Report;
- there is no misalignment between the remuneration of the Directors and the key management personnel of the Manager, and the interests of the Unitholders given that their remuneration is not linked to the gross revenue of AA REIT and is paid out of the assets of the Manager and not out of AA REIT; and

Corporate Governance Statement

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

There were no employees of the Manager who were immediate family members of a Director or the Chief Executive Officer in FY2017 and whose remuneration exceeded S\$50,000 during the financial year ended 31 March 2017.

Accountability and audit

Accountability

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

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

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

Risk management, internal controls and audit

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

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

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

In 2014, BDO LLP ("BDO") was re-appointed by the ARCC to provide internal audit services to review and assess the adequacy of AA REIT's internal control systems, including financial, operational, compliance and information technology controls over a three-year internal audit plan period. The internal auditor is independent of Management and reports directly to the ARCC and administratively to the Chief Executive Officer. BDO has unrestricted access to the ARCC. The internal auditor's activities are guided by the International Standards for Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

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

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In FY2017, BDO conducted audit reviews on the internal audit plan approved by the ARCC covering financial, operational, compliance and information technology controls using a risk-based auditing approach. Upon completion of each audit assignment, BDO reported their audit findings and recommendations to Management who responded on the actions to be taken. BDO also submitted internal audit reports, at least twice yearly, to the ARCC on the audit findings and follow-up actions taken by Management based on the recommendations.

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

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

Information on risk management can be found in the section "Risk Management Report" on pages 49 to 50 of this Annual Report.

The Board has received assurance from the Chief Executive Officer and Vice President, Finance of the Manager that: (a) the financial records have been properly maintained; (b) the financial statements of AA REIT and its wholly-owned subsidiaries ("Group") and the Trust are drawn up so as to present fairly, in all material respects, the financial position of the Group and of the Trust as at 31 March 2017, and the total return, distributable income and movements in Unitholders' funds of the Group and of the Trust and cash flows of the Group for the year then ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants and the provisions of the Trust Deed; and (c) based on management oversight and applicable reports submitted by independent auditors (for financial and non-financial reviews), the risk management and internal control systems to the extent they address the financial, operational, compliance and information technology risks faced by the Group in its current business environment have been effectively designed, are operating effectively in all material aspects and were adequate as at 31 March 2017.

Based on the enterprise risk management framework established, work performed by the internal and external auditors, and reviews conducted by Management and various Board Committees, the Board, with the concurrence of the ARCC, is of the opinion that the system of risk management and internal controls was adequate and effective to address material financial, operational, compliance and information technology risks, which the Board considers relevant and material to its current business environment as at 31 March 2017.

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

Audit, Risk and Compliance Committee

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

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

Mr Norman Ip Ka Cheung	ARCC Chairman
Mr Eugene Paul Lai Chin Look	ARCC Member
Mr Peter Michael Heng	ARCC Member

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

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

The roles of the ARCC include:

- reviewing significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of AA REIT and any announcements relating to its financial performance;
- reviewing and reporting to the Board at least annually the adequacy and effectiveness of the Manager's internal controls, including financial, operational, compliance and information technology controls as well as risk management processes;
- reviewing the effectiveness of the Manager's internal audit function;
- reviewing the scope and results of the internal and external audit work performed and assessing the independence and objectivity of the internal and external auditors;
- making recommendations to the Board on the proposals to the Unitholders on the appointment, re-appointment and removal of the external auditors and approving the remuneration and terms of engagement of the external auditors; and
- meeting with the internal and external auditors without the presence of Management, at least once a year.

During FY2017, the ARCC's activities included the following:

- The ARCC performed independent reviews of AA REIT's quarterly and full year financial results before their submission to the Board. In conducting its review of the audited financial statements of AA REIT, the ARCC also assessed significant financial reporting issues and judgements, including the consistency and appropriateness of accounting policies and the quality and completeness of disclosures so as to ensure the integrity of the financial statements of AA REIT and any SGXNET announcements relating to AA REIT's financial statements. The ARCC also reviewed the key audit matter as reported by the external auditors for the financial year ended 31 March 2017, as follows:

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

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

Corporate Governance Statement

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

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

The aggregate amount of audit fees paid and payable by the Group to the external auditors for FY2017 was approximately S\$264,000, of which audit fees amounted to approximately S\$205,000 and non-audit fees amounted to approximately S\$59,000. The non-audit fees paid/payable to the external auditors related to general tax compliance services.

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

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

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

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

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

The number of ARCC meetings held and corresponding attendance for the financial year are set out on page 34 of this Annual Report.

Unitholders' rights and responsibilities

Communication with Unitholders

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

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

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

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

Unitholders' rights and conduct of Unitholders' meetings

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

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

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

Board members, senior management of the Manager and the external auditors of AA REIT are in attendance at general meetings and Unitholders are given the opportunity to raise questions and clarify any issues they may have relating to the resolutions to be passed. Any Unitholder who is unable to attend a general meeting is allowed to appoint up to two proxies to attend and vote on the Unitholder's behalf. A Unitholder who is a relevant intermediary (including but not limited to nominee companies, custodian banks or Central Provident Fund Board's agent banks), is entitled to appoint more than one proxy to vote on its behalf at the meeting through proxy forms sent in advance, provided that each proxy must be appointed to exercise the rights attached to a different Unit or Units held by such Unitholder, where the number of Units shall be specified.

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

Corporate Governance Statement

Additional information

Dealings in AA REIT Units

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

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

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

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

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

Dealings with conflicts of interest

The following main principles and procedures have been established to address potential conflicts of interest which may arise in managing AA REIT:

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

Corporate Governance Statement

Interested party transactions

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

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

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

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

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

Details of all interested person/interested party transactions (equal to or exceeding S\$100,000 each in value) entered into by AA REIT during the financial year are disclosed on page 186 of this Annual Report.

Corporate Governance Statement

Fees payable to the Manager

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

- (a) the methodology for the computation of the fees; and
- (b) the justification of how such methodology takes into account the Unitholders' long term interests.

The methodology for the computation of the fees is disclosed on pages 139 to 140 under the "Notes to the Financial Statements" section of this Annual Report.

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

Base fee

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

Performance fee

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

Acquisition fee and Divestment fee

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

Corporate Governance Statement

Risk Management Report

Enterprise Risk Management ("ERM") framework

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

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

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

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

Key risks in FY2017

AA REIT reviews and updates risk management systems and methodology yearly so as to manage risks in accordance with its current business conditions, preserve capital and enhance Unitholders' value. The key risks that were identified in FY2017 include but are not limited to the following:

Market risk

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

Investment risk

All investment proposals (such as redevelopment or asset enhancement initiatives of existing properties or acquisitions of new properties/investments) are subject to rigorous and disciplined assessment by Management. In addition, the investment proposals are further robustly reviewed and discussed in the PIC. The PIC will then consider the appropriateness of the potential transaction before making a recommendation to the Board. The role of the PIC is set out on page 33 of this Annual Report. Risk assessment is an important aspect of the evaluation process. Each investment proposal submitted to the Board for approval is accompanied by an assessment of risk factors and risk mitigation strategies.

Project management risk

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

Corporate Governance Statement

Operational risk

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

A Business Continuity Plan has been approved by the Board, to minimise the potential impact from disruptions to critical businesses in the event of emergencies such as terrorism, haze and pandemics. The Manager practises risk transfer by procuring relevant insurance policies to mitigate certain financial losses.

Credit risk

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

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

Liquidity risk

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

Interest rate risk

The Manager adopts a proactive interest rate management approach in managing the risk associated with adverse movement in interest rates on interest bearing borrowings which carry floating interest rates. The Manager also monitors regularly interest rate risk to limit AA REIT's net interest exposure to adverse movements in interest rate. As part of risk management, the Manager enters into hedging transactions to partially mitigate the risk of such interest rate fluctuations through the use of interest rate swaps and/or fixed rate borrowings. As at 31 March 2017, 84.4 per cent of AA REIT's total debt was on fixed rates taking into account interest rate swaps entered into and fixed rates medium term notes issued.

Foreign exchange risk

AA REIT is exposed to fluctuation of the Australian dollar against the Singapore dollar. The Manager's strategy is to achieve a natural hedge through the use of Australian dollar denominated borrowings to fund the Group's interest in the Australian joint venture, thereby mitigating the foreign exchange risk. As at 31 March 2017, the Group's investment in its Australian joint venture is substantially hedged as approximately 81.0 per cent of the interest in the joint venture was funded with Australian dollar denominated borrowings. The level of foreign currency denominated borrowings also effectively hedges more than half of the foreign currency income from Optus Centre.

Regulatory and compliance risk

The Manager, being a capital markets services licence holder, is required to comply with the applicable laws and regulations governing the Trust and the Manager, including the Securities and Futures Act (Chapter 289 of Singapore), Listing Manual, Property Funds Appendix, Trust Deed, conditions of the capital markets services licence for real estate investment trust management issued by MAS as well as tax rulings issued by Inland Revenue of Authority of Singapore on taxation of AA REIT and its Unitholders. Any changes in these regulations may affect AA REIT's operations and results.

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

Sustainability Report



1A International Business Park, Singapore

The 1A International Business Park was conferred the BCA's Green Mark Gold Standard for its environmentally sustainable design features, and recognised by BCA as one of the Top Ten commercial buildings for energy efficient and sustainability under the 'Private Office Buildings' category.

Sustainability Reporting

In 2016, the Singapore Exchange Securities Trading Limited ("SGX-ST") introduced sustainability reporting on a "comply or explain" basis for all SGX-listed companies. Sustainability reporting will become mandatory for AIMS AMP Capital Industrial REIT ("AA REIT") with effect from the financial year ending 31 March 2018.

AA REIT is pleased to present its inaugural Sustainability Report (the "Report") for the financial year ended 31 March 2017 ("FY2017"), a year ahead of the mandated deadline. The Report is in accordance with Global Reporting Initiative ("GRI") G4 guidelines – core option that contains the key materiality issues identified through materiality assessment and will be produced annually. As part of our commitment, AA REIT has engaged the services of Deloitte & Touche Enterprise Risk Services Pte Ltd to advise AA REIT in its preparation of the Report. For references to the GRI content index, please refer to pages 66 and 67 of this Annual Report.

G4-3, G4-28, G4-30

Sustainability Report



1A International Business Park, Singapore

Our approach to sustainability

AA REIT's sustainability approach remains focused on value creation for all our stakeholders. The approach follows our sustainability policy which is to:

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

Sustainability is managed across the business through relevant policies, programmes and operating procedures that are in place. These are shared with all employees of AIMS AMP Capital Industrial REIT Management Limited (the "Manager"), manager of AA REIT, supported with training and well-defined roles and responsibilities. This guides the management of the Manager ("Management") on its decision-making processes and ensures that we continually deliver on our business principles across all of our operations.

G4-3

We employ a risk-based management approach. This involves reviewing our policies periodically, adjusting how we work in the event of any breach, and reporting compliance levels.

We believe that to meet our sustainability goals and live by our values we need to integrate best practices into our day-to-day operations. For a start, we are tracking the energy consumption of our properties which we have direct operational control, and are considering putting in place tracking mechanisms for water usage and waste management.

Our aim is to contribute to local economies where we have a presence as well as to create a workplace that brings out the best in our employees. Most importantly, we want to build a sustainable business based on trust.

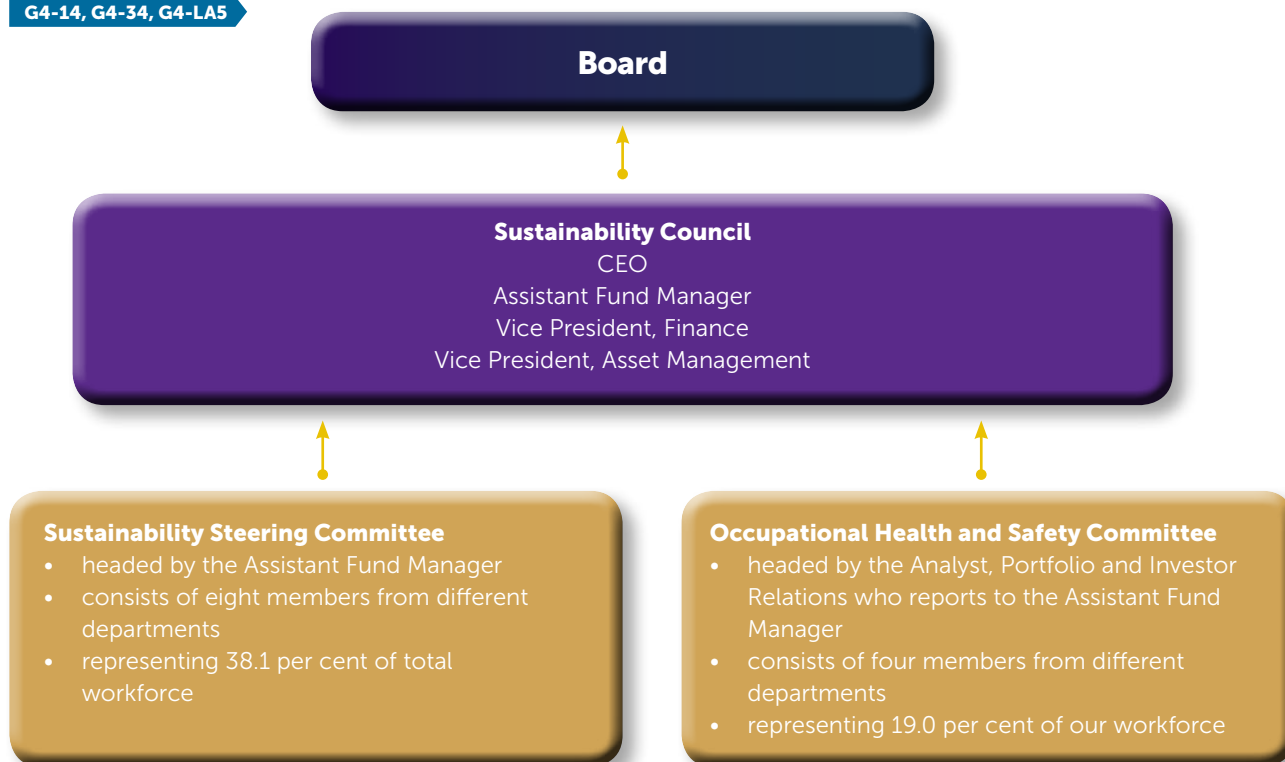
G4-14

The Manager is committed to integrating positive sustainability practices into our working environment and business processes. This is essential in order to deliver value to our business partners, foster trust with our communities, and ensure transparency and sustainable growth for our investors.

Sustainability Report

Sustainability Management Structure

G4-14, G4-34, G4-LA5



Roles and responsibilities of the Sustainability Council

The Sustainability Council (“SC”) leads the way as we continue our journey in strengthening our sustainability practices. The SC’s duties include:

- advising the board of directors (“Board”) and recommending business strategies in the area of sustainability;
- providing recommendations to the Board relating to the adoption, implementation and monitoring of sustainability-related policies;
- engaging the Board for approval of sustainability initiatives;
- monitoring the implementation of Board-approved sustainability strategies;
- overseeing stakeholder engagement and management, including ensuring grievance-handling mechanisms are in place;
- overall management and prioritisation of sustainability matters; and
- overseeing the preparation of sustainability disclosures as required by laws and/or rules, and recommending to the Board for approval.

Roles and responsibilities of the Occupational Health and Safety Committee

The Occupational Health and Safety (“OHS”) Committee advises and addresses health and safety matters of the organisation. This will include:

- recommending adequate resource allocations that support OHS policies, programmes, and practice in a holistic manner;
- identifying employee needs and priorities that can be addressed in the workplace and adopt integrated comprehensive approaches to address the issues; and
- setting goals and objectives for OHS policies, programmes and practices.

Sustainability Report



27 Penjuru Lane, Singapore

Scope of report

The scope of this Report covers all properties owned by AA REIT, its subsidiaries and joint venture.

In defining the Report's content and the aspect boundaries, AA REIT considered the principles of materiality, stakeholder inclusiveness, sustainability context, and completeness. In determining the materiality factors, AA REIT has engaged key stakeholders through various channels, including formalised surveys. The sustainability concerns from the various stakeholders were then consolidated and prioritised into a materiality matrix. Refer to the stakeholder engagement table and materiality matrix on page 57 to 59.

This Report covers the environmental, social and governance performance of AA REIT. In relation to tracking energy performance, the data presented relates only to the common areas in AA REIT's multi-tenanted properties, where the Manager of AA REIT has the ability to monitor and influence energy efficiency.

G4-17, G4-18, G4-20, G4-21

External charters and principles

AA REIT's policies and business activities are aligned to the global standards and are supported by a variety of external charters and principles. These include but are not limited to:

- applicable provisions of the Securities and Futures Act (Chapter 289);
- Listing Manual issued by SGX-ST;
- Code on Collective Investment Schemes including Appendix 6 thereto on property funds;
- Code of Corporate Governance 2012; and
- other policies and procedures adopted by AA REIT, which can be found in pages 31 to 50 of the corporate governance statement section.

Accordingly, we have developed and adopted a range of corporate policies and internal controls that support the Board and Management. These policies and controls cover matters such as personal data protection, anti-money laundering and countering terrorism financing, conflicts of interest, business continuity, insider dealing, enterprise risk management, and outsourcing.

AA REIT recognises the UN Global Compact Ten Principles and is considering the adoption of other social and environment charters in the future.

G4-15

Sustainability across our supply chain

We believe in the importance of ensuring appropriate sustainability measures are in place across our value chain. This includes appropriate risk management procedures for outsourcing and procurement. Moving forward, where possible, environmental considerations such as the level of green features in asset enhancement initiatives will be assessed.

G4-12



We welcome any questions or feedback regarding the Report. Please contact us at

Email:
investorrelations@aimsampcapital.com

G4-31

Website:
<http://www.aimsampcapital.com/>

Sustainability Report

Board Statement

AA REIT is proud to publish the Report for FY2017, which is also AA REIT's inaugural Sustainability Report. The Report, prepared in accordance with GRI G4 Guidelines, demonstrates our commitment towards operational sustainability and corporate responsibility.

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

Environment

The Manager is committed to being more environmentally conscientious by incorporating energy efficient and green initiatives into our day-to-day business operations.

Initiatives include mandating Building & Construction Authority ("BCA") Green Mark compliance for all new developments, increasing the use of e-tools to engage with stakeholders and promoting environmental stewardship.

Governance

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

People

The Manager recognises the importance of attracting, retaining and developing a high quality workforce in order to ensure the long-term success of our business. We have invested in training employees to promote professional and personal development as well as rewarding those who uphold our values within the organisation.

Looking ahead, we hope to further improve our sustainability tracking through a target based approach with clear and measurable metrics. In this Report, you will be provided with a balanced view of our position and performance with regard to some key issues and measurables.

We hope you find the Report interesting and informative as we continue our sustainability journey.

G4-1



Optus Centre, Macquarie Park, New South Wales, Australia

Optus Centre, Macquarie Park, New South Wales ("NSW"), Australia, maintained its National Australian Built Environment Rating System ("NABERS") 5 stars energy rating this year. A year ago, the rating improved to 5 stars from 4.5 stars as a result of energy efficient initiatives such as replacement of lights with LEDs in common areas.

Sustainability Report

Awards and recognition



Best Investor Relations Company

In recognition of AA REIT's efforts in facilitating open and transparent communications with investors, media and the general investment community, AA REIT clinched the Best Investor Relations Company, awarded at the 6th Asian Excellence Awards in 2016.



Asia's Best CEO in Singapore

In addition, AA REIT has received Best CEO in Singapore Award for the CEO's effort in reaching out to the investment community, which was presented during the 6th Asian Excellence Awards in 2016.



Titanium Award for Excellence in Governance, CSR and Investor Relations

In recognition of its commitment to uphold high standards of corporate governance, corporate social responsibility, environmental responsibility and investor relations, AA REIT was awarded the Titanium Award for Excellence in Governance, CSR and Investor Relations at The Asset Corporate Awards 2016.



Optus Centre (Australia) awarded 5 stars NABERS energy rating

Optus Centre maintained its National Australian Built Environment Rating System (NABERS) 5 stars energy rating this year. A year ago, the rating improved to 5 stars from 4.5 stars as a result of energy efficient initiatives such as replacement of lights with LEDs in common areas.

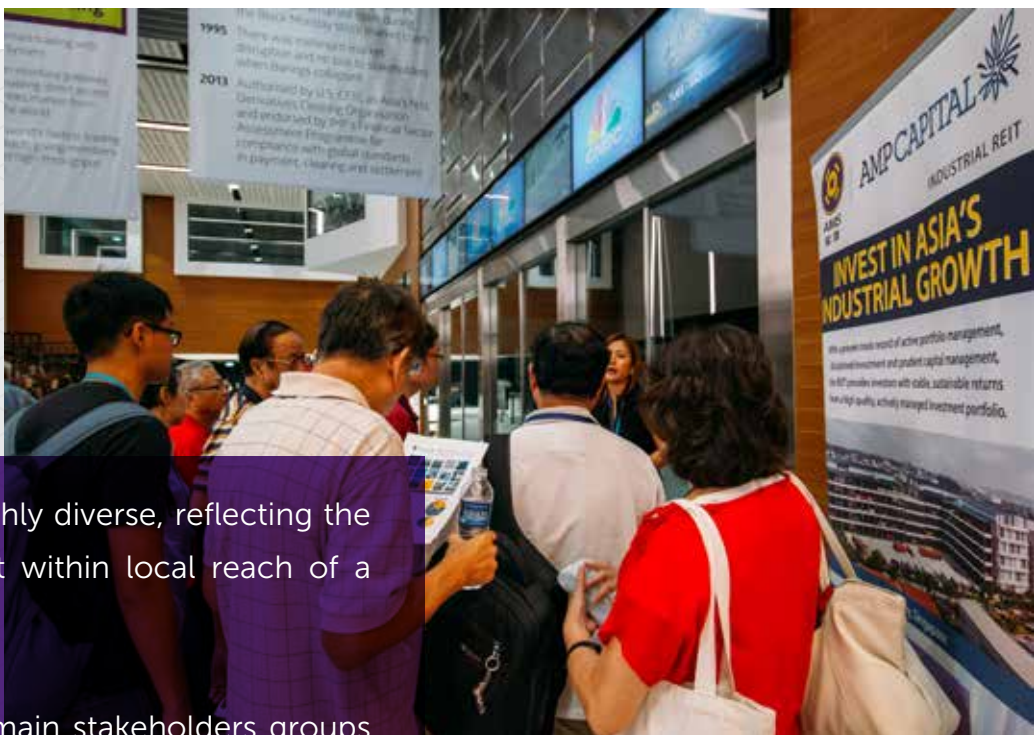


BCA Green Mark Rating

Approximately one third of AA REIT's Singapore portfolio by net lettable area is BCA Green Mark compliant. AA REIT's 1A International Business Park, Singapore was awarded a BCA Green Mark Gold rating and recognised by BCA as one of the Top Ten commercial buildings for energy efficiency and sustainability under the 'Private Office Buildings' category.

Refer to 'BCA Building Energy Benchmarking Report 2016' for more details.

Sustainability Report



Our stakeholders are highly diverse, reflecting the breadth of our footprint within local reach of a global market.







We have identified our main stakeholders groups using the GRI G4 guidelines and have put in place processes for effective communication with the key stakeholders.

Based on influence, representation, responsibility, dependency and proximity, we have narrowed down seven main stakeholder groups. Understanding these key sustainability concerns are essential in building a sustainable business.

Stakeholders	Mode of engagement	Top three stakeholder concerns / sustainability issues
Unitholders/ Investors	<ol style="list-style-type: none"> 1. Engagement through formal survey (biennially) 2. Dedicated investor relations team (periodically) 3. Dedicated investor relations section in the company's website (periodically) 4. Quarterly announcement of financial results 5. Quarterly results briefing for analysts 6. Regular financial and non-financial performance update on the SGX (periodically) 7. Annual General Meeting 8. Regular investor meetings via investor conferences, face-to-face meetings and non-deal roadshows (periodically) 	<ol style="list-style-type: none"> 1. Economic performance 2. Anti-corruption 3. Occupational health and safety
<p>Detailed information on Investor Engagement can be found in pages 28 to 30.</p>		



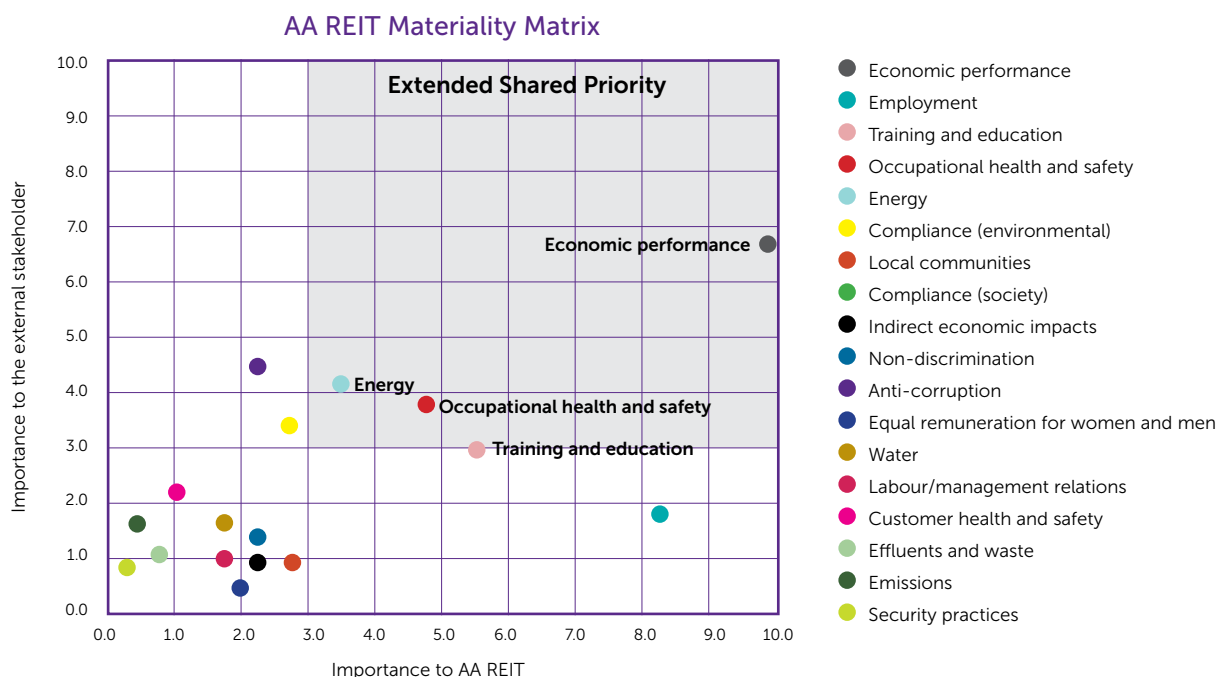
Sustainability Report

Stakeholders	Mode of engagement	Top three stakeholder concerns / sustainability issues
Bankers (Financiers of AA REIT) 	<ol style="list-style-type: none"> 1. Engagement through formal survey (biennially) 2. Email updates and regular informal communication through phone or face-to-face meeting (periodically) 	<ol style="list-style-type: none"> 1. Economic performance 2. Energy 3. Compliance (environmental)
Tenants 	<ol style="list-style-type: none"> 1. Engagement through formal survey (biennially) 2. Regular site visits, face-to-face meetings and phone calls (periodically) 3. Routine notices/email updates (periodically) 4. Targeted sponsorship to support tenants' corporate events (periodically) 	<ol style="list-style-type: none"> 1. Economic performance 2. Compliance (environmental) 3. Market presence
Property Managers 	<ol style="list-style-type: none"> 1. Engagement through formal survey (biennially) 2. Regular meetings (bi-monthly) 3. Email updates and phone calls (periodically) 	<ol style="list-style-type: none"> 1. Energy 2. Training and education 3. Anti-corruption
Bond Holders 	<ol style="list-style-type: none"> 1. Engagement through formal survey (biennially) 2. Face-to-face meetings (periodically) 	<ol style="list-style-type: none"> 1. Occupational health and safety 2. Energy 3. Anti-corruption
Board of Directors 	<ol style="list-style-type: none"> 1. Engagement through formal survey (biennially) 2. Board meetings held at least quarterly 3. Email updates and regular informal communication through phone (periodically) 4. New Directors' orientation and training 	<ol style="list-style-type: none"> 1. Economic performance 2. Anti-corruption 3. Compliance (environmental)
Senior management and team members 	<ol style="list-style-type: none"> 1. Engagement through formal survey (biennially) 2. Training and team building activities (periodically) 3. Monthly department meetings 4. Annual performance review 	<ol style="list-style-type: none"> 1. Economic performance 2. Employment 3. Training and education

Sustainability Report

Materiality

For the purpose of this Report, we completed a materiality assessment to define key aspects and indicators. Led by our Assistant Fund Manager, this assessment involved all levels of our identified key stakeholders and was guided by an external sustainability consultant. The key stakeholders of AA REIT were engaged via various platforms including formalised surveys. The sustainability concerns from the various channels were then consolidated and prioritised into a materiality matrix post consultation with the SC as shown in the matrix below:



Material aspects and indicators identified

Category	Material Aspects	List of Indicators	Aspect Boundary
Economic	Economic performance	<ul style="list-style-type: none"> G4-EC1: Direct economic value generated and distributed 	Within organisation
Social: Labour practices and decent work	Occupational health and safety	<ul style="list-style-type: none"> G4-LA5: Percentage of total workforce represented in formal joint management– worker health and safety committees that help monitor and advise on occupational health and safety programmes 	Within organisation and tenants
Social: Labour practices and decent work	Training and education	<ul style="list-style-type: none"> G4-LA9: Average hours of training per year per employee by gender, and by employee category 	Within organisation
Environmental	Energy	<ul style="list-style-type: none"> G4-EN3: Energy consumption within the organisation 	Common areas of properties with operational control

Sustainability Report



Area 1: People

Occupational health and safety ("OHS")

G4-DMA, G4-LA5

The Manager is committed to promoting occupational health and safety throughout the organisation.

Some of the initiatives include establishing an OHS Committee in FY2017, and providing training for employees, tenants and vendors on workplace health and safety procedures. This will help to ensure that these stakeholder groups are aware of, and comply with health and safety regulations.

Employees are also expected to report hazards, unsafe work practices and accidents to the OHS Committee. This is aimed at minimising workplace injuries.

The OHS Committee consists of four members from different departments. 19.0 per cent of our workforce are represented in this committee. Clear roles and responsibilities are assigned to the committee, and meetings are held at least once quarterly.



OHS programmes

'Are you ready for retirement' seminar

6 September 2016

Our staff gained knowledge on how to plan for their retirement and were provided with information on preparation and saving.

'TCM Gua Sha' workshop

29 June 2016

Our staff experienced live demonstration on 'Gua Sha' techniques for face, acupoints and meridian lines in traditional Chinese medicine to rejuvenate oneself.

Workplace Health and Safety Campaign

In conjunction with AA REIT's tenth year anniversary, brochures were distributed to all tenants at our properties to promote health and safety. Fruits were also given out to tenants at the property.



For the coming financial year ending 31 March 2018 ("FY2018"), we hope to implement the following OHS programmes:

- upgrade and maintain existing first aid kit;
- stock up on 3M N95 masks in preparation for hazy conditions. We are currently reviewing the *Guidelines for the Protection of Employees Against the Effects of Haze at Workplaces* in our business continuity plan;
- conduct workshops and frequent briefings on OHS for staff; and
- ensure that AA REIT's properties are equipped with automated external defibrillators.

Sustainability Report



Staff retention and development

G4-DMA

The Manager seeks to protect the wellness of our employees. The Manager recognises that staff well-being and career development are just as important to an employee as remuneration when it comes to talent retention. This can be done by creating a good working culture and nurturing a diverse work force. By developing people and giving them the right skills for growth, employees will feel empowered and valued by the company.

We ensure employees achieve optimal performance through professional course and on-the-job training. We strive to create a conducive work environment through fair and competitive human resources policies, and an equitable system of recognition and rewards.

Nurturing of next generation leaders and talent retention is essential for the sustainable growth of our business.



Staff development programmes

Managing defects in construction projects - A legal guide for developers

12 July 2016

Our staff learnt about valuable guidelines and skills that are pertinent to AA REIT's business operations.

Speaking with confidence

15 November 2016

Our staff were exposed to the art of speaking with confidence. Team members shared that they found the session very useful and learnt new techniques on how to convey information in a succinct manner.

Wolters Kluwer: Leases - Preparing for the new standard

17 March 2017

Our staff had a closer look at the new lease accounting standard and its application.



Sustainability Report



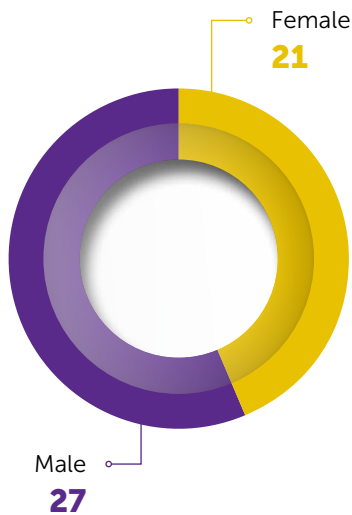
Training and workplace diversity

The Manager's workforce fully consists of permanent employees located in Singapore. Employees have a 1:4 male to female ratio (total workforce of 21 employees), and clocked an average of 22 training hours per employee per year in FY2017.

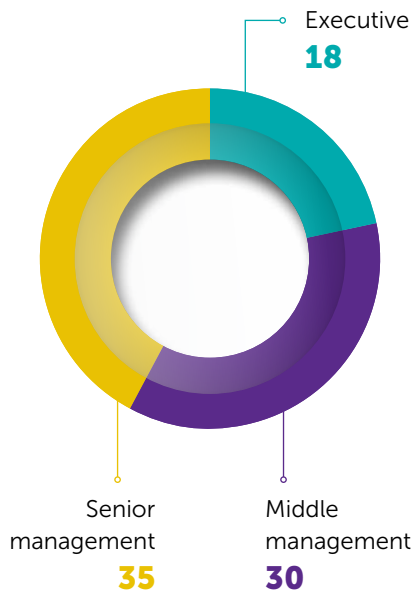
The Manager recognises that people contribute largely to the success of the business. As such, we believe in achieving high performance among our staff. Our initiatives show investments made in developing our talents through easy access to training for both genders, across all job profiles, highlighting the effort to also improve diversity in the workplace.

The Manager also promotes internal collaboration through regular team workshops and teambuilding activities.

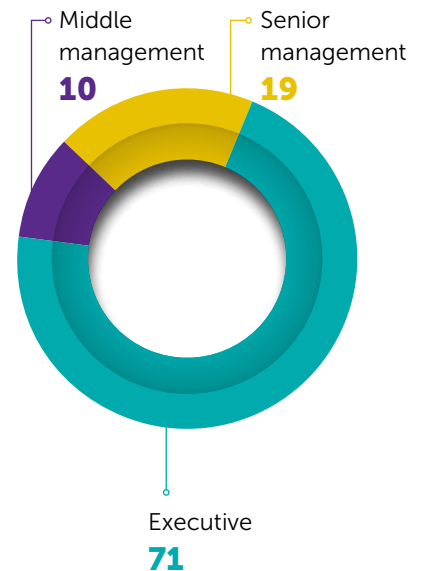
Average training hours per employee by gender (hours)



Average training hours per employee by job type (hours)



Employee by category (%)



G4-9, G4-10, G4-DMA, G4-LA9



For FY2018, we hope to increase the average training hours to 25 hours per employee per year.

Sustainability Report

Area 2: Environment

G4-DMA

AA REIT is committed to identifying, managing and minimising the environmental impact of its business operations.

The built environment accounts for a significant proportion of global energy use and greenhouse gas emissions. Energy wasted in buildings is an unnecessary cost to business and society.

Therefore, we continuously seek improvements in energy efficiency by investing in innovative and practical solutions to mitigate and prevent adverse environmental impacts, while also ensuring that environmental quality considerations are incorporated in AA REIT's daily business activities.

Last but not least, stakeholders will be informed of the relevant and appropriate fact-based information about the environmental quality of AA REIT's operations.

Green initiatives

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

AA REIT has mandated that all new developments which it undertakes to be BCA Green Mark compliant. Currently, approximately one-third of AA REIT's Singapore portfolio (by net lettable area) are BCA Green Mark compliant.

AA REIT's 1A International Business Park was awarded a BCA Green Mark Gold rating and has been recognised by BCA as one of the Top Ten commercial buildings for energy efficiency and sustainability under the 'Private

Office Buildings' category. The building uses double glazed low e-glass for curtain walls and all external windows, energy-efficient T5 light fittings, and is made up of environmentally-friendly materials with recycled content.

AA REIT's Optus Centre, Macquarie Park, New South Wales, Australia has maintained its NABERS Energy Rating of 5 stars this year. This was due to energy efficiency initiatives undertaken in FY2017, which included the continued installation of energy saving LED lights in the common areas. This is evident in NABERS Energy Rating's assessment result, where Optus Centre achieved an average of second lowest rating for lighting power consumption per unit area of lettable space.

Optus Centre's chiller plants were also optimised by installing chilled water flow meters, thermal energy calculators and changing the plant programming to run the plant at its optimum load without any impact to tenants' comfort. We foresee that this optimisation will achieve 15.0 per cent to 25.0 per cent savings annually on each plant and further utility savings of 100,000 kWh for medium to large chiller plants.

Best practices

To further reduce our carbon footprint, AA REIT has increased its use of e-tools in stakeholder communications. Starting from last year, Unitholders were given the choice to receive their annual report in electronic version. With the majority of Unitholders adopting this option, paper usage and printing of annual reports were significantly reduced. We expect the adoption rate to further increase moving forward.

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



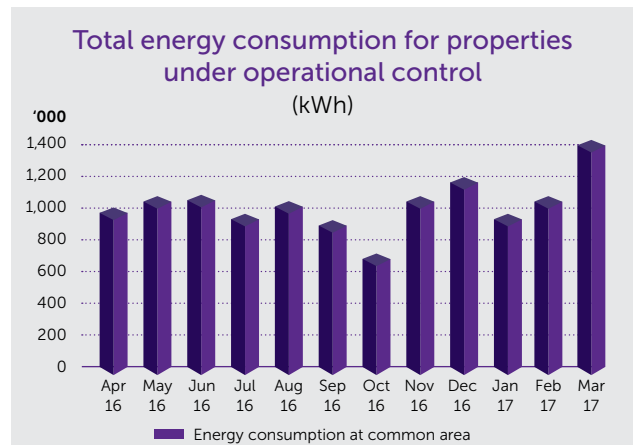
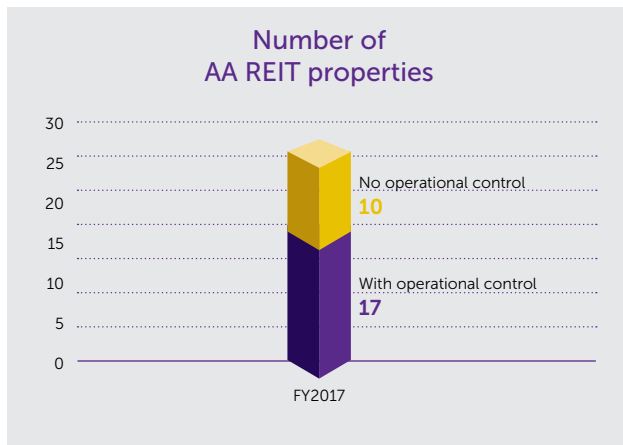
Sustainability Report

Energy consumption

G4-EN3

Maintenance and operation of buildings is one of the highest contributors towards high energy consumption. Increase in energy emission leads to higher carbon emission as well as higher operational cost. Therefore, AA REIT is committed to implement various measure in order to minimise energy wastage and achieve cost efficiency.

As at 31 March 2017, AA REIT had operational control over 17 of 27 properties in its portfolio. This Report details the environmental performance of those 17 properties which only covers the common areas (centralised building facilities, corridors and perimeter lighting). The total energy consumption for FY2017 was 11,945,641 kWh for properties in Singapore.



Area 3: Community

The Manager has actively engaged with stakeholders to understand and manage potential impacts of their business operations, while breaking down the community-business barriers through impactful sustainable initiatives. We hope to instil a culture of giving and cultivate a socially responsible workforce by being socially active through our Corporate Social Responsibility (“CSR”) programmes.

Starting from FY2017, the Manager launched its Blessed for Good (“BFG”) project where the Manager has adopted two elderly care centres namely, Fei Yue Senior Activity Centre (Holland Close) and Golden Years Centre (St Luke’s ElderCare). Under the BFG project, employees were given up to two days’ leave per year to do voluntary work in these adopted centres.



For FY2018, we hope to lower the overall energy consumption with more energy efficient initiatives.

Sustainability Report



BFG project

Fei Yue Senior Activity Centre

On 26 August 2016, the Manager's staff brought 25 seniors to the River Safari and on 6 January 2017, the staff visited the centre with Lunar New Year goodies and decorated the centre followed by an afternoon tea break and a game of "Bingo" with the elderly.

The Manager is proud to be a partner of Fei Yue. The programmes and services provided aim to improve seniors' quality of life and prevent social isolation.

Golden Years Centre

On 8 September 2016, the Manager's staff brought another 14 seniors to the River Safari and on 13 January 2017, the staff visited the centre with Lunar New Year goodies, and had an afternoon of fun and games with the elderly.

The Manager is proud to be a partner of St. Luke's ElderCare. St Luke's ElderCare is placed in the continuum of care for the elderly between the community hospitals and homes.



Fei Yue Senior Activity Centre



Golden Years Centre



AA REIT's 10th Anniversary at Ren Ci Hospital

Celebrating AA REIT's 10th Year Anniversary

To commemorate AA REIT's 10th year anniversary and in conjunction with the theme of 'Partnerships', the Manager partnered with Ren Ci Hospital on 20 April 2017 to interact with patients and engage them through games and art and craft in order to learn more about patients who require palliative care.

Sustainability Report

GRI Content Index

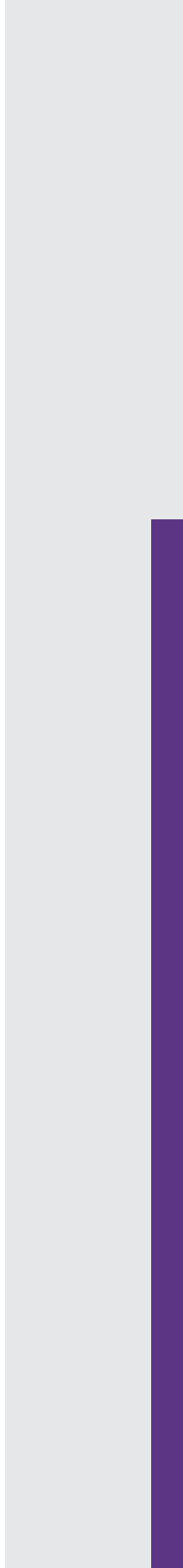
General standard disclosures	Description	Page reference, performance and/or explanation for omissions
Strategy & analysis		
G4-1	Statement from the most senior decision maker of the organisation	55
Organisational profile		
G4-3	Name of the organisation	51 to 52
G4-4	Primary brands, products and services	Industrial real estate management
G4-5	Location of organisation's headquarters	Corporate Directory
G4-6	Number and names of countries where the organisation operates	109 to 110
G4-7	Nature of ownership and legal form	5, 139
G4-8	Markets served	109 to 110
G4-9	Scale of organisation	12 to 14, 62, 107 to 120
G4-10	Workforce	62
G4-11	Percentage of employees covered by collective bargaining agreements	Not applicable
G4-12	Organisation's supply chain	54
G4-13	Significant changes during the reporting period	15 to 19, 107 to 120
G4-14	How the precautionary approach is addressed	52 to 53
G4-15	Charters, principles or other initiatives to which the organisation is subscribed to	54
G4-16	List of memberships or associations and national/international advocacy in which the organisation holds a position, participates, provides substantive funding or view membership as strategic	REIT Association of Singapore (REITAS) (Chief Executive Officer is an Exco member of REITAS)
Identified material aspects and boundaries		
G4-17	Entities included in the organisation's consolidated financial statements Report whether any entity included in the organisation's consolidated financial statements or equivalent documents is not covered by the Report	54, 109 to 110, 157 to 159
G4-18	Process for defining report content and Aspect Boundaries, and how the organisation has implemented the Reporting Principles for Defining Report Content	54
G4-19	List all Material Aspects identified in the process for defining report content	59

Sustainability Report

General standard disclosures	Description	Page reference, performance and/or explanation for omissions
G4-20	For each Material Aspect, report the Aspect Boundary within the organisation	54, 59
G4-21	For each Material Aspect, report the Aspect Boundary outside the organisation	54, 59
G4-22	Restatements	Not applicable
G4-23	Significant changes in Scope and Aspect Boundary	Not applicable
Stakeholder engagement		
G4-24	List of stakeholder groups	57 to 58
G4-25	Basis for identification and selection of stakeholders	57 to 58
G4-26	Organisation's approach to stakeholder engagement	57 to 58
G4-27	Key topics raised through stakeholder engagement	57 to 58
Report profile		
G4-28	Report profile	51
G4-29	Date of most recent previous report	Not applicable
G4-30	Reporting cycle	51
G4-31	Contact point	54
G4-32	GRI Content Index	66 to 67
G4-33	External assurance	We have not sought external assurance for this reporting period
Governance		
G4-34	Governance structure and composition	31 to 50, 53
Ethics and integrity		
G4-56	Values, principles, standards and codes of conduct and ethics	1, 31 to 50
Specific standard disclosures		
<i>Category: Economic</i>		
G4-DMA	Disclosures on Management Approach	8 to 11
G4-EC1	Direct economic value generated and distributed	130 to 132, 182 to 183
<i>Category: Environmental</i>		
G4-DMA	Disclosures on Management Approach	63
G4-EN3	Energy consumption within the organisation	64
<i>Category: Social (Labour practices and decent work)</i>		
G4-DMA	Disclosures on Management Approach	60 to 62
G4-LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programmes	60
G4-LA9	Average hours of training per year per employee by gender, and by employee category	62



MOULDED





Crafting pottery is an intricate process, evoking traditional skill, dedication and perfection through the mastery of detail. With an intimate knowledge of the craft, a craftsman slowly moulds a lump of clay, firing it and punctuating a series of chemical processes that define the pottery's hardness.

BY STRATEGY

Our long term strategy is shaped by our passion for delivering sustainable and yield-accretive value to our Unitholders. By proactively managing the REIT's diversified portfolio of assets and leases, emphasising value-creation and a sustainable capital structure, we constantly seek to future-proof the REIT and create future growth opportunities.

Property Showcase

First Greenfield Build-to-suit Development at 51 Marsiling Road

Target completion in second half of 2017



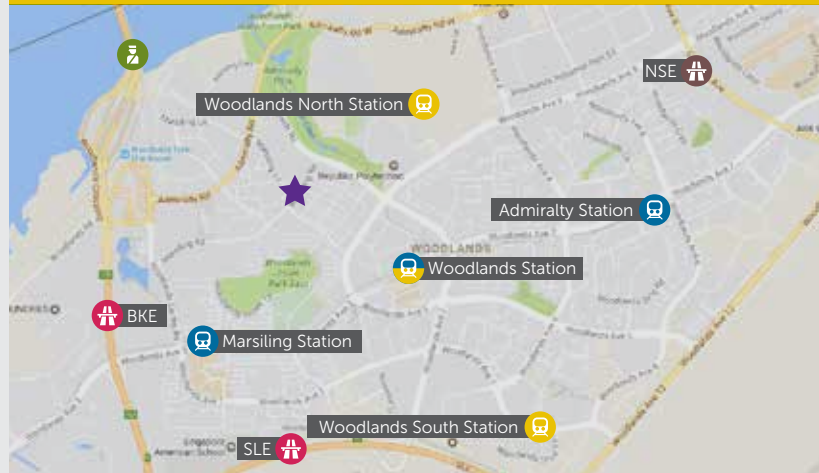
Artist's impression

\$39.4 million

Development (including land cost)

The location will be enhanced with the improved infrastructure and connectivity in the area, particularly with the future North-South Expressway which will reduce travelling time to the city. The upcoming Thomson Line will have three stations in Woodlands by 2019.

Location Map



- ★ 51 Marsiling Road
- Existing MRT Stations
- Upcoming Thomson Line¹
- Existing expressways
- Future North-South Expressway² ("NSE")

¹ Source: Land Transport Authority: 'New MRT Station in Woodlands in 2019, Annex C – Map of Thomson Line', 23 August 2013.
² Source: Land Transport Authority: 'Full Alignment of North-South Expressway Unveiled, detailed maps', 15 November 2011.

Property Showcase

Development progress



100.0 per cent

pre-committed by leading manufacturer - Beyonics International Pte Ltd



10-year master lease

with rent escalations



S\$3.5 million

in annual rental income (Year 1)



To be valued at

S\$42.9 million

upon completion¹

¹ Based on CBRE Pte. Ltd.'s valuation dated 31 March 2017 on a "Completed" basis.

Property Showcase

20 Gul Way, Singapore



The property comprises a five-storey warehouse and logistics facility serviced by a central vehicular ramp with a substantial hardstand marshalling yard. The property has 291 loading and unloading bays that are mostly fitted with dock-levellers.

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

Property details

Valuation (S\$ million)	263.20
Valuation date	31 March 2017
Valuation as percentage of total portfolio value (%)	18.21
Capitalisation rate (%)	6.75
Acquisition date	19 April 2007
Purchase price (S\$ million)	39.40
Leasehold title expiry date	15 January 2041
Land area (sq m)	76,946.10
Gross floor area (sq m)	153,892.20
Net lettable area (sq m)	153,892.20
Property type	Ramp-up Warehouse
Town planning	Business 2
Maximum plot ratio	2.00
Current plot ratio	2.00

Lease terms

Lease type	Part master lease (CWT Limited), part multi-tenanted
Occupancy of property (%)	100.0
Annual gross rental income FY2017 (S\$ million)	28.45

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



The property is a secure campus style A Grade business park which was completed in 2007 and comprises six buildings and parking for 2,100 cars. The buildings are a combination of four and five levels and are arranged in a chevron shape that opens to the main entrance. The buildings are serviced by a total of 15 passenger lifts and two goods lifts. Amenities include a secure central courtyard featuring extensive landscaping, water feature, paved seating areas and a basketball court. The business park also provides various cafes, retail food court area, bar, automated teller machines, a convenience store and a childcare centre for the exclusive use of employees.

It is located at 1-5 Lyonpark Road, Macquarie Park with access to Epping Road and is a short drive from Macquarie Shopping Centre and Macquarie University. It is approximately 15.0 km to the northwest of the Sydney central business district and is approximately 12.0 km to the northwest of the North Sydney central business district.

Property details

Valuation (S\$ million)	232.63 ¹
Valuation date	31 March 2017
Valuation as percentage of total portfolio value (%)	16.10
Capitalisation rate (%)	6.75
Acquisition date	7 February 2014
Purchase price (S\$ million)	205.33 ²
Leasehold title expiry date	Freehold
Land area (sq m)	75,860.00
Gross floor area (sq m)	84,194.00
Net lettable area (sq m)	84,194.00
Property type	Business Park
Town planning	Business Park

Lease terms

Lease type	Master Lease (Optus Administration Pty Limited)
Occupancy of property (%)	100.0
Annual gross rental income FY2017 (S\$ million)	17.02

¹ Based on 49.0 per cent interest in the property and exchange rate of A\$1.00 = S\$1.0669. The valuation for the property is A\$445.0 million appraised by CBRE Valuations Pty Limited as at 31 March 2017.

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

Property Showcase

Property details

Valuation (S\$ million)	170.00
Valuation date	31 March 2017
Valuation as percentage of total portfolio value (%)	11.76
Capitalisation rate (%)	6.50
Acquisition date	15 October 2010
Purchase price (S\$ million)	161.00
Leasehold title expiry date	15 October 2049
Land area (sq m)	38,297.00
Gross floor area (sq m)	95,758.40
Net lettable area (sq m)	95,500.00
Property type	Ramp-up Warehouse
Town planning	Business 2
Maximum plot ratio	2.50
Current plot ratio	2.50

Lease terms

Lease type	Multi-tenanted
Occupancy of property (%)	96.1
Annual gross rental income FY2017 (S\$ million)	14.12

27 Penjuru Lane, Singapore



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

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

Property details

Valuation (S\$ million)	146.00
Valuation date	31 March 2017
Valuation as percentage of total portfolio value (%)	10.10
Capitalisation rate (%)	6.00
Acquisition date	19 April 2007
Purchase price (S\$ million)	115.00
Leasehold title expiry date	31 May 2068
Land area (sq m)	32,376.50
Gross floor area (sq m)	80,940.00
Net lettable area (sq m)	65,889.30
Property type	Cargo Lift Warehouse
Town planning	Business 2
Maximum plot ratio	2.50
Current plot ratio	2.50

Lease terms

Lease type	Multi-tenanted
Occupancy of property (%)	89.0
Annual gross rental income FY2017 (S\$ million)	11.49

8 & 10 Pandan Crescent, Singapore



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

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

Property Showcase

29 Woodlands Industrial Park E1, Singapore



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

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

Property details

Valuation (S\$ million)	100.00
Valuation date	31 March 2017
Valuation as percentage of total portfolio value (%)	6.92
Capitalisation rate (%)	6.50
Acquisition date	21 February 2011
Purchase price (S\$ million)	72.00
Leasehold title expiry date	8 January 2055
Land area (sq m)	17,955.50
Gross floor area (sq m)	45,481.26
Net lettable area (sq m)	36,767.70
Property type	Hi-Tech
Town planning	Business 2
Maximum plot ratio	2.53
Current plot ratio	2.53

Lease terms

Lease type	Multi-tenanted
Occupancy of property (%)	100.0
Annual gross rental income FY2017 (S\$ million)	9.84

1A International Business Park, Singapore



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

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

Property details

Valuation (S\$ million)	88.50
Valuation date	31 March 2017
Valuation as percentage of total portfolio value (%)	6.12
Capitalisation rate (%)	6.00
Acquisition date	30 November 2009
Purchase price (S\$ million)	90.20
Leasehold title expiry date	31 May 2059
Land area (sq m)	7,988.40
Gross floor area (sq m)	19,949.60
Net lettable area (sq m)	16,697.00
Property type	Business Park
Town planning	Business Park
Maximum plot ratio	2.50
Current plot ratio	2.50

Lease terms

Lease type	Master Lease (Eurochem Corporation Pte Ltd)
Occupancy of property (%)	100.0
Annual gross rental income FY2017 (S\$ million)	8.66

Property Showcase

Property details

Valuation (S\$ million)	60.70
Valuation date	31 March 2017
Valuation as percentage of total portfolio value (%)	4.20
Capitalisation rate (%)	6.25
Acquisition date	11 January 2010
Purchase price (S\$ million)	17.30
Leasehold title expiry date	31 December 2055
Land area (sq m)	12,894.90
Gross floor area (sq m)	26,817.50
Net lettable area (sq m)	26,817.50
Property type	Ramp-up Warehouse
Town planning	Business 2
Maximum plot ratio	2.10
Current plot ratio	2.08

Lease terms

Lease type	Master Lease (CWT Limited)
Occupancy of property (%)	100.0
Annual gross rental income FY2017 (S\$ million)	0.58 (income contribution from 27 February 2017)

30 Tuas West Road, Singapore



The property, which had its redevelopment completed in December 2016, comprises a purpose-built five-storey ramp-up warehouse facility with mezzanine office and six loading and unloading bays with dock-levellers on each level. The land parcels at 30 & 32 Tuas West Road have been amalgamated and are now known as 30 Tuas West Road.

It is located within the well-established Jurong Industrial Estate on the south-eastern side of Tuas West Road near its junction with Pioneer Road and is approximately 28.0 km from the City Centre. The property is a short walk from the Tuas West Road MRT station. Accessibility to other parts of Singapore is enhanced by its proximity to Pan Island Expressway and Ayer Rajah Expressway. The property is also a short drive from the Tuas Checkpoint, the second causeway between Singapore and Malaysia.

Property details

Valuation (S\$ million)	36.00
Valuation date	31 March 2017
Valuation as percentage of total portfolio value (%)	2.49
Capitalisation rate (%)	6.75
Acquisition date	21 January 2008
Purchase price (S\$ million)	14.50
Leasehold title expiry date	30 June 2043
Land area (sq m)	7,541.00
Gross floor area (sq m)	18,852.50
Net lettable area (sq m)	17,935.20
Property type	Cargo Lift Warehouse
Town planning	Business 1
Maximum plot ratio	2.50
Current plot ratio	2.50

Lease terms

Lease type	Multi-tenanted
Occupancy of property (%)	76.4
Annual gross rental income FY2017 (S\$ million)	3.52

103 Defu Lane 10, Singapore



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

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

Property Showcase

15 Tai Seng Drive, Singapore



The property comprises a five-storey light industrial building with a basement. The building has three loading and unloading bays with dock-levellers and is serviced by two passenger lifts and two cargo lifts.

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

Property details

Valuation (S\$ million)	32.60
Valuation date	31 March 2017
Valuation as percentage of total portfolio value (%)	2.26
Capitalisation rate (%)	6.75
Acquisition date	17 December 2007
Purchase price (S\$ million)	28.90
Leasehold title expiry date	31 March 2051
Land area (sq m)	9,077.90
Gross floor area (sq m)	22,594.00
Net lettable area (sq m)	17,886.60
Property type	Industrial
Town planning	Business 2
Maximum plot ratio	2.50
Current plot ratio	2.49

Lease terms

Lease type	Multi-tenanted
Occupancy of property (%)	89.9
Annual gross rental income FY2017 (S\$ million)	3.71

1 Bukit Batok Street 22, Singapore



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

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

Property details

Valuation (S\$ million)	26.00
Valuation date	31 March 2017
Valuation as percentage of total portfolio value (%)	1.80
Capitalisation rate (%)	6.75
Acquisition date	19 April 2007
Purchase price (S\$ million)	18.00
Leasehold title expiry date	30 June 2055
Land area (sq m)	6,399.30
Gross floor area (sq m)	15,978.40
Net lettable area (sq m)	14,116.06
Property type	Industrial
Town planning	Business 1
Maximum plot ratio	2.50
Current plot ratio	2.50

Lease terms

Lease type	Multi-tenanted
Occupancy of property (%)	84.7
Annual gross rental income FY2017 (S\$ million)	2.28

Property Showcase

Property details

Valuation (S\$ million)	22.70
Valuation date	31 March 2017
Valuation as percentage of total portfolio value (%)	1.57
Capitalisation rate (%)	6.75
Acquisition date	11 January 2010
Purchase price (S\$ million)	19.30
Leasehold title expiry date	15 November 2056
Land area (sq m)	10,724.40
Gross floor area (sq m)	12,492.40
Net lettable area (sq m)	11,956.10
Property type	Cargo Lift Warehouse
Town planning	Business 2
Maximum plot ratio	1.60
Current plot ratio	1.16

Lease terms

Lease type	Multi-tenanted
Occupancy of property (%)	100.0
Annual gross rental income FY2017 (S\$ million)	2.59

3 Toh Tuck Link, Singapore



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

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

Property details

Valuation (S\$ million)	22.3
Valuation date	31 March 2017
Valuation as percentage of total portfolio value (%)	1.54
Capitalisation rate (%)	6.65
Acquisition date	19 April 2007
Purchase price (S\$ million)	33.80
Leasehold title expiry date	15 June 2056
Land area (sq m)	9,219.10
Gross floor area (sq m)	14,793.00
Net lettable area (sq m)	12,740.80
Property type	Cargo Lift Warehouse
Town planning	Business 2
Maximum plot ratio	2.50
Current plot ratio	1.60

Lease terms

Lease type	Multi-tenanted
Occupancy of property (%)	100.0
Annual gross rental income FY2017 (S\$ million)	2.63

10 Changi South Lane, Singapore



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

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

Property Showcase

11 Changi South Street 3, Singapore



The property comprises a four-storey light industrial building which has 60 car park lots and industrial/warehouse space located at the basement. The building is served by two passenger lifts, two cargo lifts and three loading and unloading bays with dock-levellers.

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

Property details

Valuation (S\$ million)	21.40
Valuation date	31 March 2017
Valuation as percentage of total portfolio value (%)	1.48
Capitalisation rate (%)	6.75
Acquisition date	17 December 2007
Purchase price (S\$ million)	20.80
Leasehold title expiry date	31 March 2055
Land area (sq m)	8,832.60
Gross floor area (sq m)	14,187.30
Net lettable area (sq m)	11,896.80
Property type	Cargo Lift Warehouse
Town planning	Business 2
Maximum plot ratio	2.00
Current plot ratio	1.61

Lease terms

Lease type	Multi-tenanted
Occupancy of property (%)	62.7
Annual gross rental income FY2017 (S\$ million)	1.76

23 Tai Seng Drive, Singapore



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

It is located at the eastern junction of Tai Seng Drive and Tai Seng Avenue, off Airport Road and Hougang Avenue 3, within the Tai Seng Industrial Estate and is approximately 9.5 km from the City Centre. The property is a short drive from Tai Seng MRT station and is well-served by major roads and expressways such as Paya Lebar Road, Eunos Link, Pan Island Expressway, Kallang-Paya Lebar Expressway as well as the Bartley viaduct.

Property details

Valuation (S\$ million)	21.00
Valuation date	31 March 2017
Valuation as percentage of total portfolio value (%)	1.45
Capitalisation rate (%)	6.75
Acquisition date	11 January 2010
Purchase price (S\$ million)	17.20
Leasehold title expiry date	31 July 2050
Land area (sq m)	3,813.60
Gross floor area (sq m)	9,493.10
Net lettable area (sq m)	8,456.40
Property type	Industrial
Town planning	Business 2
Maximum plot ratio	2.50
Current plot ratio	2.49

Lease terms

Lease type	Multi-tenanted
Occupancy of property (%)	95.4
Annual gross rental income FY2017 (S\$ million)	1.23

Property Showcase

Property details

Valuation (S\$ million)	20.60
Valuation date	31 March 2017
Valuation as percentage of total portfolio value (%)	1.43
Capitalisation rate (%)	6.75
Acquisition date	19 April 2007
Purchase price (S\$ million)	20.80
Leasehold title expiry date	15 March 2055
Land area (sq m)	17,802.70
Gross floor area (sq m)	16,334.30
Net lettable area (sq m)	14,700.10
Property type	Manufacturing
Town planning	Business 2
Maximum plot ratio	1.40
Current plot ratio	0.92

Lease terms

Lease type	Master Lease (Cimelia Resource Recovery Pte Ltd)
Occupancy of property (%)	100.0
Annual gross rental income FY2017 (S\$ million)	2.56

3 Tuas Avenue 2, Singapore



The property comprises a purpose-built industrial building fronted by a two-storey office block, a single-storey production and a part two and part three-storey production/warehouse block at the rear. The property is served by a cargo lift at the production/warehouse building, which has loading and unloading areas.

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

Property details

Valuation (S\$ million)	20.30
Valuation date	31 March 2017
Valuation as percentage of total portfolio value (%)	1.40
Capitalisation rate (%)	6.50
Acquisition date	10 March 2008
Purchase price (S\$ million)	25.00
Leasehold title expiry date	30 June 2054
Land area (sq m)	5,420.10
Gross floor area (sq m)	12,385.00
Net lettable area (sq m)	9,652.97
Property type	Industrial
Town planning	Business 1
Maximum plot ratio	2.50
Current plot ratio	2.29

Lease terms

Lease type	Multi-tenanted
Occupancy of property (%)	69.9
Annual gross rental income FY2017 (S\$ million)	2.12

135 Joo Seng Road, Singapore



The property comprises an eight-storey light industrial building with sheltered car parks on the first storey and a canteen located on the second storey. The building is served by two passenger and two cargo lifts with four loading and unloading bays located on the first storey.

It is located at the north-western junction of Joo Seng Road and Jalan Bunga Rampai and is approximately 8.0 km from the City Centre. The property is in proximity to Tai Seng MRT station and Bartley MRT station. It is well-served by Upper Paya Lebar Road and Upper Aljunied Road, which are both directly linked with Central Expressway, Pan Island Expressway and Kallang-Paya Lebar Expressway.

Property Showcase

61 Yishun Industrial Park A, Singapore



The property comprises a six-storey light industrial building suitable for light manufacturing, warehouse, distribution and ancillary offices. The building is served by one passenger lift and three cargo lifts, as well as six loading and unloading bays with four dock-levellers located on the first storey.

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

Property details

Valuation (S\$ million)	20.00
Valuation date	31 March 2017
Valuation as percentage of total portfolio value (%)	1.38
Capitalisation rate (%)	6.75
Acquisition date	21 January 2008
Purchase price (S\$ million)	24.60
Leasehold title expiry date	31 August 2052
Land area (sq m)	5,921.80
Gross floor area (sq m)	14,601.00
Net lettable area (sq m)	11,941.50
Property type	Industrial
Town planning	Business 2
Maximum plot ratio	2.50
Current plot ratio	2.47

Lease terms

Lease type	Multi-tenanted
Occupancy of property (%)	64.1
Annual gross rental income FY2017 (S\$ million)	1.82

56 Serangoon North Avenue 4, Singapore



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

It is located on the eastern end of Serangoon North Avenue 4, bounded by Yio Chu Kang Road to the east within the Serangoon North Industrial Estate and is approximately 11.5 km from the City Centre. The property is in proximity to Ang Mo Kio MRT station and is well-served by major expressways and roads such as Central Expressway, Seletar Expressway, Tampines Expressway, Yio Chu Kang Road and Ang Mo Kio Avenue 3 and 5.

Property details

Valuation (S\$ million)	18.90
Valuation date	31 March 2017
Valuation as percentage of total portfolio value (%)	1.31
Capitalisation rate (%)	6.50
Acquisition date	11 January 2010
Purchase price (S\$ million)	14.80
Leasehold title expiry date	15 May 2055
Land area (sq m)	4,999.10
Gross floor area (sq m)	11,750.95
Net lettable area (sq m)	9,881.40
Property type	Cargo Lift Warehouse
Town planning	Business 1
Maximum plot ratio	2.50
Current plot ratio	2.35

Lease terms

Lease type	Multi-tenanted
Occupancy of property (%)	96.4
Annual gross rental income FY2017 (S\$ million)	2.20

Property Showcase

Property details

Valuation (S\$ million)	16.00
Valuation date	31 March 2017
Valuation as percentage of total portfolio value (%)	1.11
Capitalisation rate (%)	6.75
Acquisition date	3 October 2007
Purchase price (S\$ million)	16.80
Leasehold title expiry date	30 June 2054
Land area (sq m)	6,851.40
Gross floor area (sq m)	8,770.90
Net lettable area (sq m)	8,017.50
Property type	Manufacturing
Town planning	Business 1
Maximum plot ratio	2.50
Current plot ratio	1.28

Lease terms

Lease type	Master Lease (King Plastic Pte Ltd)
Occupancy of property (%)	100.0
Annual gross rental income FY2017 (S\$ million)	1.89

541 Yishun Industrial Park A, Singapore



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

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

Property details

Valuation (S\$ million)	15.30
Valuation date	31 March 2017
Valuation as percentage of total portfolio value (%)	1.06
Capitalisation rate (%)	6.75
Acquisition date	19 April 2007
Purchase price (S\$ million)	15.20
Leasehold title expiry date	31 March 2047
Land area (sq m)	5,610.20
Gross floor area (sq m)	7,325.00
Net lettable area (sq m)	6,255.00
Property type	Manufacturing
Town planning	Business 1
Maximum plot ratio	2.50
Current plot ratio	1.31

Lease terms

Lease type	Master Lease (CIT Cosmeceutical Pte. Ltd)
Occupancy of property (%)	100.0
Annual gross rental income FY2017 (S\$ million)	2.08

2 Ang Mo Kio Street 65, Singapore



The property comprises an L-shaped three-storey detached factory building incorporating production area, laboratories, warehouses and office areas. The building is served by a cargo lift and a passenger lift.

It is located in the Ang Mo Kio Industrial Estate on the north-eastern junction of Ang Mo Kio Street 65 and Street 64, off Yio Chu Kang Road and Ang Mo Kio Avenue 6 and is approximately 14.0 km from the City Centre. The property is well-served by major arterial roads and expressways such as Central Expressway, Seletar Expressway and Tampines Expressway and is within close proximity to Yio Chu Kang MRT station and bus interchange.

Property Showcase

1 Kallang Way 2A, Singapore



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

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

Property details

Valuation (S\$ million)	12.50
Valuation date	31 March 2017
Valuation as percentage of total portfolio value (%)	0.86
Capitalisation rate (%)	6.50
Acquisition date	30 January 2008
Purchase price (S\$ million)	14.00
Leasehold title expiry date	30 June 2055
Land area (sq m)	3,231.40
Gross floor area (sq m)	8,029.29
Net lettable area (sq m)	6,583.50
Property type	Industrial
Town planning	Business 2
Maximum plot ratio	2.50
Current plot ratio	2.48

Lease terms

Lease type	Multi-tenanted
Occupancy of property (%)	100.0
Annual gross rental income FY2017 (S\$ million)	1.10

8 Senoko South Road, Singapore



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

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

Property details

Valuation (S\$ million)	12.30
Valuation date	31 March 2017
Valuation as percentage of total portfolio value (%)	0.85
Capitalisation rate (%)	6.75
Acquisition date	19 April 2007
Purchase price (S\$ million)	12.80
Leasehold title expiry date	31 October 2054
Land area (sq m)	7,031.30
Gross floor area (sq m)	9,249.00
Net lettable area (sq m)	7,278.80
Property type	Manufacturing
Town planning	Business 2
Maximum plot ratio	2.50
Current plot ratio	1.32

Lease terms

Lease type	Master Lease (Sin Hwa Dee Food Stuff Industries Pte Ltd)
Occupancy of property (%)	100.0
Annual gross rental income FY2017 (S\$ million)	1.42

Property Showcase

Property details

Valuation (S\$ million)	11.50
Valuation date	31 March 2017
Valuation as percentage of total portfolio value (%)	0.80
Capitalisation rate (%)	6.75
Acquisition date	19 April 2007
Purchase price (S\$ million)	8.30
Leasehold title expiry date	31 December 2053
Land area (sq m)	5,823.30
Gross floor area (sq m)	6,642.16
Net lettable area (sq m)	5,715.13
Property type	Manufacturing
Town planning	Business 2
Maximum plot ratio	1.40
Current plot ratio	1.14

Lease terms

Lease type	Master Lease (Aalst Chocolate Pte Ltd)
Occupancy of property (%)	100.0
Annual gross rental income FY2017 (S\$ million)	1.33

26 Tuas Avenue 7, Singapore



The property comprises a two-storey purpose-built factory with a mezzanine office level. The building has four loading and unloading bays, one cargo lift, and one substation.

It is located at the junction of Tuas Avenue 7 and Tuas West Road within the Jurong Industrial Estate. The property is well-served by major arterial roads and expressways such as Jalan Ahmad Ibrahim, Ayer Rajah Expressway and Pan Island Expressway and is approximately 27.5 km from the City Centre. The property is a short drive from the Tuas West Road and Tuas Link MRT stations and the Tuas Checkpoint, the second causeway between Singapore and Malaysia.

Property details

Valuation (S\$ million)	10.90
Valuation date	31 March 2017
Valuation as percentage of total portfolio value (%)	0.75
Capitalisation rate (%)	6.75
Acquisition date	31 March 2008
Purchase price (S\$ million)	18.30
Leasehold title expiry date	15 June 2053
Land area (sq m)	9,998.30
Gross floor area (sq m)	9,081.30
Net lettable area (sq m)	8,099.30
Property type	Cargo Lift Warehouse
Town planning	Business 2
Maximum plot ratio	1.60
Current plot ratio	0.91

Lease terms

Lease type	Multi-tenanted
Occupancy of property (%)	94.2
Annual gross rental income FY2017 (S\$ million)	1.35

7 Clementi Loop, Singapore



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

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

Property Showcase

10 Soon Lee Road, Singapore



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

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

Property details

Valuation (S\$ million)	6.40
Valuation date	31 March 2017
Valuation as percentage of total portfolio value (%)	0.44
Capitalisation rate (%)	7.00
Acquisition date	19 April 2007
Purchase price (S\$ million)	8.70
Leasehold title expiry date	12 March 2041
Land area (sq m)	9,303.30
Gross floor area (sq m)	8,142.00
Net lettable area (sq m)	7,224.20
Property type	Industrial
Town planning	Business 2
Maximum plot ratio	2.50
Current plot ratio	0.88

Lease terms

Lease type	Multi-tenanted
Occupancy of property (%)	71.7
Annual gross rental income FY2017 (S\$ million)	0.83

8 & 10 Tuas Avenue 20, Singapore



The property comprises a proposed three-storey versatile industrial facility with ramp and cargo lift access that is currently under development and is expected to be completed in the second half of 2017. As at 31 March 2017, approximately 75 per cent of the development has been completed. The land parcels at 8 & 10 Tuas Avenue 20 will be amalgamated and be known as 8 Tuas Avenue 20. Upon completion, the development will have 12 loading and unloading bays with dock-levellers and direct vehicular access to the second storey via a ramp.

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

Property details

Valuation on "As is" basis (S\$ million)	19.40
Valuation on "Completed" basis (S\$ million)	31.40
Valuation date	31 March 2017
Valuation as percentage of total portfolio value (%)	1.34
Capitalisation rate (%)	6.50
Acquisition date	19 April 2007
Purchase price (S\$ million)	11.60
Leasehold title expiry date - 8 Tuas Avenue 20	31 December 2050
- 10 Tuas Avenue 20	30 September 2052
Land area (sq m)	10,560.00
Proposed gross floor area (sq m)	14,757.80
Proposed net lettable area (sq m)	14,019.90
Property type	Industrial
Town planning	Business 2
Maximum plot ratio	1.40
Proposed plot ratio	1.40

Lease terms

Lease type	Multi-tenanted
Occupancy of property (%)	Under development
Annual gross rental income FY2017 (S\$ million)	0.02 (prior to redevelopment works)

Property Showcase

Property details

Valuation on "As is" basis (S\$ million)	18.20
Valuation on "Completed" basis (S\$ million)	42.90
Valuation date	31 March 2017
Valuation as percentage of total portfolio value (%)	1.26
Capitalisation rate (%)	6.50
Acquisition date	16 November 2016
Purchase price of land (S\$ million)	9.72
Leasehold title expiry date	31 July 2044
Land area (sq m)	8,611.60
Proposed gross floor area (sq m)	21,528.99
Proposed net lettable area (sq m)	21,528.99
Property type	Industrial
Town planning	Business 2
Maximum plot ratio	2.50
Proposed plot ratio	2.50

Lease terms

Lease type	Master lease (Beyonics International Pte Ltd)
Occupancy of property (%)	Under development

51 Marsiling Road, Singapore



The property is currently being developed into a five-storey purpose-built industrial building with cargo lift access and is expected to be completed in the second half of 2017. As at 31 March 2017, approximately 30 per cent of the development has been completed.

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

Overview of the Singapore Economy and industrial real estate market

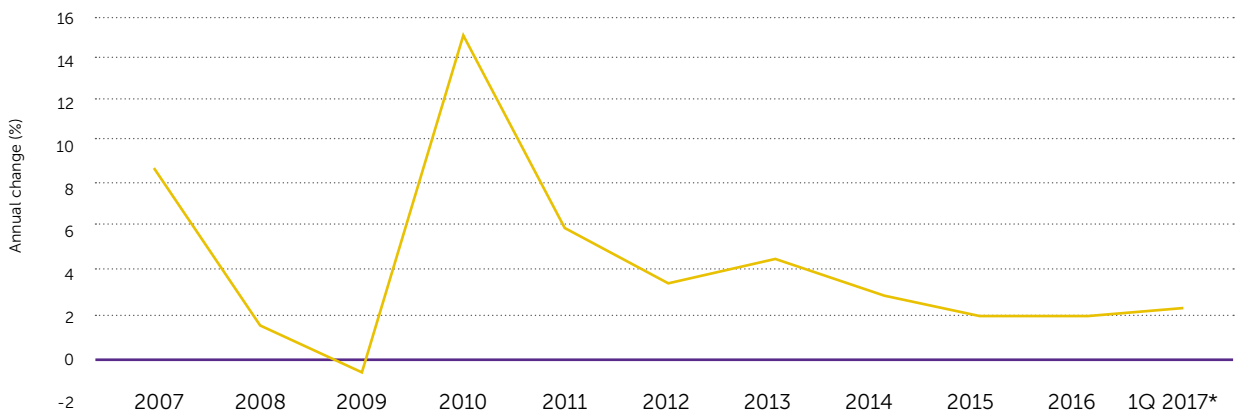
The following report was prepared by Knight Frank Pte Ltd ("Knight Frank") as at 22 May 2017 for the purpose of its inclusion in this Annual Report.

1 Overview of Singapore economy

1.1 Singapore economic performance

Singapore's Gross Domestic Product ("GDP") expanded by 2.5 per cent year-on-year ("y-o-y") in the first quarter of 2017. The stronger growth in 1Q 2017 is largely supported by expansions in the manufacturing, wholesale & retail trade, transportation & storage sectors. In contrast, the construction sector contracted 1.1 per cent for 1Q 2017 due to a slowdown in private sector construction activities. For the whole of 2016, Singapore's economy grew by two per cent y-o-y, according to the advance estimates by the Ministry of Trade and Industry ("MTI").

Exhibit 1-1: Singapore GDP growth rate, 2007 to 1Q 2017*



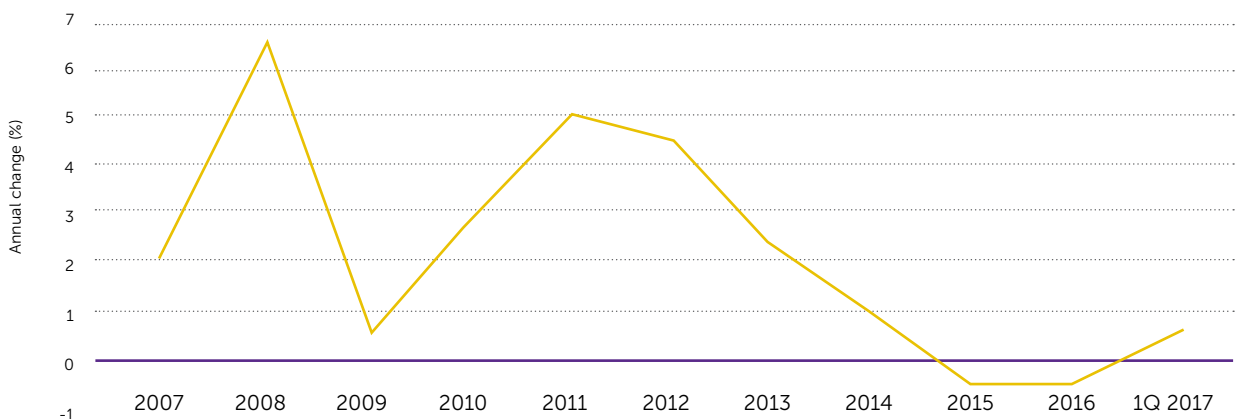
Source: MTI, Singstat, Knight Frank Research.

* Based on advance estimates from MTI as at 13 April 2017. According to Singapore Department of Statistic ("Singstat"), actual 1Q 2017 GDP will be released on 25 May 2017.

1.2 Inflation rate

The Singapore Consumer Price Index posted 0.5 per cent y-o-y growth for 1Q 2017, the first inflation since 2014. The increase in prices of food and education was marginally offset by declines in prices of housing and utilities. (Exhibit 1-2).

Exhibit 1-2: Singapore inflation rate, 2007 to 1Q 2017



Source: Singstat, Knight Frank Research.

Overview of the Singapore Economy and industrial real estate market

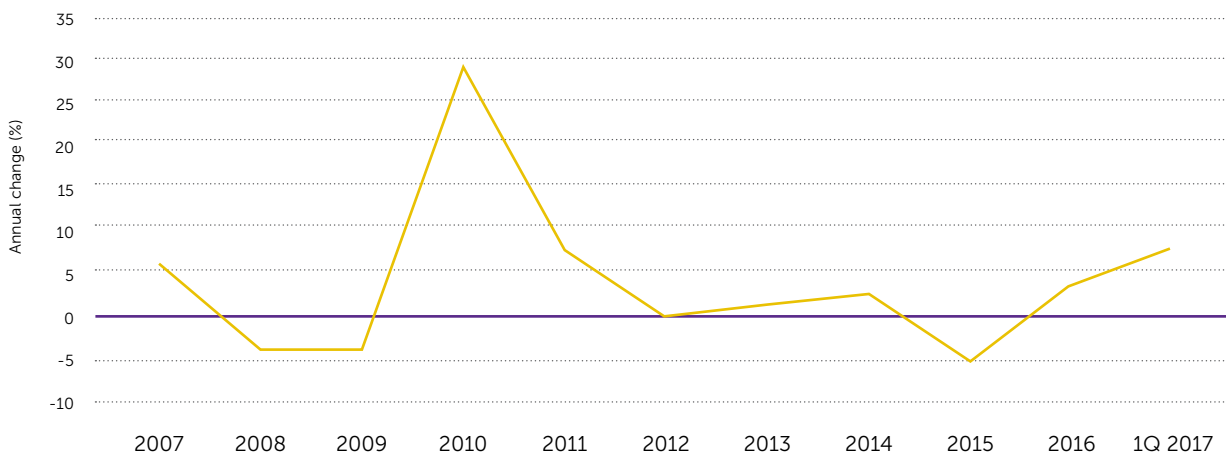
1.3 Manufacturing sector

Based on the Singapore Index of Industrial Production, the manufacturing output expanded by eight per cent y-o-y in 1Q 2017 (Exhibit 1-3). The electronics cluster outperformed with an expansion output of 33.1 per cent y-o-y in 1Q 2017, with the semi-conductors segment posting strong y-o-y growth of 50.3 per cent. Other electronic modules & components and computer peripherals posted y-o-y growth of nine per cent and 1.2 per cent, respectively. Conversely, infocomms & consumer electronics and data storage registered y-o-y falls of 4.3 per cent and 11.7 per cent, respectively.

The transport engineering cluster saw output fall by 11.3 per cent y-o-y in 1Q 2017. Despite positive growth in output for land transport segment of seven per cent y-o-y and aerospace segment of 10.1 per cent y-o-y, the marine & offshore engineering segment’s weak showing of 25.5 per cent y-o-y decline dragged the cluster’s performance. The sluggish global capital expenditure for offshore production and exploration amidst low oil prices continued to impact rig-building activities and demand for oilfield and gasfield equipment.

Output of the precision engineering cluster expanded by 19.4 per cent y-o-y in 1Q 2017, largely supported by the strong y-o-y growth of 24.4 per cent in the machinery & systems segment. In contrast, the biomedical manufacturing cluster declined 7.5 per cent y-o-y in 1Q 2017, largely due to the negative growth of 13.5 per cent y-o-y recorded for the pharmaceuticals cluster.

Exhibit 1-3: Singapore index of industrial production, 2007 to 1Q 2017



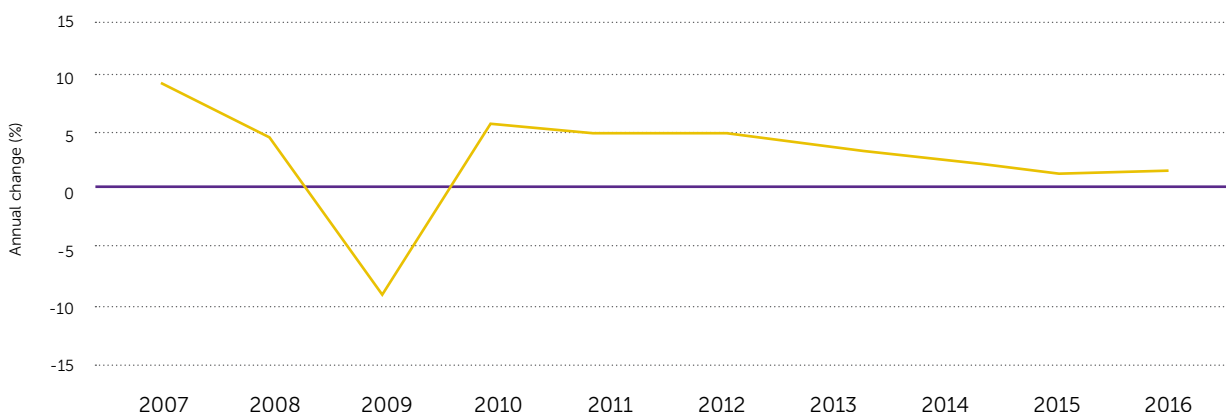
Source: Singstat, Knight Frank Research.

Overview of the Singapore Economy and industrial real estate market

1.4 Warehouse & Logistics sector

The GDP for the transportation & storage industries grew by 2.3 per cent y-o-y in 2016 after registering six consecutive years of decline. The transportation & storage sector contributed 0.2 per cent to the overall GDP growth in 2016.

Exhibit 1-4: GDP for Transport & Storage Industries, 2007 to 2016



Source: Singstat, Knight Frank Research.

Singapore’s strategic location as a critical link in global supply chains and major shipping lines has made the island state an important logistics hub for the region and the world. The country’s airport and sea port are world-class and continue to be upgraded and expanded till today and beyond in the next decade.

Pasir Panjang Terminal Phases 3 and 4 will be fully operational by end 2017, enabling Singapore to handle 50 million twenty-foot equivalent units (“TEU”) of cargo annually. The future Tuas mega port will be developed in four phases over 30 years with its first phase to be completed by the early 2020s. The completed terminal will be able to handle 65 million TEUs of cargo annually.

Today, 20 of the top 25 global logistics players conduct their operations here. Most of them, like DHL, Kuehne + Nagel, Sankyu, Schenker, Toll, UPS and Yusen Logistics, have set up regional or global headquarter functions in Singapore. As another testimony of leveraging the country’s strategic location to boost operational network capabilities, DHL Express opened a S\$140 million round-the-clock automated facility at the Changi Airfreight Centre in October 2016 - its largest investment in Singapore. The DHL South Asia Hub, spanning 23,600 sq m, is fitted with the industry’s first fully automated express parcel sorting and processing system in South Asia. This facility is 33 per cent larger than the previous hub, providing DHL with additional capacity to handle the growing shipment volumes for regional and international destinations.

The Industry Transformation Programme for logistics, unveiled in November 2016, aims for Singapore to be operationally excellent, to be a leader in innovation, and to build a strong core of local talent and firms. The transformation is expected to add S\$8.3 billion to the sector and create 2,000 professionals, managers, executives and technicians jobs by 2020.

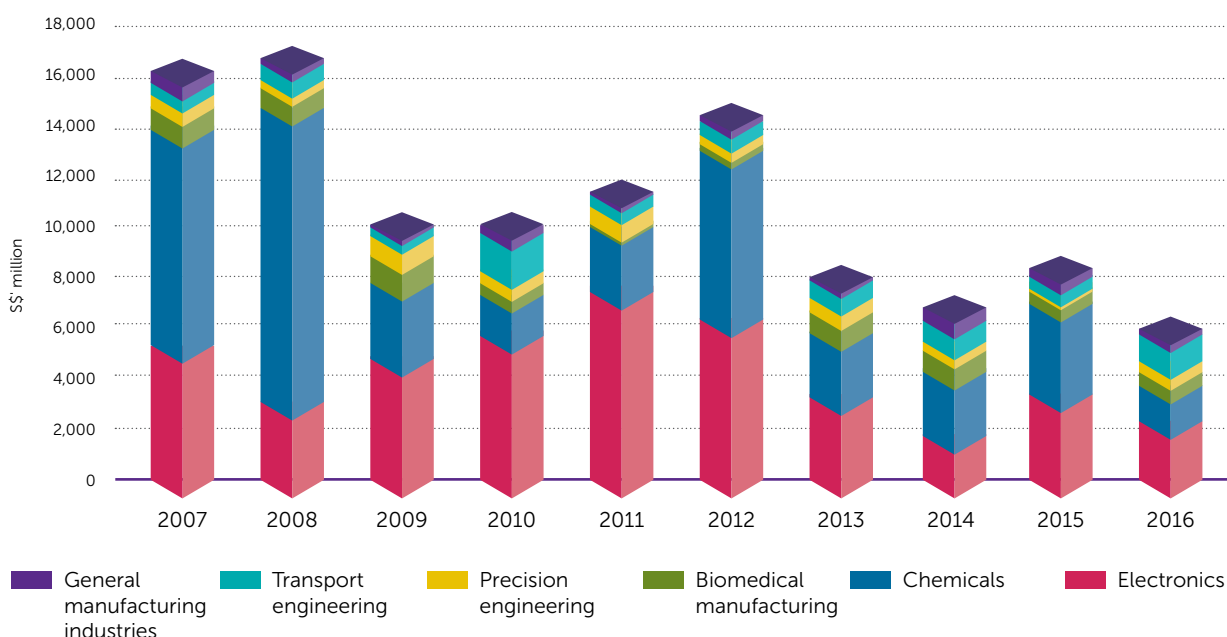
Overview of the Singapore Economy and industrial real estate market

With an expansive base of leading global logistics players, world-class infrastructure and excellent global connectivity, Singapore continues to establish itself as a preferred logistics and supply chain management hub for leading manufacturers across industries. The Economic Development Board forecasted a potential long-term shift in trade and investment from the West to the East, which will provide ever more opportunities for growth in the region across all segments. There will be further consolidation in the logistics sector, as firms grow to reap scale efficiencies and improve their cross-border capabilities. Additionally, Singapore’s relentless push to enhance the required infrastructure to support the growth and successes of logistics companies in serving the distinctive needs of various industries greatly enhances the operations and prospects of the logistics sector for industrial players. For instance, world-class specialised infrastructure includes the Airport Logistics Park of Singapore in the airport’s free-trade zone, the Changi International LogisPark which facilitates regional distribution and the Banyan LogisPark on Jurong Island which caters to the specific demands of chemicals and oil companies.

Singapore received close to S\$5.8 billion in total manufacturing fixed asset investment (“FAI”) for the whole of 2016, 30.1 per cent lower than the S\$8.3 billion for 2015 (Exhibit 1-5). The cutback in investment is largely broad-based, with the most significant 64.1 per cent annual decline stemming from the chemicals cluster which accounted for 22.4 per cent of total manufacturing FAI. The electronics cluster, constituting 37.9 per cent of total manufacturing FAI, saw investment commitments fall by 32.6 per cent in 2016 compared to 2015.

The precision and transport engineering clusters experienced a significant annual surge in FAI by 809.1 per cent and 124.9 per cent, respectively for 2016, albeit from a lower base in 2015.

Exhibit 1-5: Total FAI, 2007 to 2016

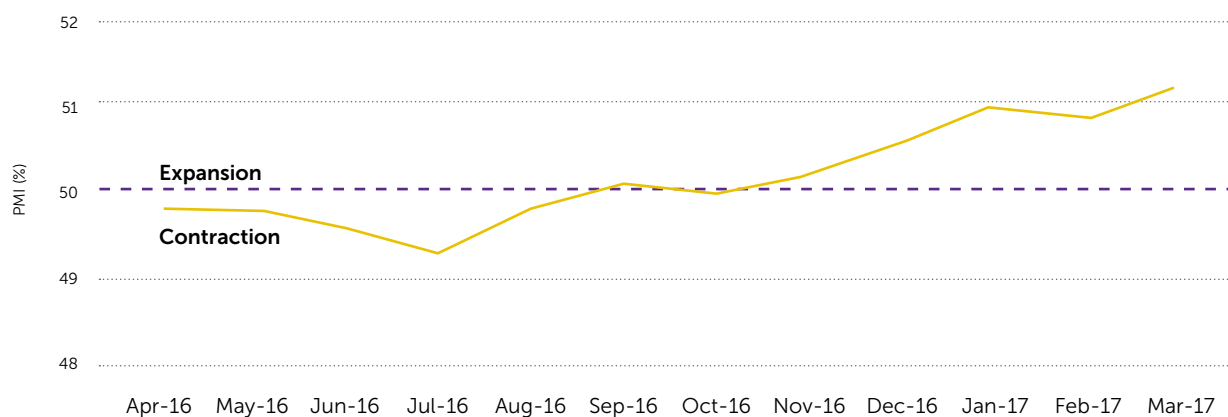


Source: Singstat, Knight Frank Research.

The Singapore Purchasing Managers’ Index (“PMI”), published by Singapore Institute of Purchasing and Materials Management (“SIPMM”), rose 0.3 percentage point to 51.2 in March 2017, the seventh consecutive month of expansion (Exhibit 1-6). The expansionary trend was lifted by higher new orders and exports and a rise in factory output, while the manufacturing inventory and finished goods continued to record expansion readings but at a slower pace. According to SIPMM, the manufacturing employment remained on marginal expansion track for the third consecutive month.

Overview of the Singapore Economy and industrial real estate market

Exhibit 1-6: PMI from April 2016 to March 2017



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

Note: A reading of the Singapore PMI above 50 indicates that the manufacturing economy is generally expanding and that the economy is generally declining when the reading falls below 50.

1.5 Singapore economic outlook for 2017

With Singapore's GDP trending at a moderate start with 2.5 per cent y-o-y growth in 1Q 2017, Singapore's economy is projected to grow at a relatively moderate pace for the rest of the year with sectors such as electronics, information & communications and 'other services industries' likely to support growth, while the wholesale trade and finance & insurance sectors could continue to face external headwinds.

Come the next three quarters of 2017, Singapore's open economy remains susceptible to market volatilities largely influenced by unfolding global events. While global growth could improve slightly in 2017 on the back of positive economic growth prospects in key economies such as the United States ("US"), Japan and Southeast Asian markets, downside risks in the global economy persist. First, the possible backlash against globalisation and free trade especially from the US could cast a pall on global trade growth. Second, the continuing uncertainties in the United Kingdom and European Union economies from Brexit may impact global financial market performance and economic growth in Europe. Over in Asia, the rising corporate debt levels amid economic restructuring in China, coupled with risks of sharper-than-expected property price corrections could weigh on economic growth prospects of the world's second largest economy. These uncertainties and subsequent headwinds would inevitably affect business and consumer confidence both globally and in Singapore. Another set of challenge that will arise for the domestic business landscape is the hike of water prices by 30 per cent in two phases announced during the Singapore Budget 2017. Businesses, which are already grappling with high costs of operation, would have to factor this higher water cost in their day-to-day operations from 1 July 2017.

Against this macroeconomic backdrop and barring full actualisation of downside risks, the growth outlook for Singapore's economy is expected to be modest in 2017 and MTI forecasts GDP annual growth at a pace of one to three per cent. The manufacturing sector is forecast to see an uptick in performance with the prospect of sustained global demand for semiconductors and semiconductor equipment, while the marine & offshore engineering segment and firms supporting the global oil and gas industry is likely to experience continual challenges and muted demand conditions amidst low oil prices. Externally-oriented services sectors such as finance & insurance and wholesale trade are expected to remain subdued. On potential growth sectors, information & communications and 'other services industries' are likely to continue to support growth, while tourism-related sectors such as accommodation & food services could benefit from a boost in travel demand as global economic outlook improves.

To address the uneven performance across the different sectors in 2016, the recent Budget was structured beyond the conventional stimulus with a long-term perspective and were more targeted towards key issues faced by different sectors. Enterprises are encouraged to develop deep capabilities, particularly in the areas of

Overview of the Singapore Economy and industrial real estate market

digital technology and innovation, to scale up globally and come together in partnerships within the industry. To facilitate these partnerships, 23 Industry Transformation Maps (“ITMs”) were launched by the Committee on the Future Economy. The ITMs are categorised under six clusters comprising manufacturing, built environment, trade and connectivity, essential domestic services, modern services and lifestyle clusters. So far, six ITMs have been launched, i.e. precision engineering, logistics, food manufacturing, food services, hotels and retail ITMs, and another 17 ITMs are expected to be rolled out by March 2018. These ITMs will help to identify key enablers, which involve different stakeholders to transform the respective sectors into a more targeted and concerted approach for the future.

2 Singapore government policies on the industrial property market

2.1 Consolidation of Housing Development Board (“HDB”) industrial land and properties under JTC Corporation (“JTC”) by 1Q 2018

On 19 October 2016, JTC announced that by the first quarter of 2018, some 10,700 industrial units and 540 industrial land leases under the HDB will be transferred to JTC. The consolidation of all public sector industrial land and properties under a single government agency will enable the Government to better support industrialists, in particular small and medium enterprises (“SMEs”), in their business growth. According to JTC, the contracted terms and conditions of all HDB tenancies and leases with HDB will remain unchanged for the duration of the tenancy or lease contracts.

Industrialists will have one-stop access to the full range of public sector industrial facilities available. They will receive better support for their land and space needs across the different stages of their growth, as JTC will be able to better match their needs with a larger supply of industrial land and space.

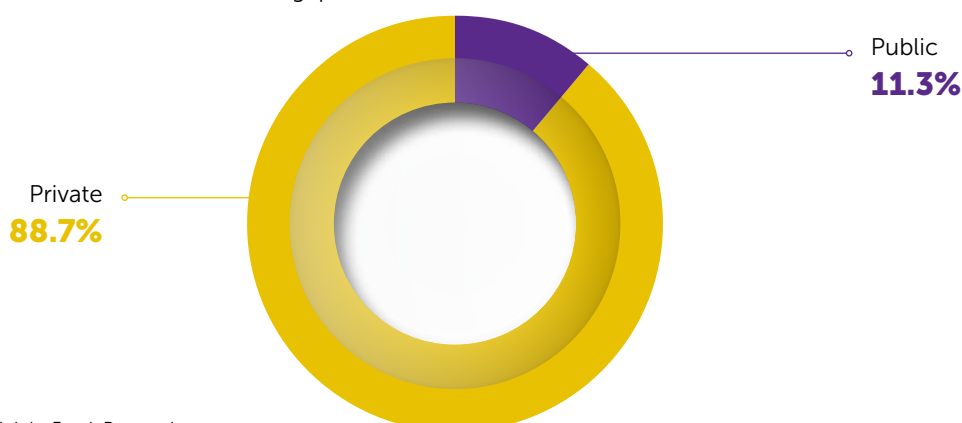
The move also enables the Government to undertake more comprehensive master-planning of industrial estates across Singapore, as well as to facilitate more efficient clustering of complementary activities and integration of activities along the value chain. With the consolidation, some 16,300 industrial units and 3,640 land leases with total land area of 8,100 hectares will be under JTC’s fold¹.

3 Review of Singapore industrial property market

3.1 Overview of industrial property stock

As at 31 March 2017, the total island-wide industrial stock recorded at circa 502.6 million sq ft (46.7 million sq m) of net lettable area (“NLA”) (Exhibit 3-1). By the breakdown of industrial property types, factory space (74.8 per cent) formed the bulk of the total industrial stock, while warehouse and business parks accounted for the remaining 20.6 per cent and 4.6 per cent, respectively (Exhibit 3-2).

Exhibit 3-1: Total industrial stock in Singapore as at 31 March 2017

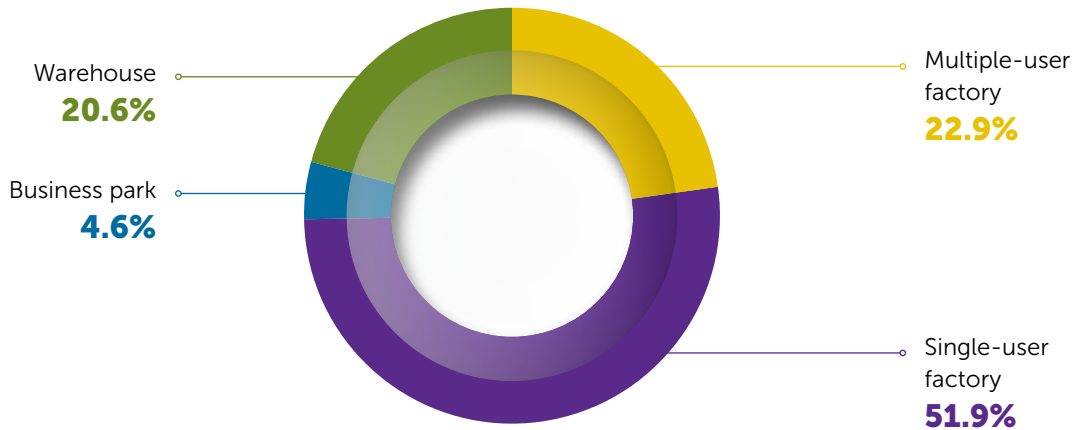


Source: JTC, Knight Frank Research.

¹ Source: The Business Times: ‘All HDB Industrial Space to be under JTC by Q1 2018’, 20 October 2016.

Overview of the Singapore Economy and industrial real estate market

Exhibit 3-2: Total industrial stock in Singapore by type of industrial properties, as at 31 March 2017



Source: JTC, Knight Frank Research.

4 Review of private multiple-user factory market segment

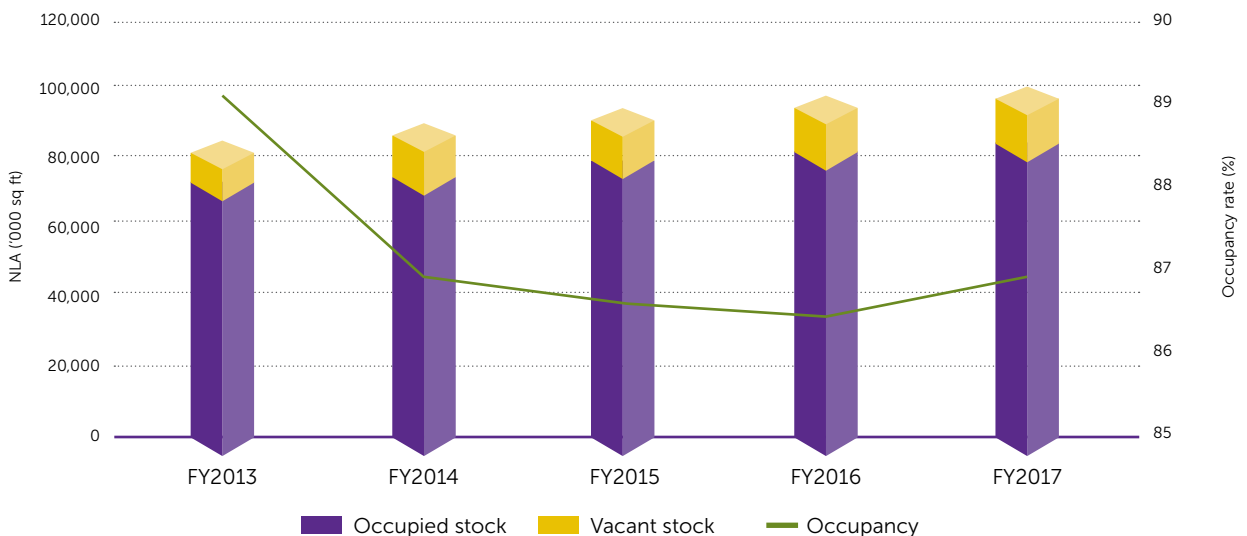
4.1 Occupied stock, vacant stock and occupancy

As at 31 March 2017, the total existing stock for private multiple-user factory increased three per cent y-o-y to 97.8 million sq ft (9.1 million sq m) NLA (Exhibit 4-1). Occupied stock grew by 3.6 per cent y-o-y to 85.0 million sq ft (7.9 million sq m) for the same period, while total vacant stock fell by 1.2 per cent y-o-y to 12.8 million sq ft (1.2 million sq m).

Correspondingly, island-wide occupancy rate for private multiple-user factory improved to 86.9 per cent as at 31 March 2017 compared to 86.4 per cent during the same period in 2016.

As at 31 March 2017, the East and Central regions posted the highest occupancy rate of 90.6 per cent and 89.1 per cent, respectively (Exhibit 4-2). In contrast, the West region saw the lowest occupancy at 80.7 per cent.

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

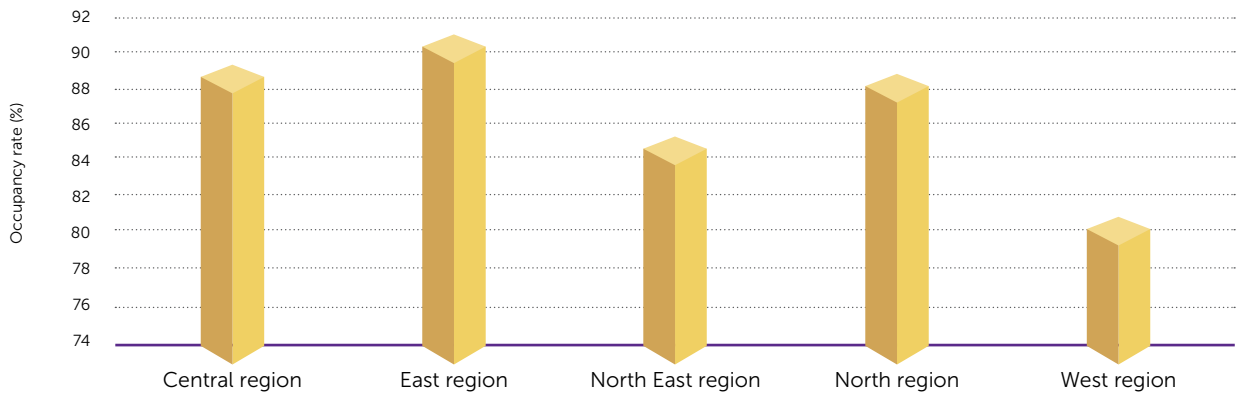


Source: JTC, Knight Frank Research.

Note: Data analysis is based on AA REIT's Financial Year ("FY"). For example, FY2017 is from 1 April 2016 to 31 March 2017.

Overview of the Singapore Economy and industrial real estate market

Exhibit 4-2: Occupancy rate of private multiple-user factory by planning region, as at 31 March 2017

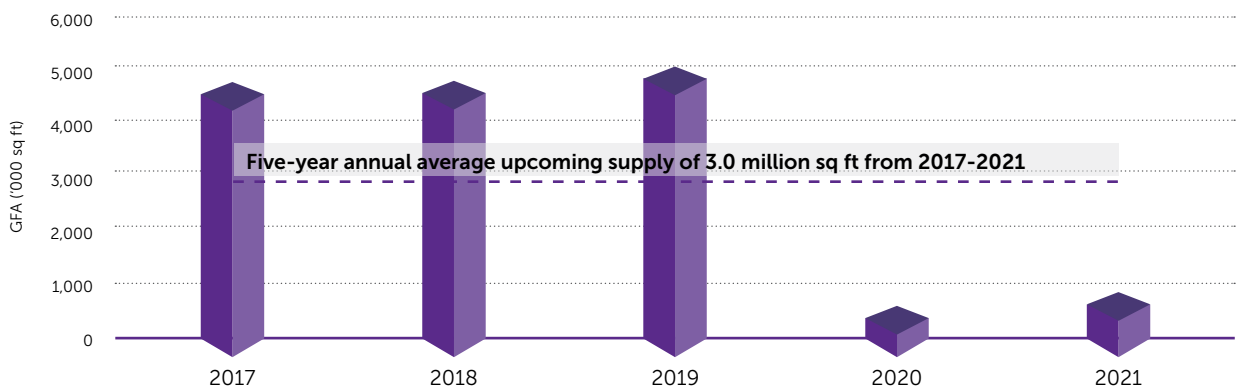


Source: JTC, Knight Frank Research.

4.2 Upcoming supply

As at 31 March 2017, an estimated 14.8 million sq ft (1.4 million sq m) GFA of new multiple-user factory space is slated for completion between 2017 and 2021, with 4.5 million sq ft or 30.6 per cent of the total upcoming multiple-user factory space expected to be ready by 2017. A higher upcoming supply of 4.8 million sq ft (32.4 per cent of total) is slated for completion by 2019 (Exhibit 4-3).

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



Source: JTC, Knight Frank Research.

Note:

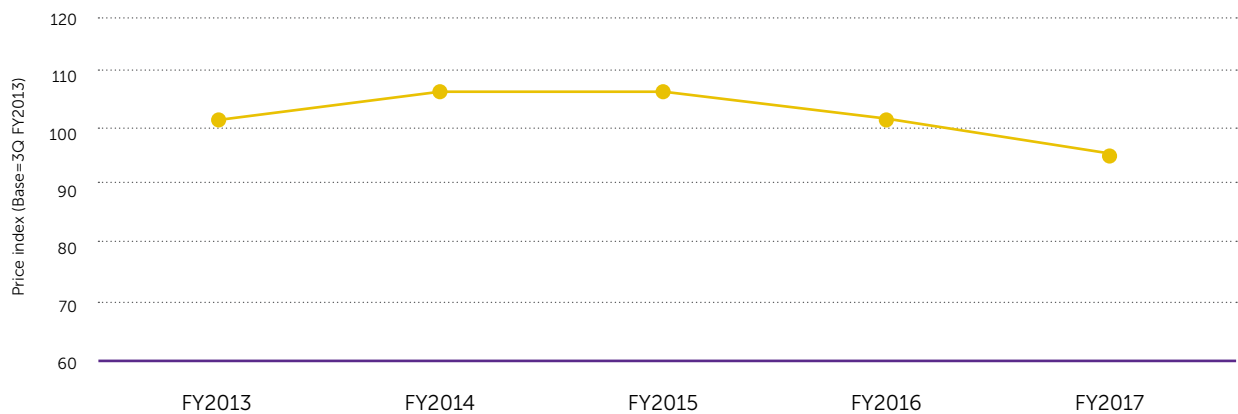
1. Potential upcoming supply includes the land zoned as reserved sites.
2. Inclusive of both private and public multiple-user factory space.

Overview of the Singapore Economy and industrial real estate market

4.3 JTC price index of multiple-user factory space

The JTC price index of multiple-user factory space moderated in 31 March 2017 by 6.4 per cent y-o-y from the same period in 2016 (Exhibit 4-4). The surplus of industrial space and the challenging business environment continued to prompt end-users, especially SMEs, to search for affordable industrial spaces.

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



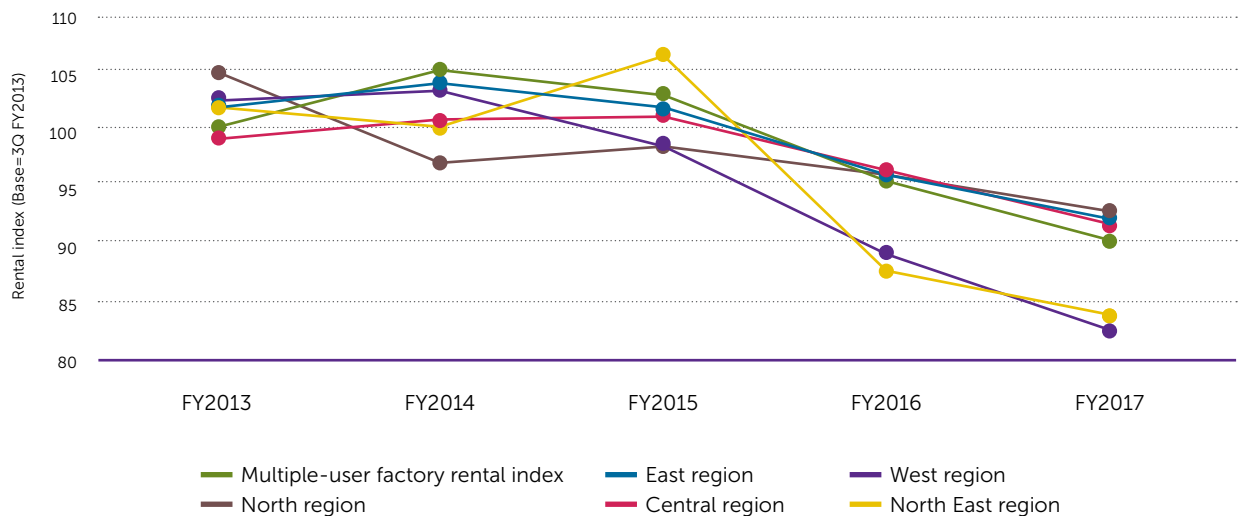
Source: JTC, Knight Frank Research.

Note: Data analysis is based on AA REIT's Financial Year ("FY"). For example, FY2017 is from 1 April 2016 to 31 March 2017.

4.4 JTC rental index of multiple-user factory space

As at 31 March 2017, the JTC rental index of multiple-user factory space slipped by 5.2 per cent y-o-y compared to the same period in 2016 (Exhibit 4-5). All regions experienced rental y-o-y declines, with the West region registering the largest cutback of 6.9 per cent y-o-y. Correspondingly, the Central, North, East and North East regions saw rents moderate between 3.2 per cent and 5.8 per cent y-o-y as at 31 March 2017.

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



Source: JTC, Knight Frank Research.

Note: Data analysis is based on AA REIT's Financial Year ("FY"). For example, FY2017 is from 1 April 2016 to 31 March 2017.

Overview of the Singapore Economy and industrial real estate market

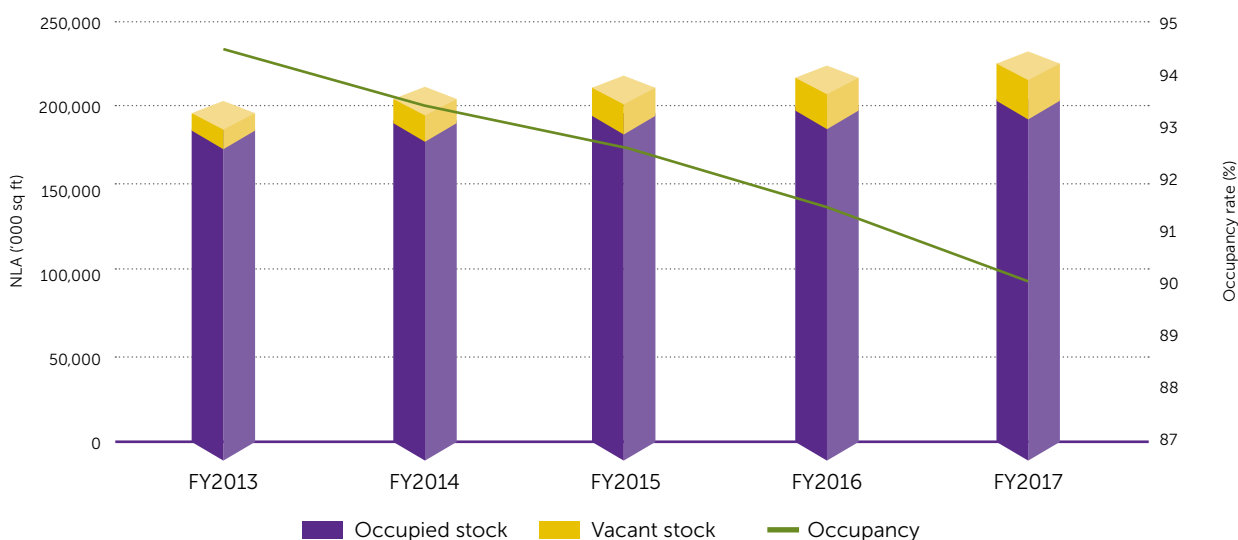
5 Review of private single-user factory market segment

5.1 Occupied stock, vacant stock and occupancy rate

As at 31 March 2017, the total existing stock for private single-user factory increased by 4.4 per cent y-o-y to approximately 225.4 million sq ft (20.9 million sq m) NLA (Exhibit 5-1). Occupied stock grew by 2.8 per cent y-o-y to 203.1 million sq ft (18.9 million sq m) as at 31 March 2017. Total vacant stock rose 20.7 per cent y-o-y to 22.3 million sq ft (2.1 million sq m) as at 31 March 2017.

As a result, island-wide occupancy rate for private single-user factory fell from 91.4 per cent as at 31 March 2016 to 90.1 per cent as at 31 March 2017 (Exhibit 5-2). This decline was largely attributed to the surge in vacated private single-user factory space within the West region. As at 31 March 2017, the East region posted the highest occupancy rate of 93.5 per cent, while the Central region saw the lowest at 87.3 per cent.

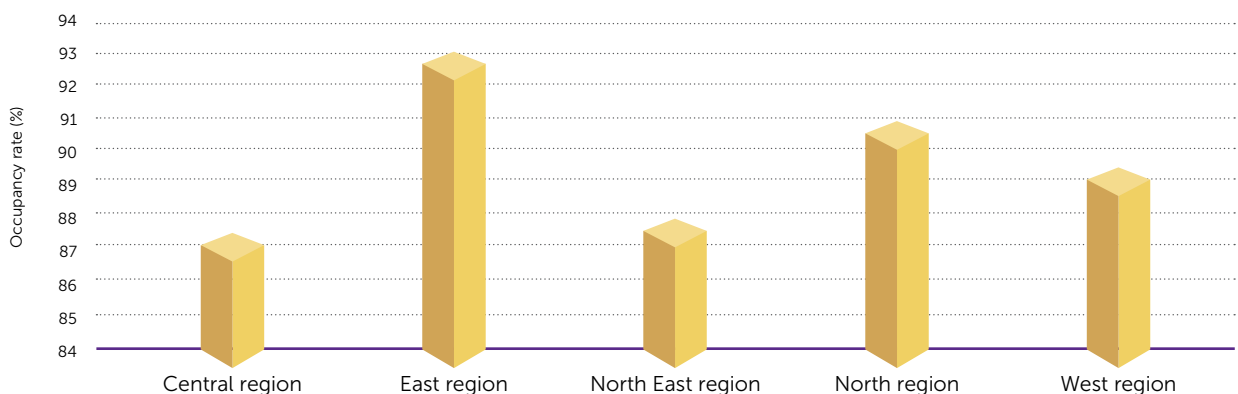
Exhibit 5-1: Occupied stock, vacant stock and occupancy rate of private single-user factory space



Source: JTC, Knight Frank Research.

Note: Data analysis is based on AA REIT's Financial Year ("FY"). For example, FY2017 is from 1 April 2016 to 31 March 2017.

Exhibit 5-2: Occupancy rate of private single-user factory by planning region, as at 31 March 2017



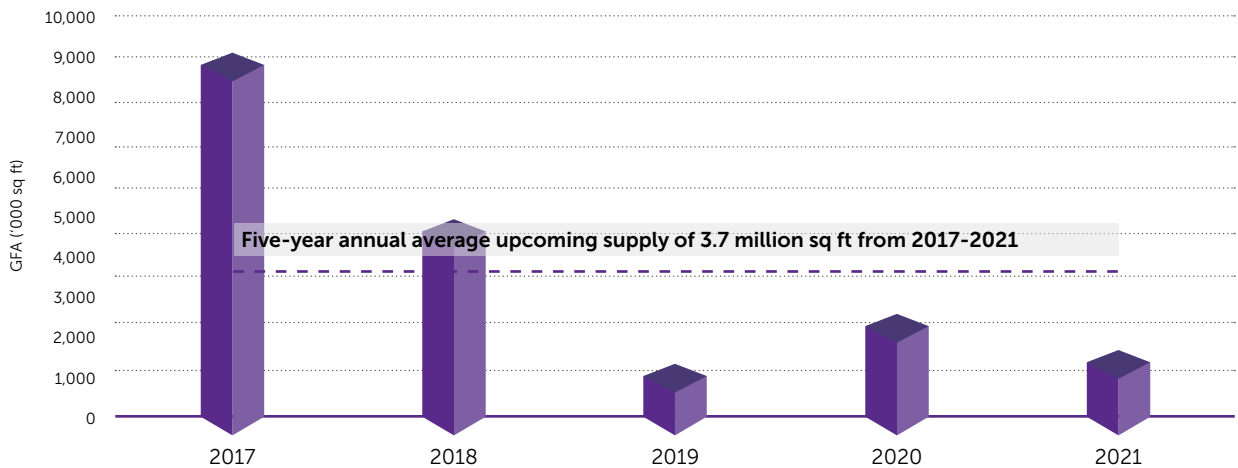
Source: JTC, Knight Frank Research.

Overview of the Singapore Economy and industrial real estate market

5.2 Upcoming supply

As at 31 March 2017, an estimated 18.5 million sq ft (1.7 million sq m) GFA of new single-user factory space is slated for completion between 2017 and 2021 (Exhibit 5-3). About 8.8 million sq ft or 47.6 per cent of the total upcoming single-user factory space is expected to be ready for occupation in 2017, which is the highest year of upcoming supply between 2017 and 2021.

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



Source: JTC, Knight Frank Research.

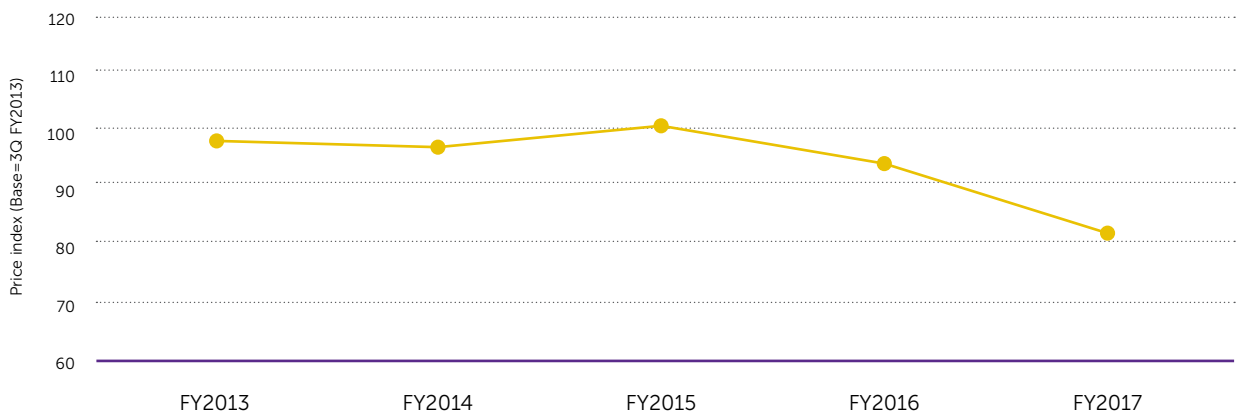
Note:

1. Potential upcoming supply includes the land zoned as reserved sites
2. Inclusive of both private and public single-user factory space.

5.3 JTC price index of single-user factory space

As at 31 March 2017, the JTC price index of single-user factory space slipped by 12.3 per cent y-o-y (Exhibit 5-4). Industrialists are generally exercising greater caution in investment decisions amid the subdued manufacturing industry performance.

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



Source: JTC, Knight Frank Research.

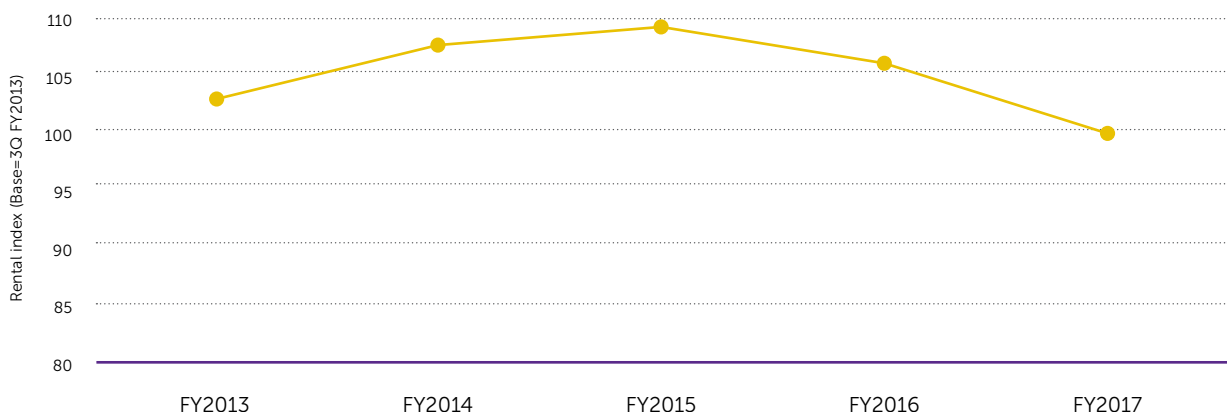
Note: Data analysis is based on AA REIT's Financial Year ("FY"). For example, FY2017 is from 1 April 2016 to 31 March 2017.

Overview of the Singapore Economy and industrial real estate market

5.4 JTC rental index of single-user factory space

As at 31 March 2017, the JTC rental index of single-user factory space fell by 5.7 per cent y-o-y, extending its decline compared with three per cent y-o-y drop as at 31 March 2016 (Exhibit 5-5).

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



Source: JTC, Knight Frank Research.

Note: Data analysis is based on AA REIT's Financial Year ("FY"). For example, FY2017 is from 1 April 2016 to 31 March 2017.

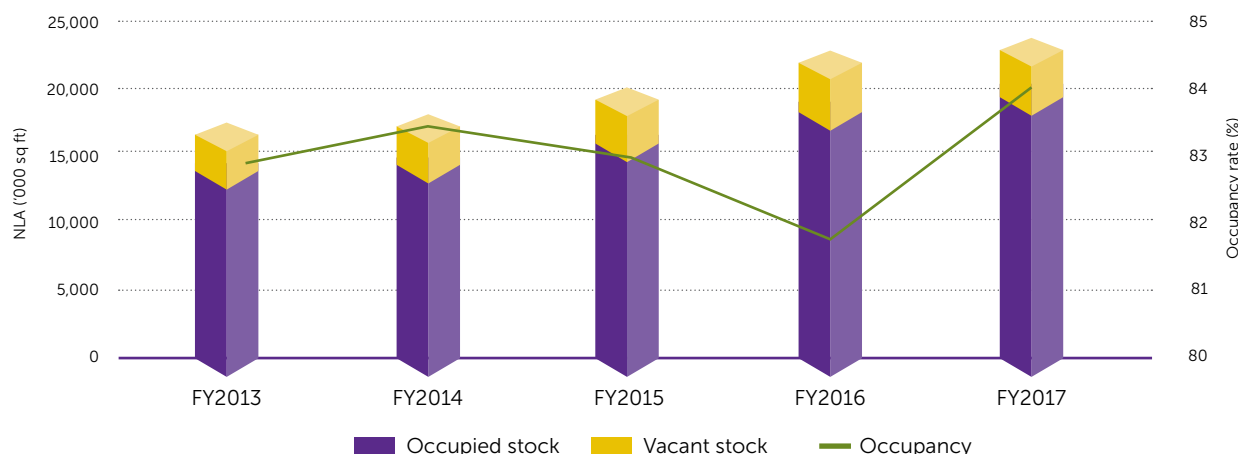
6 Review of private and public business parks market segment

6.1 Occupied stock, vacant stock and occupancy rate

As at 31 March 2017, the island-wide stock for business parks totalled 23.0 million sq ft (2.1 million sq m) NLA, a 4.5 per cent y-o-y increase from the same period in 2016 (Exhibit 6-1). While occupied stock of business park space increased by 7.5 per cent y-o-y to 19.4 million sq ft (1.8 million sq m) as at 31 March 2017, total vacant stock shrunk by 9.1 per cent y-o-y to 3.7 million sq ft (0.3 million sq m) in the same period.

Hence, island-wide occupancy rate for business park space improved to 84.1 per cent as at 31 March 2017, slightly higher compared to 81.7 per cent during the same period in 2016. The East region saw the highest occupancy rate of business park space at 86.7 per cent, followed by the West (82.8 per cent) and Central (81.5 per cent) regions during the same period (Exhibit 6-2).

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

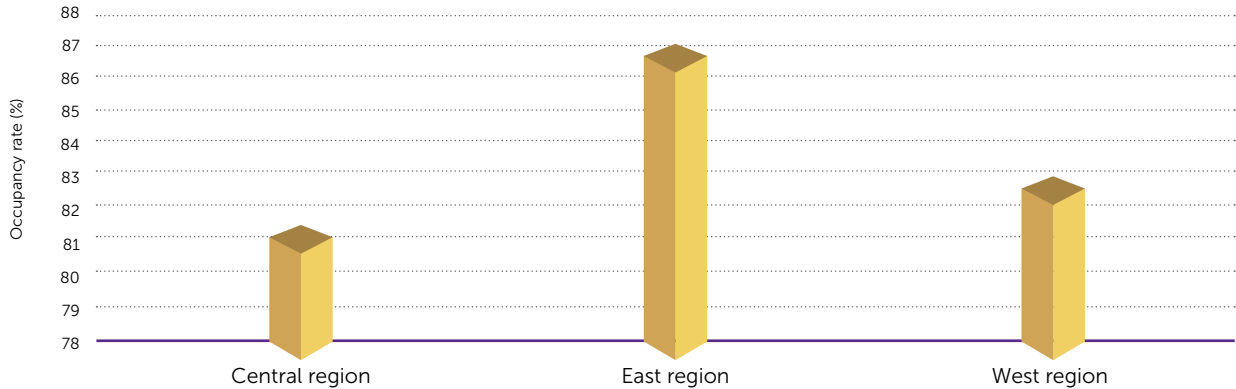


Source: JTC, Knight Frank Research.

Note: Data analysis is based on AA REIT's Financial Year ("FY"). For example, FY2017 is from 1 April 2016 to 31 March 2017.

Overview of the Singapore Economy and industrial real estate market

Exhibit 6-2: Occupancy rate of business park space by planning region, as at 31 March 2017

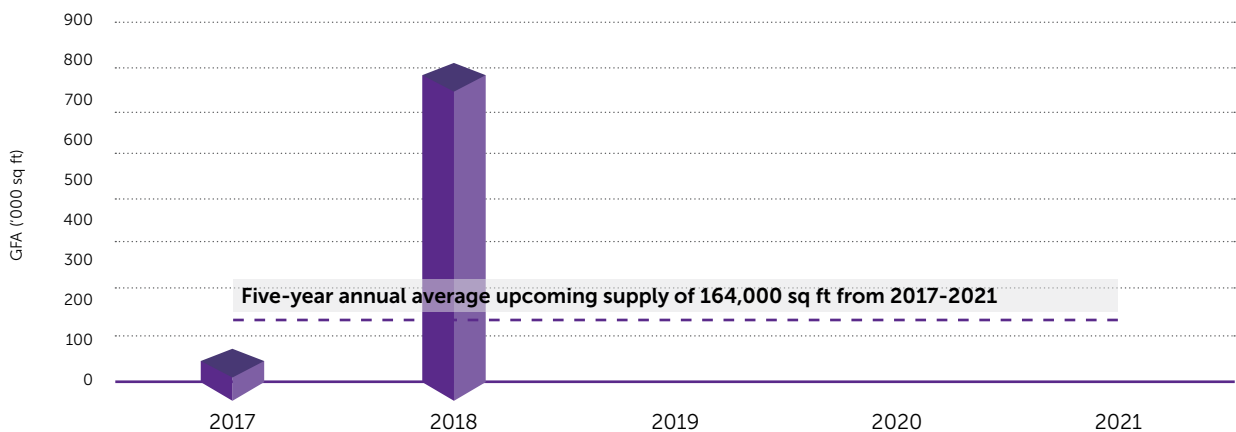


Source: JTC, Knight Frank Research.

6.2 Upcoming supply

As at 31 March 2017, about 0.8 million sq ft (76,000 sq m) GFA of new business park space is expected to be completed between 2017 and 2021 (Exhibit 6-3), with the bulk of business park space of about 764,000 sq ft (71,000 sq m) to be completed in 2018.

Exhibit 6-3: Upcoming supply of business park space



Source: JTC, Knight Frank Research.

Note:

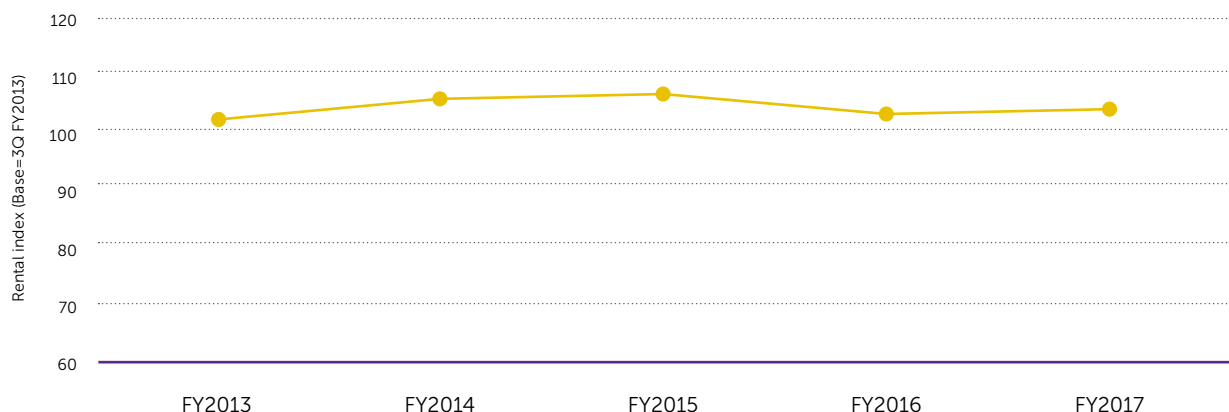
1. Potential upcoming supply includes the land zoned as reserved sites
2. Inclusive of both private and public business park space.

6.3 JTC rental index of business park space

As at 31 March 2017, the JTC rental index of business park space improved 0.4 per cent y-o-y after posting a decline of 2.5 per cent y-o-y during the same period in 2016 (Exhibit 6-4).

Overview of the Singapore Economy and industrial real estate market

Exhibit 6-4: Rental index of business park space



Source: JTC, Knight Frank Research.

Note: Data analysis is based on AA REIT's Financial Year ("FY"). For example, FY2017 is from 1 April 2016 to 31 March 2017.

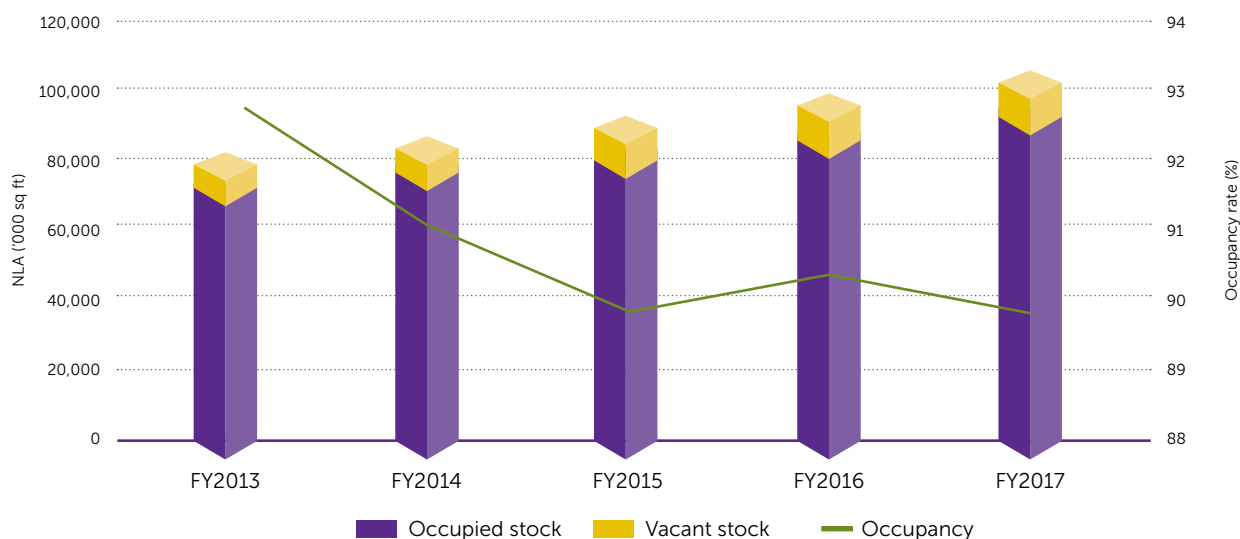
7 Review of private warehouse market segment

7.1 Occupied stock, vacant stock and occupancy rate

As at 31 March 2017, the total existing stock for private multiple-user and single-user warehouse grew by 6.8 per cent y-o-y to 103.1 million sq ft (9.6 million sq m) NLA (Exhibit 7-1). Occupied stock saw a 6.3 per cent y-o-y growth to 92.7 million sq ft (8.6 million sq m) for the same period, while total vacant stock rose by 12.1 per cent y-o-y to 10.4 million sq ft (0.97 million sq m).

Island-wide occupancy rate for private warehouse space slipped marginally to 89.9 per cent as at 31 March 2017, lower than 90.4 per cent recorded during the same period in 2016. Among the regions, the Central (91.0 per cent), West (90.4 per cent) and North East (90.0 per cent) regions saw the highest occupancy rate of private warehouse space, while the East and North regions recorded occupancy of 88.6 per cent and 85.4 per cent, respectively as at 31 March 2017 (Exhibit 7-2).

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

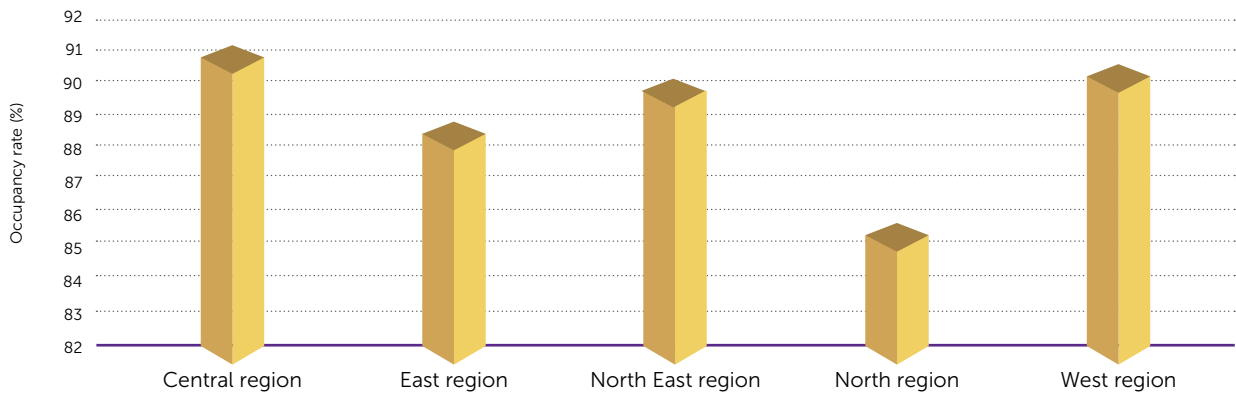


Source: JTC, Knight Frank Research.

Note: Data analysis is based on AA REIT's Financial Year ("FY"). For example, FY2017 is from 1 April 2016 to 31 March 2017.

Overview of the Singapore Economy and industrial real estate market

Exhibit 7-2: Occupancy rate of private warehouse space by planning region, as at 31 March 2017

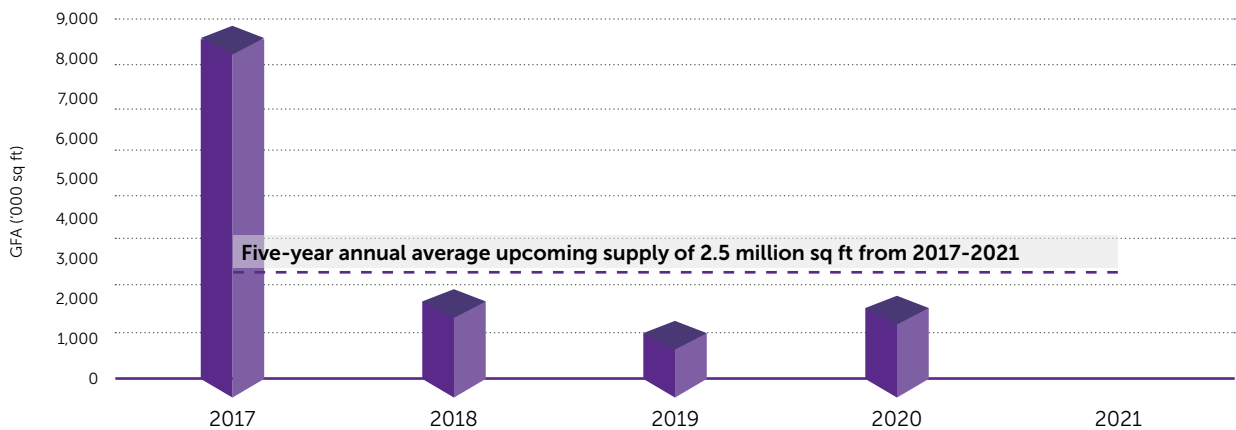


Source: JTC, Knight Frank Research.

7.2 Upcoming supply

As at 31 March 2017, approximately 12.7 million sq ft (1.2 million sq m) GFA of new private warehouse space is slated for completion between 2017 and 2021 (Exhibit 7-3). About 8.4 million sq ft (0.8 million sq m) of new private warehouse space is due for completion in 2017, accounting for 66.1 per cent of total supply in the pipeline.

Exhibit 7-3: Upcoming supply of private warehouse space



Source: JTC, Knight Frank Research.

Note:

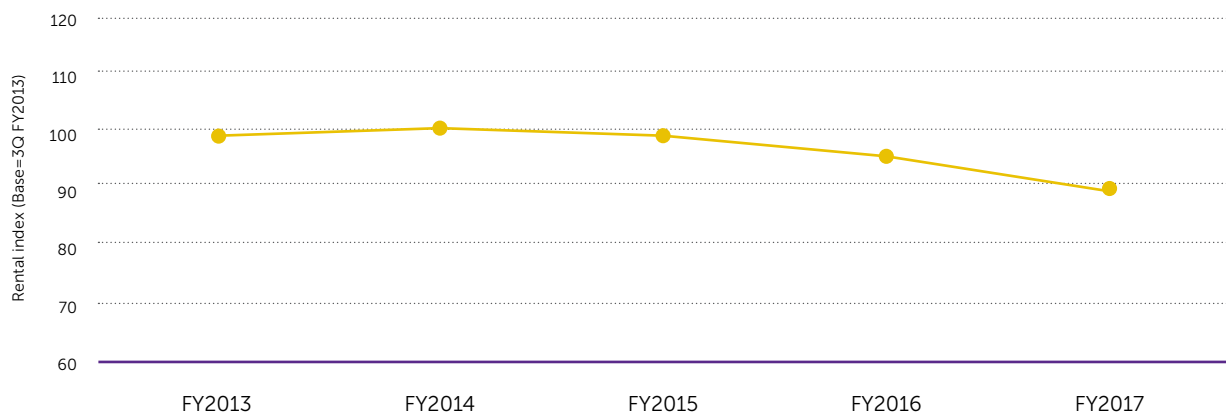
1. Potential upcoming supply includes the land zoned as reserved sites.
2. Inclusive of only private warehouse space.

7.3 JTC rental index of warehouse space

As at 31 March 2017, the JTC rental index of warehouse space dipped by 6.1 per cent y-o-y, a steeper fall compared with three per cent y-o-y decline as at 31 March 2016 (Exhibit 7-4).

Overview of the Singapore Economy and industrial real estate market

Exhibit 7-4: Rental index of warehouse space



Source: JTC, Knight Frank Research.

Note: Data analysis is based on AA REIT's Financial Year ("FY"). For example, FY2017 is from 1 April 2016 to 31 March 2017.

8 Industrial property market outlook

Modest demand likely for private factory segment along with muted manufacturing prospects

The confluence of macroeconomic and domestic factors - slower global demand, China's economic growth moderation, weakness of the oil & gas sector and cautious business and consumer sentiment weighed on Singapore's industrial property market performance for the whole year of 2016. Apart from electronics, precision engineering and food manufacturing clusters that could potentially outperform and support the overall manufacturing sector in 2017, the chemicals cluster and marine & offshore engineering segment are envisaged to remain relatively weak in the near term till the benefits of a possible oil price recovery filter through these industries over a longer period of time. Impacted by weak order books amid low oil prices, key and supporting trades in the oil & gas sector are likely to exercise caution in expansion or relocation plans of their industrial real estate.

The prospect of a subdued economic outlook and potentially muted overall performance of the manufacturing sector are exerting pressures on industrialists and SME end-users to manage their occupancy and operating costs more tightly. Additionally, the influx of upcoming supply of 34.1 million sq ft of overall industrial space from 2017 to 2021, of which 13.4 million sq ft (39.3 per cent of total) is slated for completion by end-2017, would provide ample choices for industrial tenants and users, intensifying competition in the sales and leasing markets and constraining price and rental growth in the near term. Overall industrial property prices and rentals are forecast to register y-o-y declines of between five per cent to eight per cent for 2017.

With industrial property cooling measures likely to remain in place and coupled with the challenging business climate, transaction of strata-titled multiple-user factory units could stay relatively sluggish over the next two to three quarters, especially for shorter balance lease tenures. Coupled with an upcoming injection of 4.5 million sq ft GFA of new multiple-user factory space in 2017, average price of multiple-user factory space could adjust downwards by between four and six per cent y-o-y by 4Q 2017. Average rents for multiple-user factory space is envisaged to fall by a larger magnitude, of between five and eight per cent y-o-y in 4Q 2017, barring unforeseen macroeconomic circumstances and policy changes.

The demand for single-user factory spaces is expected to remain subdued throughout 2017. Despite the high upcoming new supply, most of the sublet tenants prefer to be located near their supporting trades and would avoid incurring high relocation costs. Hence, prices and rents are expected to decline further by five to eight per cent y-o-y by 4Q 2017.

Overview of the Singapore Economy and industrial real estate market

New better quality multiple-user industrial spaces poised to uplift industrial landscape

The sale of industrial sites to private developers under the Industrial Government Land Sales ("IGLS") programme in recent years would introduce new industrial spaces with better specifications for end-users. Additionally, JTC's plans to develop higher quality large-scale integrated facilities to amalgamate key and supporting industrial trades are progressing with major hubs such as JTC Food Hub @ Senoko, JTC Space @ Tuas to be completed in 2017. These new developments serve to uplift and upscale the overall standard of Singapore's industrial properties, breaking new grounds to plan, design and house various industrial trades and shared facilities more efficiently. The injection of these new developments, along with JTC's efforts, would spur the industry's transformation towards higher productivity and competitiveness.

Flight to business parks for qualifying tenants expected to slow from mid-2017 as office-business park rental gap narrows

Against the backdrop of potential stable demand from a larger pool of qualifying trades such as technology, media and telecommunications, medical technology and e-commerce, the outlook for business park segment is envisaged to stay fairly healthy in 2017. With the improved occupancy of business parks and the gradual convergence of office and business park rentals, the 'flight for rent savings' from office to business park spaces by qualifying tenants is envisaged to slow from mid-2017 onwards.

Supported by the limited new supply of business park space beyond 2016 despite the prevailing muted economic outlook, occupancy is likely to remain stable especially for better-designed and well-located business park developments in 2017. Island-wide occupancy is expected to hover between 80.0 to 85.0 per cent, while rents may see sideways trending of between one per cent to two per cent y-o-y decline by 4Q 2017.

Warehousing sector likely to support growth in industrial property demand

Benefiting from the growing e-commerce landscape, the warehousing and logistics sector is projected to see continual growth in demand over the next two to three years. To promote long term transformation, the Logistics ITM, launched in November 2016, will support the adoption of technology and deeper development into sectors such as food and healthcare through the development of specialised logistics handling capabilities. Segments such as self-storage facilities and specialized cold room warehousing facilities could be the outperformers in this property segment due to the changing business operating models and the growth of the food & beverage industry.

Against the backdrop of subdued global trade movement, modest economic growth and the prospects of weaker consumption by both households and businesses, the demand for warehousing space could soften in the short term for 2017. The large injection of 843,000 sq m of warehouse space this year is envisaged to moderate occupancy and rental performance. Rental rates of warehouse space are projected to decline by a further five to eight per cent in 4Q 2017. However, the government will invest in next-generation facilities with high-specification units that encourage co-location of companies. This new generation of buildings will be able to capture cargo volumes in the next few years as the industry matures and transforms.

Overview of the Singapore Economy and industrial real estate market

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

The following report was prepared by AMP Capital as at 13 May 2017 for the purpose of its inclusion in this Annual Report.



Optus Centre, Macquarie Park, NSW, Australia

Overview of the Australia economy

AMP Capital's Head of Investment Strategy and Chief Economist, Shane Oliver noted that there is a risk of another gross domestic product ("GDP") contraction in the March quarter. Australian economic data was a mixed bag with strong readings for business confidence and Australian and New Zealand job adds but a further leg down in building approvals and very soft retail sales. The peak in building approvals is now well behind us and this will show in slowing growth in dwelling construction activity this year and a contraction next year.

More immediately, the weakness in March quarter real retail sales (up just 0.1 per cent quarter on quarter), coming on the back of the previous week's data showing that net exports will likely detract from growth again in the March quarter, points to the risk of a very weak and maybe even negative March quarter GDP outcome. Which in turn highlights downside risks to the Government's growth (and wages) assumptions. More importantly with the Budget providing no net stimulus to the economy (in fact it's a detraction) it still falls to the Reserve Bank of Australia to do the heavy lifting on the economy and on this front recent soft data and the implications for inflation make it clear that another rate cut in Australia is far more likely than a rate hike this year. With housing set to slow at a time when mining investment is still falling (albeit with a lessening impact), public investment spending and a strong contribution to growth from service exports like tourism and higher education are critically important. The latter points to the ongoing need for a lower Australian dollar which may fall below US\$0.70 by year end.

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



Review of Macquarie Park real estate market

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

Macquarie Park has benefited from significant infrastructure improvements including the Epping to Chatswood railway line, upgrades to the M2 Motorway which included additional ramps and widening and the redevelopment and extension of the Macquarie Centre have all assisted in enforcing Macquarie Park's status as one of the leading office parks in Australia.

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

Macquarie Park strategic review

The Department of Planning and Environment and Ryde City Council are undertaking a strategic investigation of the Macquarie Park Corridor. The investigation involves a review of existing land uses in order to achieve the following:

- Retaining a commercial core along Waterloo Road for long-term employment growth
- Concentrate capacity for additional mixed-use development around train stations
- Investigate potential future opportunities for housing in areas within walking distance of train stations
- Investigate opportunities to improve public transport services and the wider road network

The expected outcome from this study is an amendment of the Local Environment Plan to allow an increase in floor space ratio controls and building heights and changes to the zoning to allow residential uses.

Demand

Tenant activity in Macquarie Park during first quarter 2017 ("1Q 2017") was dominated by firms consolidating and relocating to other office markets. Net absorption thus totalled 900 sq m and headline vacancy consequently increased 0.9 percentage points to 9.6 per cent over 1Q 2017.

One main driver of tenant relocations during 1Q 2017 was firm-specific decisions. The second driver is the future withdrawal of office buildings for redevelopment into residential buildings. Major tenants move (>1,000 sq m) into Macquarie Park during 1Q 2017 were restricted compared to recent quarters.

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

Major tenants are remaining in current accommodation and delaying any relocations plans and thus will reduce enquiry. Another potential source disrupting tenant enquiry is the development of the Sydney Metro line. The train station will be closed in late 2018 for six to nine months to upgrade the train tracks. Temporary spikes in vacancy are also expected over the next two years as residential developers acquire office buildings.

Supply

Goodman Groups' development of 8 Khartoum Road, Macquarie Park (11,731 sq m) is the only office building currently being constructed in Macquarie Park. Fuji Xerox has pre-leased the entire development. Jones Lang LaSalle ("JLL") Research anticipates that 8 Khartoum Road will be the only addition to office supply in Macquarie Park in 2017 – continuing the theme of low supply additions in recent years. A total of 23,800 sq m of office space has been added in Macquarie Park over the last two calendar years.

JLL March 2017 market overview¹ notes that the development most likely to commence over the next 12 to 18 months is that of 45–61 Waterloo Road, Macquarie Park. Government Property NSW has listed the land at this address for sale on condition that the new land owner construct a office building with a net lettable area of 32,000 sq m. To facilitate the development, Government Property NSW has signalled their intention to pre-lease a minimum of 25,000 sq m in this development.

The same report also confirmed that Macquarie University has proposed a total of 120,000 sq m office space across four separate buildings to be constructed on this campus. The university's master plan outlines an initiative to create an innovation hub for its students. The plan involves attracting financial services organisations and technology-based firms to facilitate research and commercialisation of the Macquarie Park region. These four developments are heavily contingent on pre-commitments and are scheduled to be completed between 2020 and 2023.

Capital markets

Overall positive market fundamentals have facilitated continued investor interest in Macquarie Park. Two major sales (>A\$5.0 million) were transacted in Macquarie Park over 1Q 2017. Blackstone sold Honeywell, 2 Richardson Place, North Ryde to Investec Australia Property Fund for A\$85.0 million. The sale reflected an equivalent yield of 7.0 per cent at a rate of A\$5,646 per sq m. Blackstone had also divested an industrial building, 20 and 24 Rodborough Road, Frenchs Forest along with Honeywell for a total portfolio value of A\$160.0 million.

The second major transaction (>A\$5.0 million) over 1Q 2017 involved Goodman Group selling 82–84 Waterloo Road, Macquarie Park to domestic residential apartments when all tenants have vacated (scheduled for 1Q 2018).

JLL March 2017 reports¹ indicate that recent sales evidence has provided sufficient justification for yield compression of the prime and secondary yield ranges. Over 1Q 2017, the Macquarie Park prime yield range (5.75 per cent to 7.0 per cent) has compressed by 25 basis points ("bps") at both ends. The secondary yield range (6.75 per cent to 7.25 per cent) also compressed by 25 bps at both ends over 1Q 2017.

Examples of sales evidence in Macquarie Park over the last 12 months included: Avaya, 123 Epping Road (6.1 per cent); 3 Innovation Road (7.1 per cent) and 37 Epping Road (7.3 per cent).

Demand for office assets in Macquarie Park is expected to remain high over the remainder of 2017. However, the number of transactions over the last two calendar years suggests that there may be a scarcity of assets being placed on the market for sale.


¹ Mohamad Mowad, Jones Lang LaSalle Pty Ltd for 1Q 2017.

Manager's Report Operations Review

Operations review at a glance

26
properties in Singapore
1
property in Australia





Occupancy
94.6%²


Portfolio value of
S\$1.45 billion¹


Weighted average lease
expiry ("WALE") of
2.4 years²




Net lettable
area ("NLA") of
627,155.2 sq m²


Total number
of tenants
148²

¹ Singapore portfolio was based on valuation as at 31 March 2017 appraised by CBRE Pte. Ltd. and Savills Valuation And Professional Services (S) Pte Ltd. Optus Centre, Macquarie Park, New South Wales ("NSW"), Australia is based on 49.0 per cent interest in the property appraised by CBRE Valuations Pty Limited as at 31 March 2017.
² Includes newly completed property at 30 Tuas West Road and excludes redevelopment of 8 & 10 Tuas Avenue 20 and greenfield build-to-suit development at 51 Marsiling Road.

Manager's Report Operations Review

Demonstrated track record in delivering our asset enhancement strategy

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

Strategic developments over the past five years that have added approximately 1.8 million sq ft of industrial space and approximately S\$28.6 million of additional rental income¹ through our asset enhancement/development strategy.

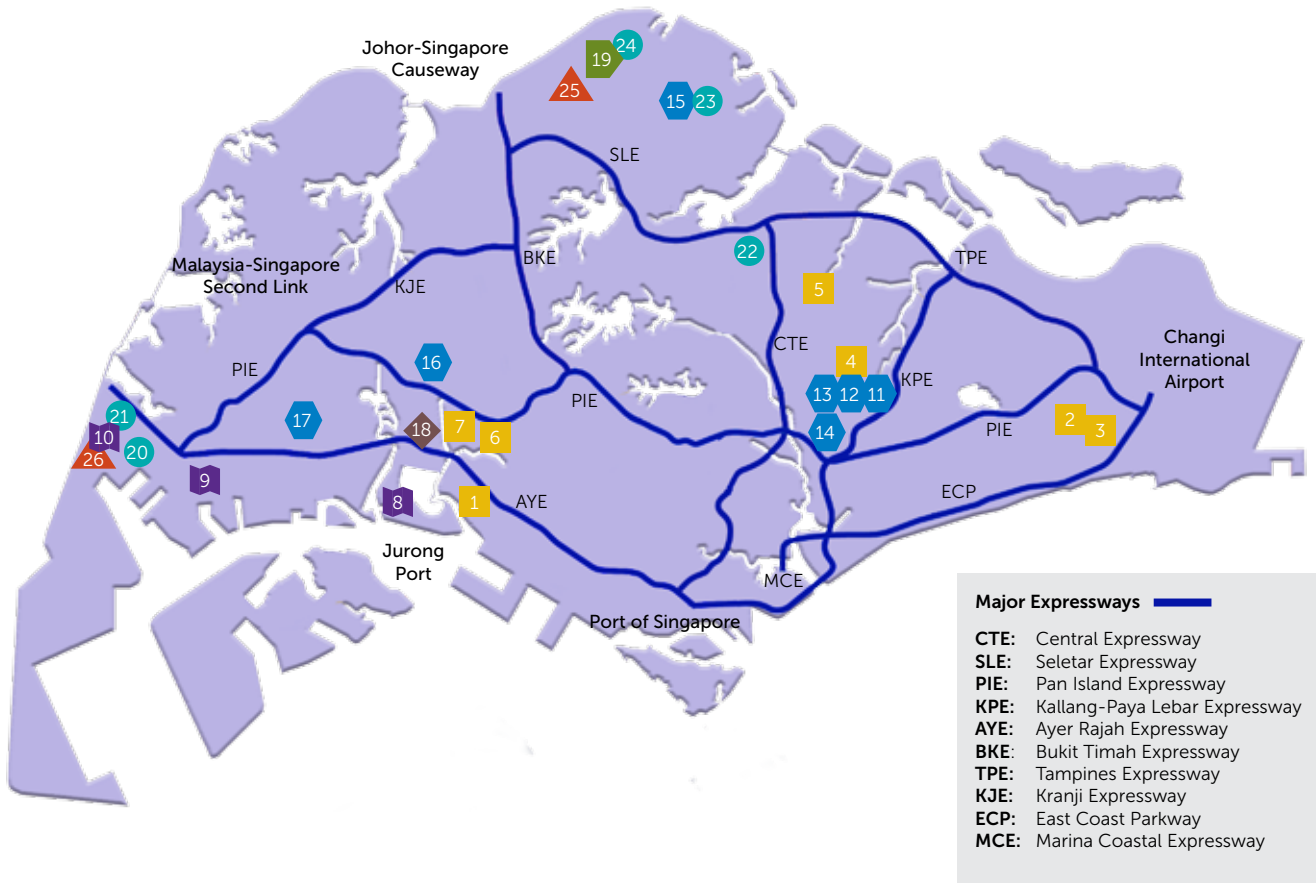


¹ Rental income in year 1 and excluding possible rental income achieved for speculative development at 8 & 10 Tuas Avenue 20.

Manager's Report Operations Review

Resilient portfolio due to diversification

Singapore property portfolio as at 31 March 2017



Cargo Lift Warehouse

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

Ramp-up Warehouse

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

Industrial

- 11 15 Tai Seng Drive
- 12 23 Tai Seng Drive
- 13 135 Joo Seng Road
- 14 1 Kallang Way 2A
- 15 61 Yishun Industrial Park A
- 16 1 Bukit Batok Street 22
- 17 10 Soon Lee Road

Business Park

- 18 1A International Business Park

Hi-Tech

- 19 29 Woodlands Industrial Park E1

Manufacturing

- 20 3 Tuas Avenue 2
- 21 26 Tuas Avenue 7
- 22 2 Ang Mo Kio Street 65
- 23 541 Yishun Industrial Park A
- 24 8 Senoko South Road

Properties Under Development

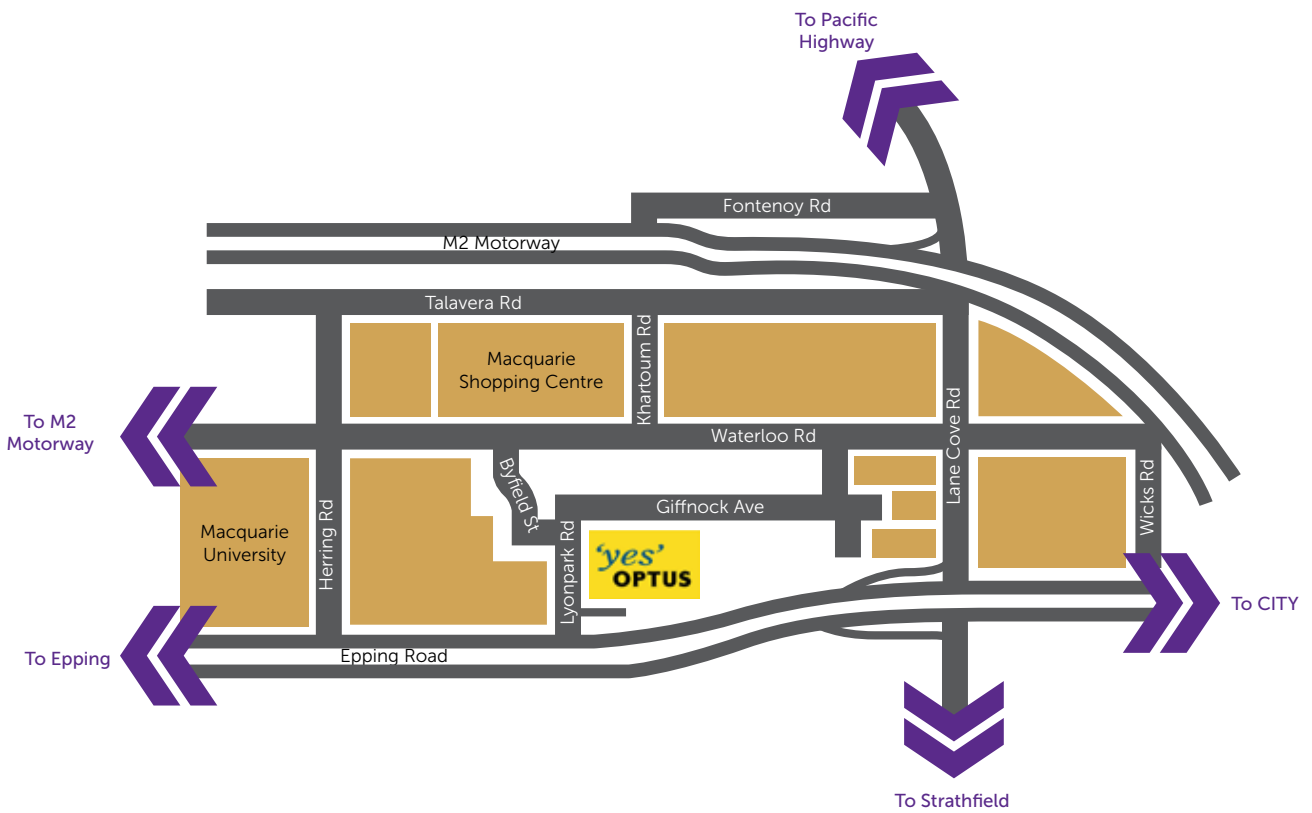
- 25 51 Marsiling Road
- 26 8 & 10 Tuas Avenue 20

Manager's Report Operations Review

Australia property portfolio as at 31 March 2017



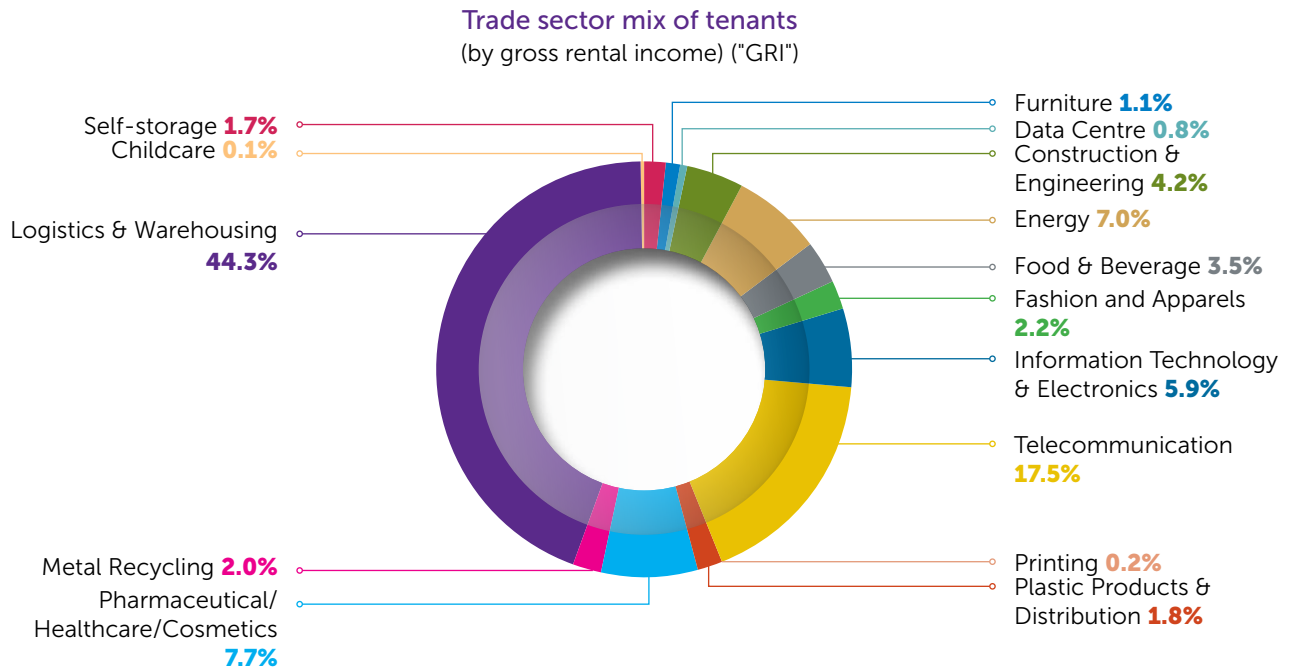
Business Park
Optus Centre, 1-5 Lyonpark Road,
Macquarie Park, NSW, Australia



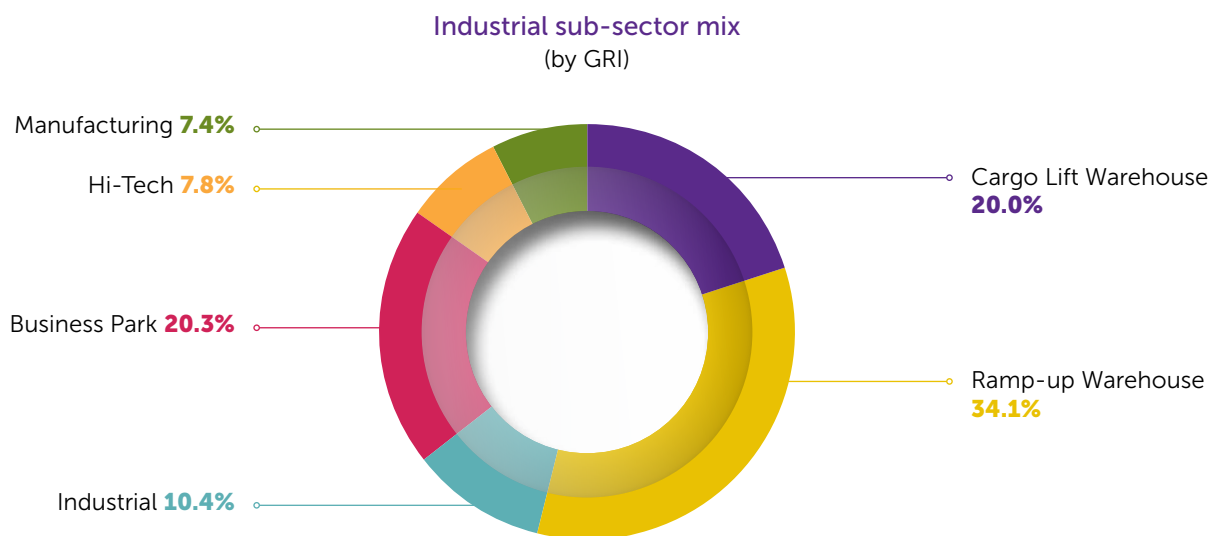
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Operations Review

Despite the challenging operating environment, AA REIT's portfolio continued to be resilient, underpinned by its strategically located properties and diversified trade sector mix of tenants across 15 industries.



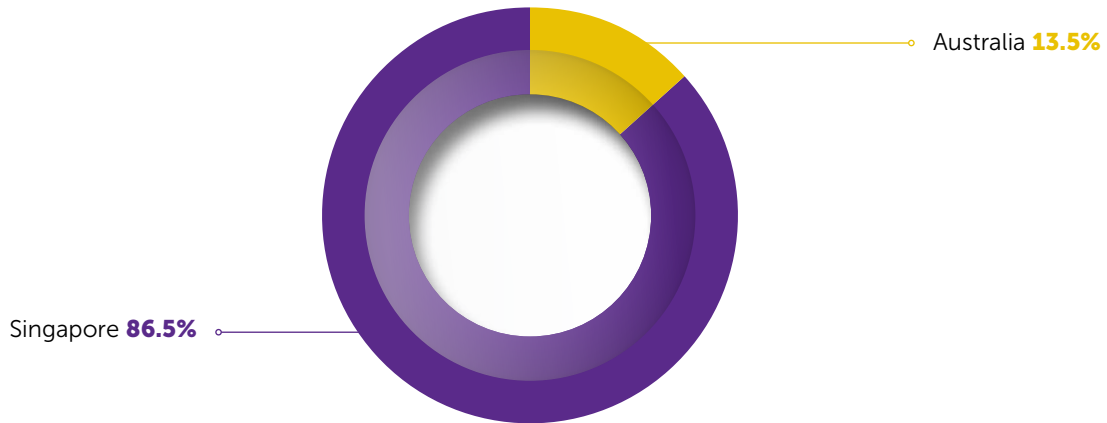
AA REIT owns a spectrum of business space and industrial properties across different industrial sub-sectors, comprising warehousing and logistics, business parks, light industries, high technology and manufacturing spaces. These properties serve the spatial requirements of various segments of the economy.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



AA REIT's Australia property, Optus Centre is located in Macquarie Park, NSW, Australia, the second largest office market in NSW and the eighth largest in Australia. With the subdued Singapore industrial market, Optus Centre which is 100 per cent leased to Optus Administration Pty Limited, a wholly-owned subsidiary of Singapore Telecommunications Limited with a WALE of 5.3 years (by GRI) provides further income stability and diversification to AA REIT's predominately Singapore-based portfolio. As at 31 March 2017, 13.5 per cent (by GRI) is contributed by Optus Centre.

Manager's Report Operations Review

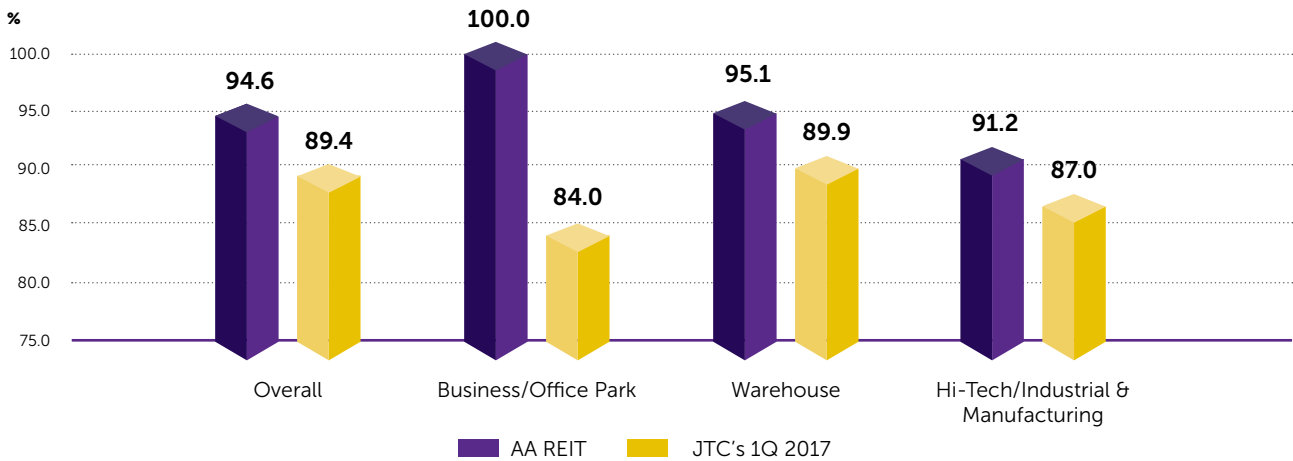
Geographic diversification
(by GRI)



Creating stable and well-balanced portfolio through proactive lease management

Given the industrial oversupply situation in Singapore, rentals continued to be under pressure. AA REIT continues to be focused on active lease and asset management with tenant retention as the top priority. Occupancy rate of the portfolio improved to 94.6 per cent from 93.4 per cent a year ago with occupancy rate exceeding the industrial average across all sub-sectors.

High occupancy levels
(%)



Despite keen market competition, AA REIT successfully secured 81 new and renewed leases (representing approximately 25.7 per cent of our current portfolio NLA) at a weighted average rental rate decrease of 3.1 per cent on the renewals¹ in FY2017. Out of which, 46 new leases were secured and the WALE (by GRI) of these newly secured leases stood at 2.3 years and contributed to 3.6 per cent of GRI of the whole portfolio.

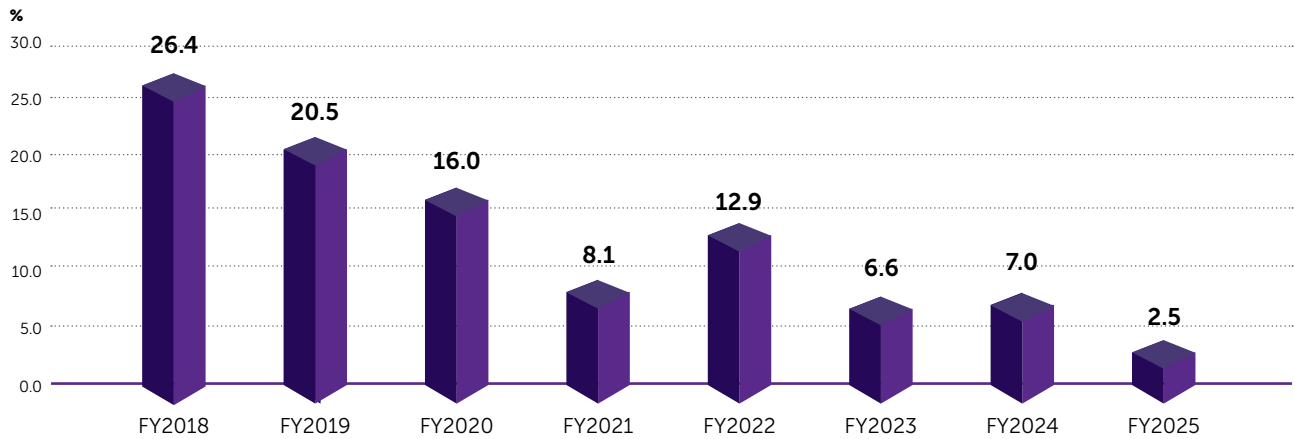
With a well-staggered lease expiry profile, AA REIT's portfolio enjoys stability of income as more than 37.1 per cent of the total portfolio leases (by GRI) are committed until FY2021 and beyond which reduces the REIT's exposure to near term expiries. As at 31 March 2017, AA REIT's WALE (by GRI) stood at 2.4 years.

¹ Takes into account only renewal leases with the same tenant of the same lease area.

Manager's Report

Operations Review

Lease expiry profile
(by GRI)



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

Master and multi-tenancy leases
(by GRI)

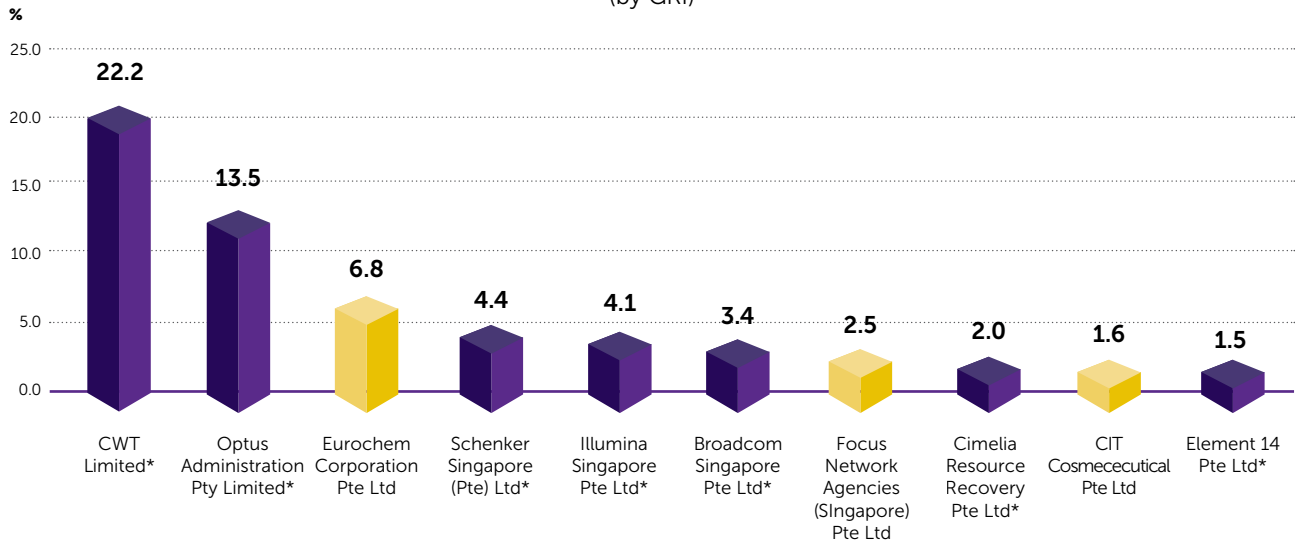


AA REIT's portfolio maintains a high quality tenant base, which includes a mixture of large multinational companies, publicly listed companies and private companies. The top ten tenants accounted for approximately 62.0 per cent of GRI for FY2017. Seven of the top ten tenants are publicly listed companies, reflecting the quality of the tenants. Although approximately 22.2 per cent of AA REIT's GRI is attributed to largest tenant, CWT Limited, it is well supported by a diverse group of underlying end-users of space. CWT Limited's leases at 20 Gul Way will expire over the course of the next three years and the concentration risk attributed to this single tenant will be reduced.

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Operations Review

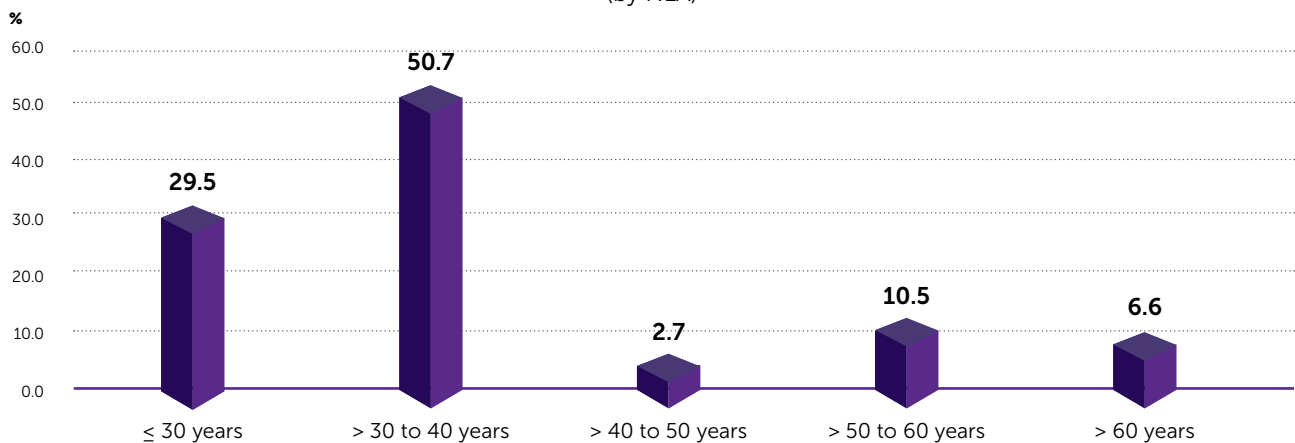
Top ten tenants
(by GRI)



* Listed groups or subsidiaries of listed entities.

The portfolio enjoys a well-distributed long underlying land leases, with a weighted average land lease to expiry for the portfolio of 38.4 years¹, weighted by NLA. Excluding freehold land, the weighted average land lease to expiry for underlying leasehold land in portfolio by NLA would be 34.2 years.

Land lease expiry profile
(by NLA)



¹ For the calculation of the weighted average land lease of AA REIT, AA REIT's interest in the freehold property, Optus Centre has been assumed as a 99-year leasehold interest.

Manager's Report

Operations Review

Enlarging the portfolio through organic and inorganic growth strategy

AA REIT continued its strategy of repositioning the portfolio by focusing on transforming existing assets to larger and higher quality assets through redevelopment and enhancement. This strategy have helped cushioned the weak economic environment faced in FY2017 and helped in maintaining a stable and sustainable returns for our Unitholders.

In April 2016, AA REIT announced its fourth redevelopment at 8 & 10 Tuas Avenue 20, which will see the transformation of a two adjoining two-storey detached industrial spaces into a versatile three-storey industrial facility with ramp and cargo lift access, making it suitable for production and warehouse usage. Targeted to be completed by the second half of 2017, this development will add additional 41,332 sq ft of space to the portfolio.

FY2017 also marked a significant milestone for AA REIT's portfolio. Underscoring AA REIT's strategy to seek yield-accretive investments and grow its portfolio, AA REIT announced plans for its first third-party greenfield build-to-suit development at 51 Marsiling Road in August 2016. The land was acquired from Seiko Instruments Singapore Pte Ltd at S\$7.1 million. The S\$39.4 million¹ five-storey building is pre-committed to leading manufacturer Beyonics International Pte Ltd with a ten-year master lease on the whole property with rent escalations. Targeted to be completed by the second half of 2017, the property is estimated to provide S\$3.5 million in rental income in the first year.

In December 2016, AA REIT received the TOP for its third redevelopment project at 30 Tuas West Road². The original two three-storey detached industrial buildings was transformed into a purpose-built five-storey ramp-up warehouse, which has been fully leased to a single master tenant, CWT Limited. Maiden rental income commenced on 27 February 2017 and the full year rental income of the property will be achieved in FY2018.

AEIs/Developments	Additional GFA (sq ft)	Target completion	Total development cost (S\$'million)
8 & 10 Tuas Avenue 20	41,332	2H 2017	27.0 (including land cost)
Greenfield BTS at 51 Marsiling Road	231,738	2H 2017	39.4 (including land cost)

AA REIT remains on the lookout for the right acquisition opportunities in Singapore and Australia. With approximately 760,000 sq ft of under-utilised space in its existing portfolio, the Manager will continue to explore this organic growth opportunity and rejuvenate older and underperforming assets as part of a defensive strategy.

¹ Includes land and associated transaction costs.

² The land parcels at 30 & 32 Tuas West Road have been amalgamated and are now known as 30 Tuas West Road.

Manager's Report

Financial Review

Financial performance

Statement of net income and distributions	FY2017 S\$'000	FY2016 S\$'000	Change %
Gross revenue	120,119	124,389	(3.4)
Property operating expenses	(40,686)	(42,060)	(3.3)
Net property income	79,433	82,329	(3.5)
Foreign exchange gain	39	2	>100.0
Interest and other income	2,387	523	>100.0
Borrowing costs	(18,602)	(20,152)	(7.7)
Manager's management fees			
- Base fees	(7,405)	(7,325)	1.1
- Performance fees	-	(1,459)	(100.0)
Other trust expenses	(1,755)	(1,935)	(9.3)
Non-property expenses	(27,762)	(30,871)	(10.1)
Net income before joint venture's results	54,097	51,983	4.1
Share of results of joint venture (net of tax)	14,758	36,769	(59.9)
Net income	68,855	88,752	(22.4)
Distributions to Unitholders	70,497	72,062	(2.2)
Distribution per Unit ("DPU") (cents)	11.05	11.35	(2.6)

Gross revenue and net property income

The gross revenue of S\$121.2 million¹ achieved for FY2017 was S\$1.9 million lower than that of the previous year of S\$123.1 million², mainly due to lower rental contributions for the properties at 27 Penjuru Lane, 8 & 10 Pandan Crescent, 135 Joo Seng Road and 61 Yishun Industrial Park A as well as the loss in revenue due to the redevelopment of 8 & 10 Tuas Avenue 20. This was partially offset by higher rental and recoveries for the properties at 29 Woodlands Industrial Park E1 and 20 Gul Way. Property expenses of S\$41.8 million¹ for FY2017 were S\$1.1 million higher than FY2016 mainly due to higher expenditure to maintain the properties as well as higher costs arising from the reversion from master leases to multi-tenancy leases for two phases of 20 Gul Way upon the expiry of the master leases on 28 December 2016 and 13 February 2017.

Net property income for FY2017 stood at S\$79.4 million, which was S\$2.9 million lower compared to FY2016.

Net income

Interest and other income in FY2017 included proceeds of S\$2.3 million from the full and final settlement received from the insurance company for the property at 8 & 10 Tuas Avenue 20 due to a fire incident in 2015.

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

² For FY2016, the gross revenue of S\$124.4 million included an additional property tax of S\$1.3 million for 20 Gul Way for the period from 14 June 2014 to 31 December 2015. The additional property tax was due to the change in annual value of property assessed by IRAS which was fully recoverable from the master tenant, CWT Limited. Excluding this recovery, the gross revenue and property operating expenses for FY2016 would have been S\$123.1 million and S\$40.7 million respectively.

Manager's Report

Financial Review

Borrowing costs of S\$18.6 million were S\$1.6 million lower than the previous year mainly due to lower interest costs incurred on the new S\$100.0 million four-year term loan facility which was drawn down to redeem the S\$100.0 million 4.90 per cent unsecured medium term notes matured in August 2016.

The share of results of joint venture (net of tax) for FY2017 comprised the contribution from AA REIT's 49.0 per cent interest in Optus Centre which is located in Macquarie Park, NSW, Australia. The share of results of joint venture (net of tax) in FY2016 included the share of revaluation surplus of S\$22.5 million recognised from the valuation of Optus Centre. In FY2017, the valuation of property was maintained at A\$445.0 million (equivalent to approximately S\$474.8 million) based on the independent valuation carried out by CBRE Valuations Pty Limited as at 31 March 2017.

Distributions to Unitholders

AA REIT achieved Unitholders' distributions of S\$70.5 million for FY2017 which were S\$1.6 million or 2.2 per cent lower compared to FY2016, in line with lower net property income. Accordingly, DPU for FY2017 of 11.05 cents represented a decrease of 2.6 per cent compared to FY2016. AA REIT continued to pay out 100.0 per cent of the Singapore taxable income available for distribution.

Total assets and Net asset value ("NAV") per Unit

	FY2017	FY2016
Net assets attributable to Unitholders	S\$'000	S\$'000
Total assets	1,465,475	1,459,453
Total liabilities	577,028	518,732
Net assets attributable to Unitholders	888,447	940,721
NAV per Unit (S\$)	1.390	1.478

As at 31 March 2017, total assets of the Group increased to S\$1,465.5 million, compared to S\$1,459.5 million as at 31 March 2016. The main movements in total assets were due to the capitalisation of development costs for the redevelopment of 30 Tuas West Road and 8 & 10 Tuas Avenue 20, land acquisition and capitalisation of development costs for the greenfield BTS development at 51 Marsiling Road, increase in joint venture balances from the strengthening of the Australian dollar against the Singapore dollar, increase in cash and cash equivalents but offset by a net revaluation deficit of S\$54.3 million recognised for the valuation of investment properties and investment properties under development in Singapore. The revaluation deficit was mainly due to lower market rent assumptions adopted by the valuers to take into account the uncertain macroeconomic and geopolitical outlook and the industrial oversupply situation in Singapore.

The NAV per Unit fell by 6.0 per cent to S\$1.390 from S\$1.478 a year ago, primarily due to the net change in fair value of investment properties and investment properties under development in Singapore.

Capital management

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

Borrowings

Total borrowings as at 31 March 2017 of S\$529.3 million was S\$55.9 million higher than the total borrowings as at 31 March 2016. This was due to the net drawdown of S\$50.0 million of the Trust's facilities which was primarily used to fund the redevelopment of 30 Tuas West Road, 8 & 10 Tuas Avenue 20, land acquisition and development costs of the greenfield BTS development at 51 Marsiling Road as well as the increase in the Australian dollar denominated borrowings of S\$5.9 million due to the strengthening of the Australian dollar against the Singapore dollar.

Manager's Report

Financial Review

Key borrowing metrics (in S\$'000 unless otherwise indicated)	FY2017	FY2016
Total borrowings ¹	529,287	473,417
Undrawn available bank facilities	133,261	133,261
Aggregate leverage (%)	36.1	32.4
All-in-cost of financing (%)	3.7	4.2
Interest cover ratio (times)	5.0	4.8
Weighted average term to maturity (years)	2.3	2.2
Fixed rate borrowings as a percentage of total borrowings (%)	84.4	92.2

Proactive refinancing of debt ahead of maturity

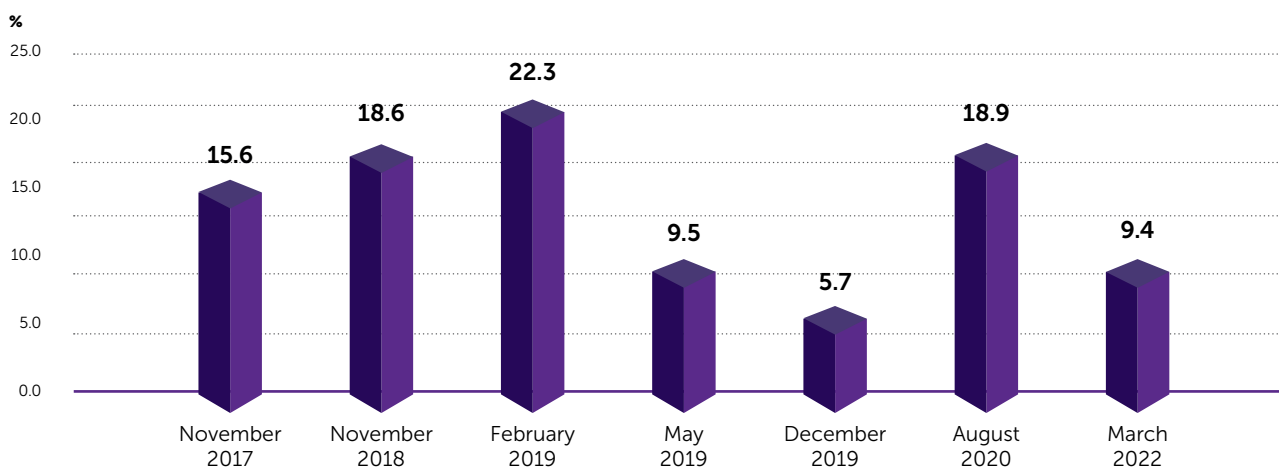
During the year, the Trust executed a supplemental loan facility agreement with a syndicate of five financial institutions to upsize its existing secured facility with a four-year term loan facility of S\$100.0 million. The term loan facility was drawn down to redeem the S\$100.0 million unsecured medium term notes which matured on 8 August 2016.

On 22 March 2017, the Trust, through its wholly-owned subsidiary AACI REIT MTN Pte Ltd successfully issued a fourth series of unsecured fixed rate notes under its S\$500.0 million Medium Term Note Programme ("MTN Programme"). The S\$50.0 million five-year fixed rate notes will mature on 22 March 2022 and bear interest at a fixed rate of 3.60 per cent per annum payable semi-annually in arrears. The proceeds from the notes were deployed to partially repay its revolving credit facility which is due to expire in November 2017.

In April 2017, the Trust received commitment from a syndicate of financial institutions to refinance its secured facilities due in November 2017 with a four-year revolving credit facility and a three-year Australian dollar term loan. With the new facilities, the weighted term to maturity of AA REIT's borrowings would increase to approximately 2.7 years on a pro forma basis as at 31 March 2017.

Staggered debt maturity profile

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



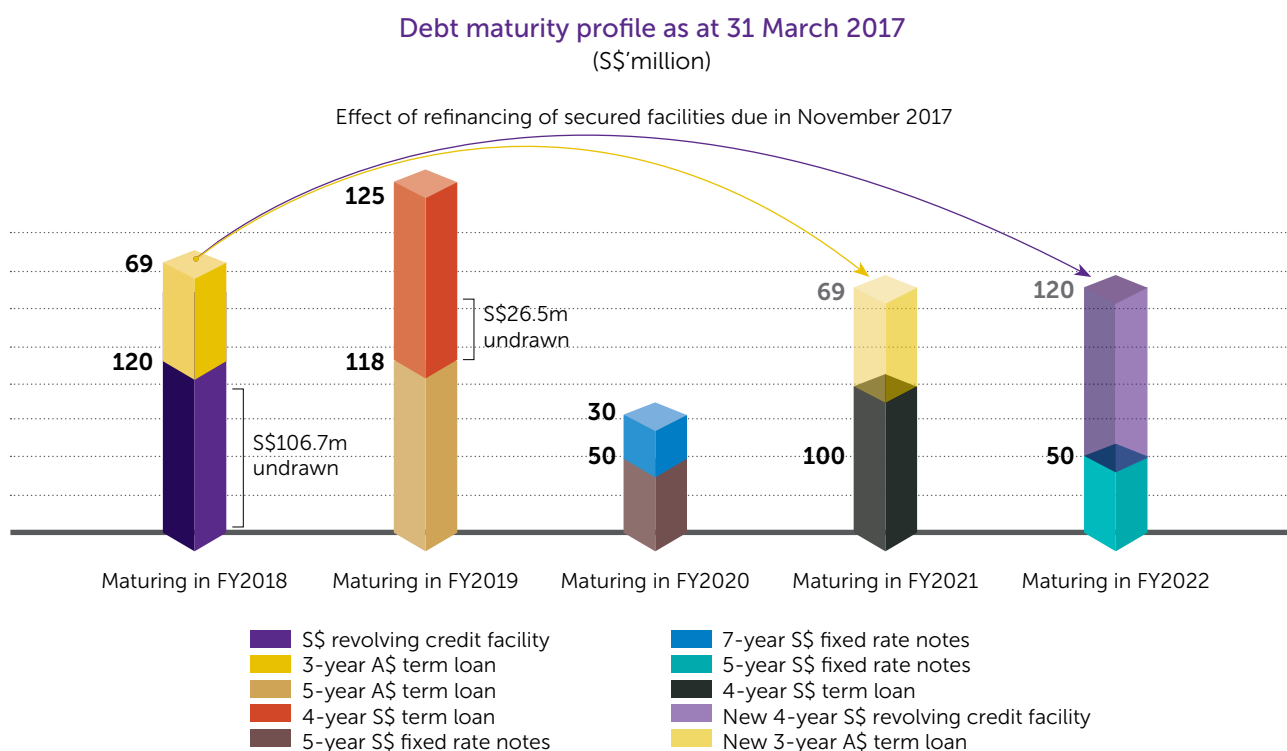
¹ Total borrowings exclude unamortised loan transaction costs.

Manager's Report

Financial Review

Out of the total borrowings as at 31 March 2017, 15.6 per cent falls due in November 2017, 18.6 per cent falls due in November 2018, 22.3 per cent falls due in February 2019, 9.5 per cent falls due in May 2019, 5.7 per cent falls due in December 2019, 18.9 per cent falls due in August 2020 and the remaining balance falls due in March 2022.

The debt maturity profile of AA REIT as at 31 March 2017 (including the pro forma effect of the refinancing of its secured facilities in April 2017) is set out below:



AA REIT continued to maintain appropriate hedging ratios to mitigate interest rate volatility. As at 31 March 2017, 84.4 per cent of AA REIT's borrowings are on fixed interest rates with a combination of interest rate swaps to hedge its exposure from floating rate borrowings and fixed rate notes issued under the MTN Programme. The fair value of derivative financial instruments represents 0.2 per cent of the total assets as at 31 March 2017.

Strong financial flexibility

As at 31 March 2017, AA REIT has approximately S\$133.3 million of undrawn debt facilities including revolving credit facility and an untapped balance of S\$370.0 million from the MTN Programme. AA REIT also has 13 unencumbered Singapore properties with a total value of S\$433.2 million or 35.7 per cent of the Singapore portfolio of S\$1,212.7 million as at 31 March 2017. This will provide the Trust with the financial ability to complete the redevelopment of the properties at 8 & 10 Tuas Avenue 20 and the greenfield BTS development at 51 Marsiling Road, as well as the financial flexibility to fund future redevelopments, asset enhancement initiatives and acquisition opportunities.

Prudent capital structure

The aggregate leverage remains healthy at 36.1 per cent as at 31 March 2017, well below the 45.0 per cent gearing limit allowed by the Monetary Authority of Singapore for property trusts in Singapore. AA REIT has an investment grade credit rating of BBB- assigned by Standard & Poor's Ratings Services.

Manager's Report

Financial Review

Equity funding

Equity raising

On 20 March 2014, AA REIT issued 92,512,712 Units at an issue price of S\$1.08 per Unit in an underwritten and renounceable rights issue on the basis of seven rights Units for every 40 existing Units, raising gross proceeds of S\$99.9 million ("2014 Rights Issue").

Status report on the specific use of proceeds as at 31 March 2017 is as follows:

	2014 Rights Issue S\$'million
Gross proceeds	99.9
Use of proceeds	
Redevelopment costs at 30 Tuas West Road	38.6
Redevelopment costs at 8 & 10 Tuas Avenue 20	6.3
Land and development costs for greenfield BTS development at 51 Marsiling Road	13.0
Repay outstanding borrowings	17.2
Issue expenses in relation to the 2014 Rights Issue	2.5
Asset enhancement initiatives	6.6
	84.2

As at 31 March 2017, the balance proceeds of the 2014 Rights Issue was approximately S\$15.7 million, which was primarily used to temporarily repay outstanding borrowings pending the deployment of such funds for their intended use. The Trust intends to set aside the balance proceeds for asset enhancement initiatives and to partially fund the balance redevelopment costs at 30 Tuas West Road, the redevelopments at 8 & 10 Tuas Avenue 20 and the greenfield BTS development at 51 Marsiling Road over the course of the construction.

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

Cash flows

AA REIT's cash and cash equivalents increased by S\$4.2 million from S\$7.5 million as at 31 March 2016 to S\$11.7 million as at 31 March 2017. The increase was partly attributable to the timing of borrowings and payment for capital expenditure on investment properties and investment properties under development including the payment of final retention sum of S\$1.7 million for the redevelopment of Phase 2E and Phase 3 of 20 Gul Way. The property at 20 Gul Way obtained Certification of Statutory Completion on 29 June 2016.

The net cash outflows used in investing activities of S\$33.0 million was mainly attributable to the funding of the redevelopment costs of 30 Tuas West Road and 8 & 10 Tuas Avenue 20, land acquisition and development costs of the greenfield BTS development at 51 Marsiling Road, payment of final retention sum for 20 Gul Way, partially offset by distributions received from AA REIT's 49.0 per cent interest in Optus Centre. The net cash outflows from financing activities were mainly due to the drawdowns to fund redevelopment as well as distributions to Unitholders and borrowing costs paid to financial institutions.



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Report of the Trustee

Year ended 31 March 2017

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

To the best knowledge of the Trustee, the Manager has, in all material respects, managed the Group during the year covered by these financial statements, set out on pages 129 to 183, in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

For and on behalf of the Trustee

HSBC Institutional Trust Services (Singapore) Limited

Esther Fong
Senior Vice President, Trustee Services

Singapore
31 May 2017

Statement by the Manager

Year ended 31 March 2017

In the opinion of the Directors of AIMS AMP Capital Industrial REIT Management Limited, the accompanying financial statements set out on pages 129 to 183, comprising the statements of financial position, statements of total return, distribution statements, statements of movements in Unitholders' funds and portfolio statements of the Group and of the Trust, the consolidated statements of cash flows of the Group and notes to the financial statements are drawn up so as to present fairly, in all material respects, the financial position of the Group and of the Trust as at 31 March 2017, and the total return, distributable income and movements in Unitholders' funds of the Group and of the Trust and cash flows of the Group for the year then ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "*Reporting Framework for Unit Trusts*" issued by the Institute of Singapore Chartered Accountants and the provisions of the Trust Deed. At the date of this statement, there are reasonable grounds to believe that the Trust will be able to meet its financial obligations as and when they materialise.

For and on behalf of the Manager

AIMS AMP Capital Industrial REIT Management Limited

Koh Wee Lih
Director

Singapore
31 May 2017

Independent Auditors' Report

Unitholders of AIMS AMP Capital Industrial REIT

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

Report on the financial statements

We have audited the accompanying financial statements of AIMS AMP Capital Industrial REIT (the "Trust") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position and consolidated portfolio statement of the Group and the statement of financial position and portfolio statement of the Trust as at 31 March 2017, the consolidated statement of total return, consolidated distribution statement, consolidated statement of movements in Unitholders' funds and consolidated statement of cash flows of the Group and the statement of total return, distribution statement and statement of movements in Unitholders' funds of the Trust for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 129 to 183.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position, statement of total return, distribution statement and statement of movements in Unitholders' funds of the Trust present fairly, in all material respects, the consolidated financial position and portfolio holdings of the Group and the financial position and portfolio holdings of the Trust as at 31 March 2017 and the consolidated total return, consolidated distributable income, consolidated movements in Unitholders' funds and consolidated cash flows of the Group and the total return, distributable income and movements in Unitholders' funds of the Trust for the year then ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 *Reporting Framework for Unit Trusts* ("RAP 7") issued by the Institute of Singapore Chartered Accountants ("ISCA").

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the 'Auditors' responsibilities for the audit of the financial statements' section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("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 year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditors' Report

Valuation of investment properties and investment properties under development

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

Risk:

The Group owns a portfolio of investment properties and investment properties under development comprising 26 industrial properties which are located in Singapore, and a 49% interest in an investment property held through a joint venture which is located in Australia.

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

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

Our response:

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

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

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

We compared the estimated development expenditure to be incurred for the two properties under development against contractual agreements and vendors' quotations.

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

Our findings:

The valuers are members of generally-recognised professional bodies for valuers and have considered their own independence in carrying out the work. The valuation methodologies used which included capitalisation approach, discounted cash flows and residual method were appropriate and in line with generally accepted market practices. The key assumptions used in the valuations, including the projected market rental growth rates, capitalisation rates, discount rates and terminal yield rates, are within the range of historical trends and market data.

For investment properties under development, the estimated development expenditure to be incurred were found to be supported.

The disclosures in the financial statements are appropriate.

Independent Auditors' Report

Other Information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Manager for the financial statements

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

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

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

Auditors' responsibilities for the audit of financial statements

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

Independent Auditors' Report

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

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

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

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

Independent Auditors' Report

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

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

KPMG LLP

*Public Accountants and
Chartered Accountants*

Singapore

31 May 2017

Statements of Financial Position

As at 31 March 2017

	Note	Group		Trust	
		2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Non-current assets					
Investment properties	4	1,175,100	1,172,400	1,175,100	1,172,400
Investment properties under development	5	37,600	44,900	37,600	44,900
Subsidiaries	6	–	–	85,200	85,200
Joint venture	7	232,113	225,213	–	–
Trade and other receivables	8	2,599	2,719	2,599	2,719
Derivative financial instruments	9	408	–	408	–
		<u>1,447,820</u>	<u>1,445,232</u>	<u>1,300,907</u>	<u>1,305,219</u>
Current assets					
Trade and other receivables	8	5,928	6,731	5,307	5,599
Cash and cash equivalents	10	11,727	7,490	10,819	7,385
		<u>17,655</u>	<u>14,221</u>	<u>16,126</u>	<u>12,984</u>
Total assets		<u>1,465,475</u>	<u>1,459,453</u>	<u>1,317,033</u>	<u>1,318,203</u>
Non-current liabilities					
Trade and other payables	11	7,424	9,921	7,424	9,921
Interest-bearing borrowings	12	444,921	371,578	327,201	257,720
Derivative financial instruments	9	2,760	3,528	247	396
Deferred tax liabilities	13	5,849	5,237	–	–
		<u>460,954</u>	<u>390,264</u>	<u>334,872</u>	<u>268,037</u>
Current liabilities					
Trade and other payables	11	33,271	28,430	32,138	27,397
Interest-bearing borrowings	12	82,585	99,906	82,585	99,906
Derivative financial instruments	9	218	132	218	132
		<u>116,074</u>	<u>128,468</u>	<u>114,941</u>	<u>127,435</u>
Total liabilities		<u>577,028</u>	<u>518,732</u>	<u>449,813</u>	<u>395,472</u>
Net assets		<u>888,447</u>	<u>940,721</u>	<u>867,220</u>	<u>922,731</u>
Represented by:					
Unitholders' funds	14	<u>888,447</u>	<u>940,721</u>	<u>867,220</u>	<u>922,731</u>
Units in issue and to be issued ('000)	15	639,337	636,624	639,337	636,624
Net asset value per Unit attributable to Unitholders (\$)		<u>1.3896</u>	<u>1.4777</u>	<u>1.3564</u>	<u>1.4494</u>

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

Statements of Total Return

Year ended 31 March 2017

	Note	Group		Trust	
		2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Gross revenue	16	120,119	124,389	120,119	124,389
Property operating expenses	17	(40,686)	(42,060)	(40,686)	(42,060)
Net property income		<u>79,433</u>	<u>82,329</u>	<u>79,433</u>	<u>82,329</u>
Foreign exchange gain/(loss)		39	2	(2,136)	758
Interest and other income		2,387	523	2,369	681
Distribution income from a subsidiary		–	–	8,852	7,935
Borrowing costs	18	(18,602)	(20,152)	(12,816)	(14,471)
Manager's management fees					
- Base fees	19	(7,405)	(7,325)	(7,405)	(7,325)
- Performance fees	19	–	(1,459)	–	(1,459)
Other trust expenses	20	(1,755)	(1,935)	(1,259)	(1,428)
Non-property expenses		(27,762)	(30,871)	(21,480)	(24,683)
Net income before joint venture's results		<u>54,097</u>	<u>51,983</u>	<u>67,038</u>	<u>67,020</u>
Share of results of joint venture (net of tax)	7	14,758	36,769	–	–
Net income		<u>68,855</u>	<u>88,752</u>	<u>67,038</u>	<u>67,020</u>
Net change in fair value of investment properties and investment properties under development		(54,317)	(42,405)	(54,317)	(42,405)
Net change in fair value of derivative financial instruments		470	(692)	470	(692)
Total return before income tax		<u>15,008</u>	<u>45,655</u>	<u>13,191</u>	<u>23,923</u>
Income tax expense	21	(1,529)	(4,846)	(917)	(743)
Total return after income tax		<u>13,479</u>	<u>40,809</u>	<u>12,274</u>	<u>23,180</u>
Earnings per Unit (cents)					
Basic and diluted	22	2.12	6.44		

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

Distribution Statements

Year ended 31 March 2017

	Note	Group		Trust	
		2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Amount available for distribution to Unitholders at beginning of the year		18,743	18,365	18,743	18,365
Total return before income tax		15,008	45,655	13,191	23,923
Net effect of tax adjustments	A	59,367	51,319	52,681	42,437
Other adjustments	B	(8,503)	(30,614)	–	–
		65,872	66,360	65,872	66,360
Amount available for distribution to Unitholders from taxable income		84,615	84,725	84,615	84,725
Distribution from tax-exempt income		2,680	1,797	2,680	1,797
Capital distribution		1,945	3,905	1,945	3,905
Amount available for distribution to Unitholders		89,240	90,427	89,240	90,427
Distributions to Unitholders during the year:					
2.92 cents per Unit for the period from 1 January 2015 – 31 March 2015		–	(18,365)	–	(18,365)
2.75 cents per Unit for the period from 1 April 2015 – 30 June 2015		–	(17,441)	–	(17,441)
2.80 cents per Unit for the period from 1 July 2015 – 30 September 2015		–	(17,770)	–	(17,770)
2.85 cents per Unit for the period from 1 October 2015 – 31 December 2015		–	(18,108)	–	(18,108)
2.95 cents per Unit for the period from 1 January 2016 – 31 March 2016		(18,743)	–	(18,743)	–
2.75 cents per Unit for the period from 1 April 2016 – 30 June 2016		(17,526)	–	(17,526)	–
2.75 cents per Unit for the period from 1 July 2016 – 30 September 2016		(17,526)	–	(17,526)	–
2.77 cents per Unit for the period from 1 October 2016 – 31 December 2016		(17,690)	–	(17,690)	–
		(71,485)	(71,684)	(71,485)	(71,684)
Amount available for distribution to Unitholders at end of the year		17,755	18,743	17,755	18,743
Number of Units entitled to distributions at end of the year ('000)		638,658	635,366	638,658	635,366
Distribution per Unit (cents)		11.05	11.35	11.05	11.35

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

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

Distribution Statements

Year ended 31 March 2017

Note A - Net effect of tax adjustments

	Group		Trust	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Amortisation and write-off of borrowing transaction costs	808	895	808	895
Foreign exchange (gain)/loss	(45)	19	2,130	(737)
Manager's management fees in Units				
- Base fees	3,700	1,869	3,700	1,869
- Performance fees	-	1,459	-	1,459
Net change in fair value of investment properties and investment properties under development	54,317	42,405	54,317	42,405
Net change in fair value of derivative financial instruments	(470)	692	(470)	692
Net tax adjustment on foreign sourced income	2,415	2,368	(6,436)	(5,756)
Proceeds from insurance claims	(2,330)	-	(2,330)	-
Temporary differences and other tax adjustments	972	1,612	962	1,610
Net effect of tax adjustments	<u>59,367</u>	<u>51,319</u>	<u>52,681</u>	<u>42,437</u>

Note B - Other adjustments

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

Statements of Movements in Unitholders' Funds

Year ended 31 March 2017

Note	Group		Trust	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Balance at beginning of the year	940,721	962,095	922,731	963,073
Operations				
Total return after income tax	13,479	40,809	12,274	23,180
Foreign currency translation reserve				
Translation differences relating to financial statements of foreign subsidiaries and net investment in foreign operations	14	1,291	238	–
Hedging reserve				
Effective portion of changes in fair value of cash flow hedges	14	741	1,101	–
Unitholders' contributions				
Issuance of Units (including Units to be issued):				
- Manager's base fees in Units		3,700	1,869	3,700
- Manager's performance fees in Units		–	1,459	–
- Distribution Reinvestment Plan		–	3,632	–
- Property Manager's fees in Units		–	1,232	–
Distributions to Unitholders	14	(71,485)	(71,684)	(71,684)
Issue expenses		–	(30)	–
Change in Unitholders' funds resulting from Unitholders' transactions		(67,785)	(63,522)	(67,785)
Total decrease in Unitholders' funds		(52,274)	(21,374)	(55,511)
Balance at end of the year		888,447	940,721	867,220
				922,731

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

Portfolio Statements

As at 31 March 2017

	Description of property	Location	Term of land lease ¹	Remaining term of land lease ¹ (years)
Group and the Trust				
Investment properties in Singapore				
1	20 Gul Way	20 Gul Way	35 years	23.8
2	27 Penjuru Lane	27 Penjuru Lane	45 years	32.5
3	8 & 10 Pandan Crescent	8 & 10 Pandan Crescent	92 years and 8 months	51.2
4	NorthTech	29 Woodlands Industrial Park E1	60 years	37.8
5	1A International Business Park	1A International Business Park	52 years	42.2
6	30 Tuas West Road ⁴	30 Tuas West Road	60 years	38.8
7	103 Defu Lane 10	103 Defu Lane 10	60 years	26.2
8	Element 14	15 Tai Seng Drive	60 years	34.0
9	1 Bukit Batok Street 22	1 Bukit Batok Street 22	60 years	38.2
10	3 Toh Tuck Link	3 Toh Tuck Link	60 years	39.6
11	10 Changi South Lane	10 Changi South Lane	60 years	39.2
12	11 Changi South Street 3	11 Changi South Street 3	60 years	38.0
13	23 Tai Seng Drive	23 Tai Seng Drive	60 years	33.3
14	3 Tuas Avenue 2	3 Tuas Avenue 2	73 years	38.0
15	135 Joo Seng Road	135 Joo Seng Road	60 years	37.2
16	61 Yishun Industrial Park A	61 Yishun Industrial Park A	60 years	35.4
17	56 Serangoon North Avenue 4	56 Serangoon North Avenue 4	60 years	38.1
18	King Plastic	541 Yishun Industrial Park A	60 years	37.2
19	2 Ang Mo Kio Street 65	2 Ang Mo Kio Street 65	60 years	30.0
20	1 Kallang Way 2A	1 Kallang Way 2A	60 years	38.2
21	8 Senoko South Road	8 Senoko South Road	60 years	37.6
22	Aalst Chocolate Building	26 Tuas Avenue 7	60 years	36.8
23	7 Clementi Loop	7 Clementi Loop	60 years	36.2
24	10 Soon Lee Road	10 Soon Lee Road	60 years	23.9
Investment properties, at valuation (note 4)				
Investment properties under development in Singapore				
6	30 Tuas West Road ⁴	30 Tuas West Road	60 years	38.8
25	8 & 10 Tuas Avenue 20	8 Tuas Avenue 20	57 years and 2 months	33.8
		10 Tuas Avenue 20	60 years	35.5
26	51 Marsiling Road ⁵	51 Marsiling Road	70 years and 5 months	27.3
Investment properties under development, at valuation (note 5)				
Portfolio of investment properties and investment properties under development				
Joint venture (note 7)				
Investment property in Australia held by a joint venture				
27	Optus Centre ⁶	1-5 Lyonpark Road, Macquarie Park, New South Wales	Freehold	N.A.
Other assets and liabilities (net)				
Total Unitholders' funds of the Group				

¹ Includes the period covered by the relevant options to renew.

² The occupancy rates shown are on committed basis.

³ The carrying value of investment properties and investment properties under development are stated at valuation.

⁴ On 3 September 2015, the Group started the redevelopment of 30 & 32 Tuas West Road and transferred it to "Investment properties under development". The property was classified as "Investment properties under development" as at 31 March 2016. It was transferred to "Investment properties" during the year ended 31 March 2017 upon achieving its Temporary Occupation Permit on 27 December 2016. The property is now known as 30 Tuas West Road.

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

Portfolio Statements

As at 31 March 2017

Existing use	Occupancy rate ²		Carrying value ³		Group percentage of total Unitholders' funds		Trust percentage of total Unitholders' funds	
	2017 %	2016 %	2017 \$'000	2016 \$'000	2017 %	2016 %	2017 %	2016 %
Ramp-up Warehouse	100	100	263,200	286,000	29.6	30.4	30.3	31.0
Ramp-up Warehouse	96	87	170,000	177,000	19.1	18.8	19.6	19.2
Cargo Lift Warehouse	89	91	146,000	157,100	16.4	16.7	16.8	17.0
Hi-Tech	100	96	100,000	95,000	11.3	10.1	11.5	10.3
Business Park	100	100	88,500	88,700	10.0	9.4	10.2	9.6
Ramp-up Warehouse	100	N.A.	60,700	–	6.8	–	7.0	–
Cargo Lift Warehouse	76	100	36,000	37,000	4.1	4.0	4.2	4.0
Industrial	90	91	32,600	36,400	3.7	3.9	3.8	3.9
Industrial	85	78	26,000	25,600	2.9	2.7	3.0	2.8
Cargo Lift Warehouse	100	100	22,700	22,600	2.6	2.4	2.6	2.5
Cargo Lift Warehouse	100	84	22,300	29,600	2.5	3.2	2.6	3.2
Cargo Lift Warehouse	63	47	21,400	20,900	2.4	2.2	2.5	2.3
Industrial	95	95	21,000	21,000	2.4	2.2	2.4	2.3
Manufacturing	100	100	20,600	22,800	2.3	2.4	2.4	2.5
Industrial	70	77	20,300	22,700	2.3	2.4	2.3	2.5
Industrial	64	97	20,000	24,500	2.3	2.6	2.3	2.7
Cargo Lift Warehouse	96	88	18,900	20,000	2.1	2.1	2.2	2.2
Manufacturing	100	100	16,000	16,000	1.8	1.7	1.8	1.7
Manufacturing	100	100	15,300	13,300	1.7	1.4	1.8	1.4
Industrial	100	96	12,500	13,800	1.4	1.5	1.4	1.5
Manufacturing	100	100	12,300	11,400	1.4	1.2	1.4	1.2
Manufacturing	100	100	11,500	11,500	1.3	1.2	1.3	1.2
Cargo Lift Warehouse	94	94	10,900	11,800	1.2	1.3	1.3	1.3
Industrial	72	72	6,400	7,700	0.7	0.8	0.7	0.8
			1,175,100	1,172,400	132.3	124.6	135.4	127.1
–	N.A.	N.A.	–	36,200	–	3.9	–	3.9
–	N.A.	N.A.	19,400	8,700	2.2	0.9	2.2	0.9
–	N.A.	–	18,200	–	2.0	–	2.1	–
			37,600	44,900	4.2	4.8	4.3	4.8
			1,212,700	1,217,300	136.5	129.4		
			232,113	225,213	26.1	23.9		
Business Park	100	100						
			(556,366)	(501,792)	(62.6)	(53.3)		
			888,447	940,721	100.0	100.0		

⁵ The Group entered into an option agreement with Seiko Instruments Singapore Pte Ltd to acquire the plot of land on 3 August 2016. The property is currently undergoing a build-to-suit development.

⁶ The Group has a 49.0% (2016: 49.0%) interest in Optus Centre. As at 31 March 2017, the property was valued at AUD445.0 million (equivalent to approximately \$474.8 million) (31 March 2016: AUD445.0 million (equivalent to approximately \$459.9 million)).

Portfolio Statements

As at 31 March 2017

Description of property	Carrying value		Trust percentage of total Unitholders' funds	
	2017 \$'000	2016 \$'000	2017 %	2016 %
Trust				
1-24 Investment properties, at valuation (pages 134 - 135)	1,175,100	1,172,400	135.4	127.1
Investment properties under development, at valuation (pages 134 - 135)	37,600	44,900	4.3	4.8
	1,212,700	1,217,300	139.7	131.9
Other assets and liabilities (net)	(345,480)	(294,569)	(39.7)	(31.9)
Total Unitholders' funds of the Trust	867,220	922,731	100.0	100.0

Portfolio statement by industry segment is not presented as the Group's and the Trust's activities for the years ended 31 March 2017 and 31 March 2016 related wholly to investing in real estate in the industrial sector.

As at 31 March 2017, the investment properties and investment properties under development were valued by CBRE Pte. Ltd. or Savills Valuation And Professional Services (S) Pte Ltd (2016: CBRE Pte. Ltd. or Savills Valuation And Professional Services (S) Pte Ltd). The independent valuation of the investment property held through a joint venture was carried out by CBRE Valuations Pty Limited as at 31 March 2017 (2016: CBRE Valuations Pty Limited as at 31 March 2016).

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

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

Consolidated Statements of Cash Flows

Year ended 31 March 2017

	Group	
	2017	2016
	\$'000	\$'000
Cash flows from operating activities		
Total return after income tax	13,479	40,809
Adjustments for:		
Share of results of joint venture (net of tax)	(14,758)	(36,769)
Borrowing costs	18,602	20,152
Foreign exchange gain	(39)	(2)
Manager's base fees in Units	3,700	1,869
Manager's performance fees in Units	–	1,459
Net change in fair value of investment properties and investment properties under development	54,317	42,405
Net change in fair value of derivative financial instruments	(470)	692
Income tax expense	1,529	4,846
Operating income before working capital changes	76,360	75,461
Changes in working capital		
Trade and other receivables	1,545	147
Trade and other payables	1,082	(237)
Cash generated from operations	78,987	75,371
Income tax paid	(917)	(743)
Net cash from operating activities	78,070	74,628
Cash flows from investing activities		
Capital expenditure on investment properties and investment properties under development (including acquisition of land)	(47,990)	(22,699)
Investment in a joint venture	–	(432)
Distributions from a joint venture	14,988	14,329
Net cash used in investing activities	(33,002)	(8,802)
Cash flows from financing activities		
Borrowing costs paid	(19,340)	(19,332)
Distributions to Unitholders	(71,536)	(68,043)
Proceeds from interest-bearing borrowings	233,555	21,760
Repayments of interest-bearing borrowings	(183,555)	(2,760)
Issue expenses paid	–	(30)
Net cash used in financing activities	(40,876)	(68,405)
Net increase/(decrease) in cash and cash equivalents	4,192	(2,579)
Cash and cash equivalents at beginning of the year	7,490	10,111
Effect of exchange rate fluctuations on cash held	45	(42)
Cash and cash equivalents at end of the year	11,727	7,490

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

Consolidated Statements of Cash Flows

Year ended 31 March 2017

Note:

A Significant non-cash transactions

There were the following significant non-cash transactions:

- (i) During the financial year ended 31 March 2017, the Trust issued an aggregate of 2,202,650 (2016: 1,151,826) new Units amounting to \$3.0 million (2016: \$1.7 million) as partial payment for the base fee element of the Manager's management fees incurred.
- (ii) During the financial year ended 31 March 2017, the Trust issued an aggregate of 1,089,469 new Units (2016: 1,991,579) amounting to \$1.5 million (2016: \$2.9 million) as payment for the performance component of the Manager's management fees for the financial year ended 31 March 2016.
- (iii) During the financial year ended 31 March 2016, the Trust issued an aggregate of 2,463,314 new Units amounting to \$3.6 million as partial payment of the distributions, pursuant to the Trust's Distribution Reinvestment Plan.
- (iv) During the financial year ended 31 March 2016, the Trust issued an aggregate of 824,373 new Units amounting to \$1.2 million to AIMS AMP Capital Property Management Pte. Ltd. ("Property Manager") as payment for marketing services provided by the Property Manager in respect of securing tenants at two properties, namely 20 Gul Way and 29 Woodlands Industrial Park E1.

Refer to note 15 of the financial statements.

Notes to the Financial Statements

Year ended 31 March 2017

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Manager and the Trustee on 31 May 2017.

1. GENERAL

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

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

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

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

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

1.1 Trustee's fees

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

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

1.2 Manager's fees

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

Base fee

Under clause 14.1.1 of the Trust Deed, the Manager is entitled to a base fee of 0.5% per annum of the value of the Deposited Property or such higher percentage as may be fixed by an extraordinary resolution of a meeting of Unitholders.

The base fee is payable in the form of cash and/or Units as the Manager may elect. In accordance with clauses 14.1.4 (i) and (ii) of the Trust Deed, where the base fee (or any part or component thereof) is payable in the form of cash, such payment shall be made out of the Deposited Property within 30 days of the last day of each calendar month in arrears; and where the base fee (or any part or component thereof) is payable in the form of Units, such payment shall be made within 30 days of the last day of each calendar half-year in arrears.

Notes to the Financial Statements

Year ended 31 March 2017

1. GENERAL (continued)

1.2 Manager's fees (continued)

Performance fee

Under clause 14.1.2 of the Trust Deed, the Manager is also entitled to a performance fee of 0.1% per annum of the value of the Deposited Property, provided that growth in distribution per Unit ("DPU") in a given financial year (calculated before accounting for the performance fee in that financial year) relative to the DPU in the previous financial year exceeds 2.5%. The performance fee is 0.2% per annum if the growth in DPU in a given financial year relative to the DPU in the previous financial year exceeds 5.0%. In accordance with clause 14.1.4 (iii) of the Trust Deed, the payment of the performance fee, whether in the form of cash or Units, shall be made out of the Deposited Property within 60 days of the last day of every financial year in arrears.

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

Acquisition and divestment fee

Under clause 14.2 of the Trust Deed, the Manager is entitled to receive the following fees:

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

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

1.3 Property Manager's fees

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

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

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

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

Notes to the Financial Statements

Year ended 31 March 2017

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

- (iv) A project management fee in relation to development or redevelopment, the refurbishment, retrofitting and renovation works on a property equivalent to:
- (a) 3.0% of the construction costs where the construction costs are \$2.0 million or less;
 - (b) 2.0% of the construction costs where the construction costs exceed \$2.0 million but do not exceed \$20.0 million;
 - (c) 1.5% of the construction costs where the construction costs exceed \$20.0 million but do not exceed \$50.0 million; and
 - (d) a fee to be mutually agreed by the parties where the construction costs exceed \$50.0 million.
- (v) A property tax service fee in respect of property tax objections submitted to the tax authority on any proposed annual value of a property if, as a result of such objections, the proposed annual value is reduced resulting in property tax savings for the relevant property. The fee shall be determined as follows:
- (a) 7.5% of the property tax savings where the proposed property annual value is \$1.0 million or less;
 - (b) 5.5% of the property tax savings where the proposed property annual value exceeds \$1.0 million but does not exceed \$5.0 million; and
 - (c) 5.0% of the property tax savings where the proposed property annual value exceeds \$5.0 million.

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

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgements

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

Notes to the Financial Statements

Year ended 31 March 2017

2. BASIS OF PREPARATION (continued)

2.4 Use of estimates and judgements (continued)

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

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

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

Measurement of fair values

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Basis of consolidation

Subsidiaries

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

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

Notes to the Financial Statements

Year ended 31 March 2017

Investments in joint ventures (equity-accounted investees)

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

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

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

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

Transactions eliminated on consolidation

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

Accounting for subsidiaries by the Trust

Investments in subsidiaries are stated in the Trust's statement of financial position at cost less accumulated impairment losses.

3.2 Foreign currencies

Foreign currency transactions

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

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

Notes to the Financial Statements

Year ended 31 March 2017

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Foreign currencies (continued)

Foreign operations

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

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

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

Hedge of a net investment in foreign operation

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

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

3.3 Investment properties

Investment properties and investment properties under development

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

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

Notes to the Financial Statements

Year ended 31 March 2017

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

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

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

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

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

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

3.4 Financial instruments

Non-derivative financial assets

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

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

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

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

Loans and receivables

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

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

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

Notes to the Financial Statements

Year ended 31 March 2017

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Financial instruments (continued)

Non-derivative financial liabilities

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

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

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

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

Other financial liabilities comprise interest-bearing borrowings, and trade and other payables (excluding rental received in advance).

Derivative financial instruments, including hedge accounting

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

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

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

Cash flow hedges

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

Notes to the Financial Statements

Year ended 31 March 2017

Other non-trading derivatives

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

3.5 Impairment

(i) Non-derivative financial assets

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

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

Loans and receivables

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

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

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

Joint venture

An impairment loss in respect of a joint venture is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with note 3.5(ii). An impairment is recognised in the statement of total return. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

Notes to the Financial Statements

Year ended 31 March 2017

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 Impairment (continued)

(ii) *Non-financial assets*

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

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

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

3.6 Provisions

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

3.7 Unitholders' funds

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

3.8 Revenue recognition

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

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

(ii) *Interest income*

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

(iii) *Distribution income*

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

Notes to the Financial Statements

Year ended 31 March 2017

3.9 Expenses

(i) *Manager's fees*

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

(ii) *Property expenses*

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

(iii) *Other trust expenses*

Other trust expenses are recognised on an accrual basis.

(iv) *Borrowing costs*

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

3.10 Income tax expense

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

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

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

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

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

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

Notes to the Financial Statements

Year ended 31 March 2017

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.10 Income tax expense (continued)

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

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

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

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

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

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

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

A "Qualifying Unitholder" is a Unitholder who is:

- A Singapore-incorporated company which is a tax resident in Singapore;
- A body of persons other than a company or a partnership, registered or constituted in Singapore (e.g. a town council, a statutory board, a registered charity, a registered cooperative society, a registered trade union, a management corporation, a club and a trade industry association);
- A Singapore branch of a foreign company; or
- An international organisation that is exempt from tax.

Notes to the Financial Statements

Year ended 31 March 2017

A “foreign non-individual Unitholder” is one which is not a resident of Singapore for income tax purposes and:

- who does not have a permanent establishment in Singapore; or
- who carries on any operation in Singapore through a permanent establishment in Singapore, where the funds used to acquire the Units are not obtained from that operation in Singapore.

The above tax transparency ruling does not apply to gains from sale of real estate properties, if considered to be trading gains derived from a trade or business carried on by the Trust. Tax on such gains or profits will be assessed, in accordance with section 10(1)(a) of the Singapore Income Tax Act, Chapter 134 and collected from the Trustee. Where the gains are capital gains, it will not be assessed to tax and the Trustee and the Manager may distribute the capital gains without tax being deducted at source.

The Trust’s foreign-sourced trust distributions and interest income to be received in Singapore by the Trust from its Australian subsidiary, where such income originate from property rental income from its investment in Optus Centre, Macquarie Park, New South Wales, Australia and income derived from property-related activities or other activities in line with the regulatory requirements imposed on the Trust, are exempted from Singapore income tax under section 13(12) of the Singapore Income Tax Act.

This tax exemption is granted by the IRAS but is subject to certain conditions, including the condition that the Trustee is a tax resident of Singapore.

3.11 Distribution policy

The Manager’s distribution policy is to distribute at least 90.0% of the Trust’s taxable income other than gains from sale of real estate that are determined by IRAS to be trading gains and net overseas income. Taxable income comprised substantially the Trust’s income from the letting of its properties after deduction of allowable expenses. The actual level of distribution will be determined at the Manager’s discretion.

The Trust makes distributions to Unitholders on a quarterly basis, with the amount calculated as at 30 June, 30 September, 31 December and 31 March in each distribution year for the three-month period ending on each of those dates. Under the Trust Deed, the Manager shall pay distributions within 90 days after the end of each distribution period. Distributions, when paid, will be in Singapore dollars.

In the event that there are gains arising from sale of real estate properties, and only if such gains are surplus to the business requirements and needs of the Group, the Manager may, at its discretion, direct the Trustee to distribute such gains. Such gains, if not distributed, will form part of the Deposited Property. The Trustee shall not distribute any gain arising from the sale of real estate properties until IRAS agrees on the nature of the gain and its taxability.

On 20 April 2012, the Manager announced the implementation of the Distribution Reinvestment Plan (“DRP”), which provides eligible Unitholders with the option to elect to receive Units in lieu of the cash amount of any distribution (including any interim, final, special or other distribution declared on their holding of Units (after the deduction of applicable income tax, if any)). The Manager may, in its absolute discretion, determine that the DRP will apply to any particular distribution.

3.12 Earnings per unit

The Group presents basic and diluted earnings per unit (“EPU”) data for its units. Basic EPU is calculated by dividing the total return attributable to Unitholders of the Group by the weighted average number of units outstanding during the period. Diluted EPU is determined by adjusting the total return attributable to Unitholders and the weighted average number of units outstanding for the effects of all dilutive potential units.

Notes to the Financial Statements

Year ended 31 March 2017

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.13 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's Chief Operating Decision Makers ("CODMs") which comprise mainly the Board of Directors including the Chief Executive Officer ("CEO") of the Manager to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise foreign exchange gain/loss, interest and other income, borrowing costs, trust expenses and income tax expense.

Segment capital expenditure is the total cost incurred during the year to acquire plant and equipment, investment properties and investment properties under development.

3.14 New standards, interpretations not yet adopted and revised recommended accounting practice

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 April 2016, and early application is permitted; however, the Group has not early applied the following new or amended standards in preparing these statements.

(i) **Applicable to financial statements for the year ending 31 March 2018**

- Revision to RAP 7

RAP 7 was revised in June 2016 and March 2017 to take into account, amongst others, the changes made to FRS 32 *Financial Instruments: Presentation* and FRS 107 *Financial Instruments: Disclosures* in relation to the offsetting of financial assets and liabilities; and new standards issued after 2012 including FRS 110 *Consolidated Financial Statements*, FRS 112 *Disclosure of Interest in Other Entities* and FRS 113 *Fair Value Measurement*. Certain additional disclosures would be required by the RAP 7 (Revised June 2016 and March 2017) ("Revised RAP 7"). The Revised RAP 7 is applicable to unit trusts with annual periods beginning on or after 1 July 2016. The Group plans to adopt the Revised RAP 7 in the financial statements for the year ending 31 March 2018.

(ii) **Applicable to financial statements for the year ending 31 March 2019**

- FRS 115 *Revenue from Contracts with Customers*

FRS 115 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met.

When effective, FRS 115 replaces existing revenue recognition guidance, including FRS 18 *Revenue*, FRS 11 *Construction Contracts*, INT FRS 113 *Customer Loyalty Programmes*, INT FRS 115 *Agreements for Construction of Real Estate*, INT FRS 118 *Transfers of Assets from Customers* and INT FRS 31 *Revenue – Barter Transactions Involving Advertising Services*.

FRS 115 is effective for annual periods beginning on or after 1 April 2018, with early adoption permitted. The Group does not expect the impact on the financial statements to be significant. The Group plans to adopt the standard when it becomes effective in 2018.

Notes to the Financial Statements

Year ended 31 March 2017

- FRS 109 *Financial Instruments*

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

FRS 109 *Financial Instruments* is effective for annual periods beginning on or after 1 April 2018, with early adoption permitted. Retrospective application is generally required, except for hedge accounting. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions. Restatement of comparative information is not mandatory. If comparative information is not restated, the cumulative effect is recorded in opening equity as at 1 April 2018.

Overall, the Group does not expect a significant impact on its opening Unitholders' funds. The Group's initial assessment of the three elements of FRS 109 *Financial Instruments* is as described below.

Classification and measurement

The Group does not expect a significant change to the measurement basis arising from adopting the new classification and measurement model under FRS 109 *Financial Instruments*. Loans and receivables that are currently accounted for at amortised cost will continue to be accounted for using amortised cost model under FRS 109 *Financial Instruments*.

For derivative instruments currently held at fair value, the Group expects to continue measuring these derivative instruments at fair value under FRS 109 *Financial Instruments*.

Impairment

The Group plans to apply the simplified approach and record lifetime expected impairment losses on all trade receivables. On adoption of FRS 109 *Financial Instruments*, the Group does not expect a significant increase in the impairment loss allowance.

The Group expects that all its existing hedges that are designated in effective hedging relationships will continue to qualify for hedge accounting under FRS 109. The Group plans to adopt the standard when it becomes effective in 2018 without restating comparative information.

(iii) Applicable to financial statements for the year ending 31 March 2020

- FRS 116 *Leases*

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

FRS 116 substantially carries forward the lessor accounting requirements in FRS 17 *Leases*. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for these two types of leases using the FRS 17 operating lease and finance lease accounting models respectively. However FRS 116 requires more extensive disclosures to be provided by a lessor.

When effective, FRS 116 replaces existing lease accounting guidance, including FRS 17, INT FRS 104 *Determining whether an Arrangement contains a Lease*, INT FRS 15 *Operating Leases – Incentives*, and INT FRS 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

Notes to the Financial Statements

Year ended 31 March 2017

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.14 New standards, interpretations not yet adopted and revised recommended accounting practice (continued)

(iii) Applicable to financial statements for the year ending 31 March 2020 (continued)

- FRS 116 *Leases (continued)*

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

The Group has performed a preliminary high-level assessment of the new standard on its existing operating lease arrangements as a lessee. Based on the preliminary assessment, total assets and total liabilities are expected to increase from the implementation of FRS 116. This would increase the gearing ratio of the Group.

The Group plans to adopt the standard when it becomes effective for the year ending 31 March 2020. The Group will continue to perform a detailed assessment of the standard, including the transition options and practical expedients.

4. INVESTMENT PROPERTIES

	Note	Group and Trust	
		2017	2016
		\$'000	\$'000
At 1 April		1,172,400	1,233,470
Capital expenditure capitalised		1,502	4,870
Net change in fair value of investment properties recognised in the statement of total return		(59,502)	(40,320)
Transfer from/(to) investment properties under development	5	60,700	(25,620)
At 31 March		1,175,100	1,172,400

At the reporting date, 13 investment properties of the Group and the Trust with carrying amount totalling \$779,500,000 (2016: \$673,200,000) had been pledged as security for interest-bearing borrowings (note 12).

Fair value hierarchy

Investment properties with level 3 fair value of \$1,175,100,000 (2016: \$1,172,400,000) as at 31 March 2017, were measured by independent professional valuers who have the appropriate recognised professional qualifications and recent experience in the location and category of properties being valued.

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

Level 3 fair value measurements

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

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

Notes to the Financial Statements

Year ended 31 March 2017

(ii) Valuation techniques

Investment properties are stated at fair value based on valuations performed by independent professional valuers, CBRE Pte. Ltd. or Savills Valuation And Professional Services (S) Pte Ltd on 31 March 2017 (2016: CBRE Pte. Ltd. or Savills Valuation And Professional Services (S) Pte Ltd on 31 March 2016). The fair values take into consideration the market values of the properties, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties have each acted knowledgeably, prudently and without compulsion. The specific risks inherent in each of the properties are taken into consideration in arriving at the property valuation.

In determining the fair value, the valuers have used valuation techniques which involve certain estimates. The key assumptions used to determine the fair value of investment properties include market-collaborated discount rate, terminal capitalisation rate and capitalisation rate. In relying on the valuation reports, the Manager has exercised its judgement and is satisfied that the valuation methods and estimates are reflective of current market conditions and the valuation reports are prepared in accordance with recognised appraisal and valuation standards.

The valuers have considered valuation techniques including the discounted cash flow analysis, capitalisation method and/or direct comparison method in arriving at the open market value as at the reporting date.

The discounted cash flow analysis involves the estimation and projection of a net income stream over a period and discounting the net income stream with an internal rate of return to arrive at the market value. The discounted cash flow analysis requires the valuers to assume a rental growth rate indicative of market and the selection of a target internal rate of return consistent with current market requirements. The capitalisation method is an investment approach whereby the estimated gross passing income (on both a passing and market rent basis) has been adjusted against anticipated operating costs to produce a net income on a fully leased basis. The adopted fully leased net income is capitalised at an appropriate investment yield. The direct comparison method is used as a secondary method and is a comparative analysis which considers the relativity of various aspects of the property including (not necessarily limited to) location, tenure, size, configuration, quality of improvements and the date of transaction and the circumstances surrounding the sale. Transactions of comparable properties have been considered and capital value rates analysed. Thereafter, appropriate adjustments have been included and a capital value rate adopted for the property.

(iii) Significant unobservable inputs

The following table shows the key unobservable inputs used in the valuation models:

Valuation technique	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Discounted cash flows analysis	• Discount rate of 7.75% to 8.00% (2016: 7.75% to 8.00%)	The estimated fair value would increase (decrease) if discount rate was lower (higher).
	• Terminal capitalisation rate of 6.25% to 7.00% (2016: 6.50% to 7.50%)	The estimated fair value would increase (decrease) if terminal capitalisation rate was lower (higher).
Capitalisation method	• Capitalisation rate of 6.00% to 7.00% (2016: 6.25% to 7.00%)	The estimated fair value would increase (decrease) if capitalisation rate was lower (higher).

Notes to the Financial Statements

Year ended 31 March 2017

5. INVESTMENT PROPERTIES UNDER DEVELOPMENT

	Note	Group and Trust	
		2017 \$'000	2016 \$'000
At 1 April		44,900	–
Development expenditure capitalised		48,215	21,365
Net change in fair value of investment properties under development recognised in statement of total return		5,185	(2,085)
Transfer (to)/from investment properties	4	(60,700)	25,620
At 31 March		<u>37,600</u>	<u>44,900</u>

Included in development expenditure capitalised are borrowing costs and acquisition fees paid to the Manager capitalised during the year of \$662,284 (2016: \$187,720) and \$97,160 (2016: Nil) respectively.

Fair value hierarchy

Investment properties under development with fair value of \$37,600,000 (2016: \$44,900,000) as at 31 March 2017 were measured by an independent professional valuer, CBRE Pte. Ltd. (2016: Savills Valuation And Professional Services (S) Pte Ltd), who has the appropriate recognised professional qualifications and recent experience in the location and category of properties being valued.

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

Level 3 fair value measurement

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

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

(ii) Valuation techniques

In determining the fair value of investment property under development, the valuers have adopted the residual method whereby the estimated development costs to be incurred and developer's profit are deducted from the gross development value to arrive at the residual value. The gross development value is the estimated value of the property assuming satisfactory completion of the development as at the date of valuation and is determined using the discounted cash flow analysis, capitalisation method and direct comparison methods (see note 4).

The key assumptions include the estimation of net income based on rental assumptions which are considered in line with prevailing market conditions and general market practice within Singapore, a market-corroborated discount rate, terminal capitalisation rate, capitalisation rate and estimated development costs to be incurred.

Notes to the Financial Statements

Year ended 31 March 2017

(iii) Significant unobservable inputs

The following table shows the key unobservable inputs used in the valuation models:

Valuation technique	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Residual method	Discounted cash flows analysis	
	<ul style="list-style-type: none"> Discount rate of 8.00% (2016: 8.00%) 	The estimated fair value would increase (decrease) if discount rate was lower (higher).
	<ul style="list-style-type: none"> Terminal capitalisation rate of 6.75% (2016: 6.75% to 7.00%) 	The estimated fair value would increase (decrease) if terminal capitalisation rate was lower (higher).
	Capitalisation methods	
	<ul style="list-style-type: none"> Capitalisation rate of 6.50% (2016: 6.50% to 6.75%) 	The estimated fair value would increase (decrease) if capitalisation rate was lower (higher).
	<ul style="list-style-type: none"> Estimated development costs to be incurred 	The estimated fair value would increase (decrease) if estimated development costs to be incurred were lower (higher).

6. SUBSIDIARIES

	Trust	
	2017 \$'000	2016 \$'000
Unquoted equity, at cost	85,200	85,200

Details of the subsidiaries are as follows:

	Country of incorporation or constitution/ Principal place of business	Effective equity interest held by the Group	
		2017 %	2016 %
<u>Subsidiaries of the Trust</u>			
AACI REIT MTN Pte. Ltd. ¹	Singapore	100.0	100.0
AACI REIT Opera Pte. Ltd. ²	Singapore	100.0	100.0
AIMS AMP Capital Industrial REIT (Australia) Trust ³	Australia	100.0	100.0
AA REIT Macquarie Park Investment Trust ⁴	Australia	100.0	100.0

¹ Audited by KPMG LLP Singapore.

² Dormant and not required to be audited.

³ Not required to be audited by the laws of the country of its constitution.

⁴ Audited by a member firm of KPMG International.

Notes to the Financial Statements

Year ended 31 March 2017

6. SUBSIDIARIES (continued)

AACI REIT MTN Pte. Ltd.

AACI REIT MTN Pte. Ltd. ("AACI MTN"), a wholly-owned subsidiary, was incorporated on 28 May 2012. Its principal activity is to issue notes under an unsecured multi-currency medium term note programme for and on behalf of the Trust, provide financial and treasury services in connection with such issuance and lend the proceeds from the issuance of such notes to the Trust.

AACI REIT Opera Pte. Ltd.

AACI REIT Opera Pte. Ltd., a wholly-owned subsidiary, was incorporated on 23 October 2013. Its principal activity is that of an investment holding company.

AIMS AMP Capital Industrial REIT (Australia) Trust

AIMS AMP Capital Industrial REIT (Australia) Trust, a wholly-owned trust, was constituted on 15 November 2013. Its principal activity is to acquire and hold Australian property-related investments.

AA REIT Macquarie Park Investment Trust

AA REIT Macquarie Park Investment Trust, a wholly-owned trust, was constituted on 15 November 2013. Its principal activity is to acquire and hold Australian property-related investments.

7. JOINT VENTURE

	Group	
	2017 \$'000	2016 \$'000
Joint venture	232,113	225,213

Details of the joint venture are as follows:

Name of entity	Country of constitution/ Principal place of business	Nature of relationship with the Group	Effective equity interest held by the Group	
			2017 %	2016 %
Macquarie Park Trust ("MPT") ¹	Australia	Investment in real estate	49.0	49.0

¹ Audited by PricewaterhouseCoopers Australia.

MPT is an unlisted joint arrangement in which the Group has joint control via unitholders' agreement with a joint venture partner and 49.0% equity interest. MPT holds Optus Centre, a Grade A business park complex located in Macquarie Park, New South Wales, Australia. MPT is structured as a trust vehicle and the Group has a residual interest in its net assets. Accordingly, the Group has classified its interest in MPT as a joint venture, which is equity-accounted.

Notes to the Financial Statements

Year ended 31 March 2017

The following table summarises the financial information of MPT based on its financial statements prepared in accordance to FRS, modified for differences in the Group's accounting policies and adjusted for the percentage ownership held by the Group:

	2017 \$'000	2016 \$'000
Assets and liabilities		
Non-current assets ^a	232,632	225,353
Current assets ^b	3,192	3,641
Total assets	<u>235,824</u>	<u>228,994</u>
Current liabilities ^c	3,711	3,781
Total liabilities	<u>3,711</u>	<u>3,781</u>
Results		
Revenue	17,017	16,587
Expenses	(2,332)	(2,276)
Net change in fair value of investment property	73	22,458
Total return for the year	<u>14,758</u>	<u>36,769</u>

a Represents the valuation of Optus Centre, Macquarie Park, New South Wales, Australia. The independent valuation of the property was carried out by CBRE Valuations Pty Limited as at 31 March 2017 and the property was valued at AUD445.0 million (equivalent to approximately \$474.8 million) (31 March 2016: AUD445.0 million (equivalent to approximately \$459.9 million)).

b Includes cash at banks and in hand of \$2.6 million (2016: \$3.2 million).

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

	2017 \$'000	2016 \$'000
Group's interest in net assets and carrying amount of joint venture		
At 1 April	225,213	204,894
Investment during the year	-	432
Share of results of joint venture (net of tax) (including share of net change in fair value of investment property)	14,758	36,769
Distributions received/receivable	(15,113)	(14,280)
Foreign currency translation movements	7,255	(2,602)
At 31 March	<u>232,113</u>	<u>225,213</u>

8. TRADE AND OTHER RECEIVABLES

	Group		Trust	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Trade receivables	3,028	3,746	3,028	3,746
Impairment losses	(410)	(392)	(410)	(392)
Net trade receivables	<u>2,618</u>	<u>3,354</u>	<u>2,618</u>	<u>3,354</u>
Deposits	26	68	26	68
Distribution receivable from a subsidiary	-	-	679	77
Distribution receivable from a joint venture	1,294	1,201	-	-
Other receivables	-	87	-	87
Loans and receivables	<u>3,938</u>	<u>4,710</u>	<u>3,323</u>	<u>3,586</u>
Prepayments	<u>4,589</u>	<u>4,740</u>	<u>4,583</u>	<u>4,732</u>
	<u>8,527</u>	<u>9,450</u>	<u>7,906</u>	<u>8,318</u>
Non-current	2,599	2,719	2,599	2,719
Current	<u>5,928</u>	<u>6,731</u>	<u>5,307</u>	<u>5,599</u>
	<u>8,527</u>	<u>9,450</u>	<u>7,906</u>	<u>8,318</u>

Notes to the Financial Statements

Year ended 31 March 2017

8. TRADE AND OTHER RECEIVABLES (continued)

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

	Group Gross		Trust Gross		Group and Trust Impairment loss	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Not past due	1,766	1,540	1,151	416	–	–
Past due 1 – 30 days	1,221	1,136	1,221	1,136	–	–
Past due 31 – 90 days	902	318	902	318	–	–
Past due more than 90 days	459	2,108	459	2,108	410	392
	<u>4,348</u>	<u>5,102</u>	<u>3,733</u>	<u>3,978</u>	<u>410</u>	<u>392</u>

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

	2017 \$'000	2016 \$'000
At 1 April	392	821
Impairment loss recognised/(written back) (net)	18	(241)
Amounts written off	–	(188)
At 31 March	<u>410</u>	<u>392</u>

The Manager believes that no additional impairment allowance is necessary in respect of the remaining loans and receivables as these receivables relate to tenants that have provided sufficient security deposits, bankers' guarantees or other forms of collateral.

9. DERIVATIVE FINANCIAL INSTRUMENTS

	Group		Trust	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Non-current assets				
Interest rate swaps	<u>408</u>	<u>–</u>	<u>408</u>	<u>–</u>
Non-current liabilities				
Interest rate swaps	<u>(2,760)</u>	<u>(3,528)</u>	<u>(247)</u>	<u>(396)</u>
Current liabilities				
Interest rate swaps	<u>(218)</u>	<u>(132)</u>	<u>(218)</u>	<u>(132)</u>

The Group and the Trust use interest rate swaps to manage their exposures to interest rate movements on floating rate interest-bearing term loans by swapping the interest expense on a portion of interest-bearing borrowings from floating rates to fixed rates.

As at 31 March 2017, the Group had interest rate swap contracts with tenors between three and seven years with total notional amounts of \$129.1 million and AUD175.8 million, equivalent to approximately \$187.5 million (2016: \$75.0 million and AUD175.8 million, equivalent to approximately \$181.7 million). Under the contracts, the Group pays fixed interest rates of 1.570% to 3.825% (2016: 1.500% to 3.825%) and receives interest at the three-month Singapore Dollar swap offer rate ("SOR") or Australia Bank Bill Swap Bid Rate ("BBSY").

Notes to the Financial Statements

Year ended 31 March 2017

The Group has designated the interest rate swap contracts with notional amounts of AUD110.7 million (equivalent to approximately \$118.1 million) (2016: AUD110.7 million, equivalent to approximately \$114.4 million) as hedging instruments in a cash flow hedge to hedge against variable interest payment arising from the AUD110.7 million (equivalent to approximately \$118.1 million) (2016: AUD110.7 million, equivalent to approximately \$114.4 million) five-year floating rate loan.

Offsetting financial assets and financial liabilities

The Group entered into International Swaps and Derivatives Association ("ISDA") master netting agreements with various bank counterparties ("ISDA Master Agreement"). In general, under such agreements the amounts owed by each counterparty on a single day in respect of all transactions outstanding in the same currency are aggregated into a single net amount that is payable by one party to the other. In certain circumstances – e.g. when a credit event such as default occurs, all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is payable in settlement of all transactions.

The above ISDA agreements do not meet the criteria for offsetting in the statement of financial position. This is because they create a right of set-off of recognised amounts that is enforceable only following an event of default, insolvency or bankruptcy of the Group or the counterparties. In addition, the Group and its counterparties do not intend to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

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

	Carrying amount \$'000	Total \$'000	Contractual cash flows		
			Less than 1 year \$'000	1 to 5 years \$'000	More than 5 years \$'000
Group					
2017					
Non-current assets					
Interest rate swaps	408	510	(409)	919	–
Non-current liabilities					
Interest rate swaps	(2,760)	(3,136)	(1,783)	(1,353)	–
Current liabilities					
Interest rate swaps	(218)	(254)	(254)	–	–
	<u>(2,570)</u>	<u>(2,880)</u>	<u>(2,446)</u>	<u>(434)</u>	<u>–</u>
2016					
Non-current liabilities					
Interest rate swaps	(3,528)	(3,685)	(1,354)	(2,331)	–
Current liabilities					
Interest rate swaps	(132)	(110)	(110)	–	–
	<u>(3,660)</u>	<u>(3,795)</u>	<u>(1,464)</u>	<u>(2,331)</u>	<u>–</u>

Notes to the Financial Statements

Year ended 31 March 2017

9. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

Offsetting financial assets and financial liabilities (continued)

	Carrying amount \$'000	Total \$'000	Contractual cash flows		
			Less than 1 year \$'000	1 to 5 years \$'000	More than 5 years \$'000
Trust					
2017					
Non-current assets					
Interest rate swap	408	510	(409)	919	–
Non-current liabilities					
Interest rate swaps	(247)	(350)	(254)	(96)	–
Current liabilities					
Interest rate swaps	(218)	(254)	(254)	–	–
	(57)	(94)	(917)	823	–
2016					
Non-current liabilities					
Interest rate swaps	(396)	(317)	(338)	21	–
Current liabilities					
Interest rate swaps	(132)	(110)	(110)	–	–
	(528)	(427)	(448)	21	–

10. CASH AND CASH EQUIVALENTS

	Group		Trust	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Cash at banks and in hand	6,818	4,583	5,910	4,478
Fixed deposits with financial institutions	4,909	2,907	4,909	2,907
	11,727	7,490	10,819	7,385

Notes to the Financial Statements

Year ended 31 March 2017

11. TRADE AND OTHER PAYABLES

	Group		Trust	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Trade payables and accrued expenses	10,222	13,326	10,103	13,170
Trade amounts due to:				
- the Manager	311	1,203	311	1,203
- the Property Manager	1,009	335	1,009	335
- the Trustee	44	45	44	45
- subsidiary	-	-	11	7
- entities controlled by corporate shareholders of the Manager	223	145	-	-
Goods and services tax payable	1,223	742	1,232	789
Rental received in advance	1,476	1,885	1,476	1,885
Rental and security deposits	11,847	11,139	11,847	11,139
Retention sums for development costs	2,779	3,408	2,779	3,408
Accrued development costs	8,774	3,122	8,774	3,122
Interest payable	2,787	3,001	1,976	2,215
	<u>40,695</u>	<u>38,351</u>	<u>39,562</u>	<u>37,318</u>
Non-current	7,424	9,921	7,424	9,921
Current	33,271	28,430	32,138	27,397
	<u>40,695</u>	<u>38,351</u>	<u>39,562</u>	<u>37,318</u>

12. INTEREST-BEARING BORROWINGS

	Group		Trust	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Non-current				
Secured				
Term loans	316,495	274,417	198,439	160,056
Revolving credit facility	-	19,000	-	19,000
	<u>316,495</u>	<u>293,417</u>	<u>198,439</u>	<u>179,056</u>
Unsecured				
Medium term notes	130,000	80,000	130,000	80,000
	<u>446,495</u>	<u>373,417</u>	<u>328,439</u>	<u>259,056</u>
Less: Unamortised borrowing transaction costs	(1,574)	(1,839)	(1,238)	(1,336)
	<u>444,921</u>	<u>371,578</u>	<u>327,201</u>	<u>257,720</u>
Current				
Secured				
Term loans	69,492	-	69,492	-
Revolving credit facility	13,300	-	13,300	-
	<u>82,792</u>	<u>-</u>	<u>82,792</u>	<u>-</u>
Unsecured				
Medium term notes	-	100,000	-	100,000
	<u>82,792</u>	<u>100,000</u>	<u>82,792</u>	<u>100,000</u>
Less: Unamortised borrowing transaction costs	(207)	(94)	(207)	(94)
	<u>82,585</u>	<u>99,906</u>	<u>82,585</u>	<u>99,906</u>
Total	<u>527,506</u>	<u>471,484</u>	<u>409,786</u>	<u>357,626</u>

Notes to the Financial Statements

Year ended 31 March 2017

12. INTEREST-BEARING BORROWINGS (continued)

As at 31 March 2017, the Group had the following borrowings:

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

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

- (i) first legal mortgage over 13 investment properties (2016: 12 investment properties) with carrying amount totalling \$779,500,000 (2016: \$673,200,000) of the Trust; and
- (ii) assignment of rights, title and interest in leases, insurances, rental and sales proceeds of the related mortgage properties.

(b) Secured AUD term loan facility of a subsidiary

On 7 February 2014, AMP Capital AA REIT Investments (Australia) Pty Limited, in its capacity as trustee of AA REIT Macquarie Park Investment Trust (an indirect wholly-owned subsidiary of the Trust) (the "Borrower"), entered into a AUD110,655,000 syndicated facility agreement with two financial institutions for a five-year debt facility ("AUD term loan facility") to partially fund the acquisition of the 49.0% interest in Optus Centre, Macquarie Park, New South Wales, Australia.

The details of the collateral are as follows:

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

(c) Unsecured medium term notes

On 25 July 2012, the Trust, through AACI MTN (the "Issuer"), established a \$500 million multi-currency medium term note programme (the "MTN Programme"). Under the MTN Programme, the Issuer may, subject to compliance with all relevant laws, regulations and directives, from time to time issue notes denominated in Singapore dollars and/or any other currencies. The payment of all amounts payable in respect of the notes will be unconditionally and irrevocably guaranteed by HSBC Institutional Trust Services (Singapore) Limited in its capacity as Trustee of the Trust.

At the reporting date, an aggregate of \$130 million medium term notes have been issued and remained outstanding as follows:

- (i) \$50 million five-year medium term notes with a fixed rate of 3.80% per annum, payable semi-annually in arrears, fully repayable on 21 May 2019;
- (ii) \$30 million seven-year medium term notes with fixed rate of 4.35% per annum, payable semi-annually in arrears, fully repayable on 5 December 2019; and
- (iii) \$50 million five-year medium term notes with a fixed rate of 3.60% per annum, payable semi-annually in arrears, fully repayable on 22 March 2022.

AACI MTN redeemed the \$100 million four-year medium term notes with a fixed rate of 4.90% per annum issued in August 2012 upon their maturity on 8 August 2016.

Notes to the Financial Statements

Year ended 31 March 2017

The medium term notes shall at all times rank pari passu without any preference or priority among themselves, and pari passu with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Issuer.

Terms and debt repayment schedule

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

	Nominal interest rate %	Date of maturity	Group		Trust	
			Face value \$'000	Carrying amount \$'000	Face value \$'000	Carrying amount \$'000
2017						
SGD fixed rate medium term notes	3.80	May 2019	50,000	49,856	50,000	49,856
SGD fixed rate medium term notes	4.35	December 2019	30,000	29,903	30,000	29,903
SGD fixed rate medium term notes	3.60	March 2022	50,000	49,774	50,000	49,774
SGD floating rate term loan	SOR ¹ + margin	November 2018	90,000	89,785	90,000	89,785
SGD floating rate term loan	SOR ¹ + margin	November 2018	8,439	8,355	8,439	8,355
SGD floating rate term loan	SOR ¹ + margin	August 2020	100,000	99,528	100,000	99,528
SGD floating rate revolving credit facility	SOR ¹ + margin	November 2017	13,300	13,172	13,300	13,172
AUD floating rate term loan	BBSY ² + margin	November 2017	69,492	69,413	69,492	69,413
AUD floating rate term loan	BBSY ² + margin	February 2019	118,056	117,720	–	–
			<u>529,287</u>	<u>527,506</u>	<u>411,231</u>	<u>409,786</u>
2016						
SGD fixed rate medium term notes	4.90	August 2016	100,000	99,906	100,000	99,906
SGD fixed rate medium term notes	3.80	May 2019	50,000	49,788	50,000	49,788
SGD fixed rate medium term notes	4.35	December 2019	30,000	29,867	30,000	29,867
SGD floating rate term loan	SOR ¹ + margin	November 2018	90,000	89,656	90,000	89,656
SGD floating rate term loan	SOR ¹ + margin	November 2018	2,739	2,605	2,739	2,605
SGD floating rate revolving credit facility	SOR ¹ + margin	November 2017	19,000	18,683	19,000	18,683
AUD floating rate term loan	BBSY ² + margin	November 2017	67,317	67,121	67,317	67,121
AUD floating rate term loan	BBSY ² + margin	February 2019	114,361	113,858	–	–
			<u>473,417</u>	<u>471,484</u>	<u>359,056</u>	<u>357,626</u>

¹ Swap Offer Rate.

² Bank Bill Swap Bid Rate.

Notes to the Financial Statements

Year ended 31 March 2017

12. INTEREST-BEARING BORROWINGS (continued)

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

	Carrying amount \$'000	Total \$'000	Contractual cash flows		
			Less than 1 year \$'000	1 to 5 years \$'000	More than 5 years \$'000
Group					
2017					
Medium term notes	129,533	(146,512)	(3,855)	(142,657)	–
Term loans	384,801	(409,667)	(79,191)	(330,476)	–
Revolving credit facility	13,172	(13,339)	(13,339)	–	–
Trade and other payables*	39,219	(39,219)	(31,795)	(6,785)	(639)
	<u>566,725</u>	<u>(608,737)</u>	<u>(128,180)</u>	<u>(479,918)</u>	<u>(639)</u>
2016					
Medium term notes	179,561	(192,494)	(103,837)	(88,657)	–
Term loans	273,240	(298,400)	(8,668)	(289,732)	–
Revolving credit facility	18,683	(19,785)	(425)	(19,360)	–
Trade and other payables*	36,466	(36,466)	(26,546)	(8,411)	(1,509)
	<u>507,950</u>	<u>(547,145)</u>	<u>(139,476)</u>	<u>(406,160)</u>	<u>(1,509)</u>
Trust					
2017					
Medium term notes	129,533	(146,512)	(3,855)	(142,657)	–
Term loans	267,081	(283,005)	(75,023)	(207,982)	–
Revolving credit facility	13,172	(13,339)	(13,339)	–	–
Trade and other payables*	38,086	(38,086)	(30,662)	(6,785)	(639)
	<u>447,872</u>	<u>(480,942)</u>	<u>(122,879)</u>	<u>(357,424)</u>	<u>(639)</u>
2016					
Medium term notes	179,561	(192,494)	(103,837)	(88,657)	–
Term loans	159,382	(170,854)	(4,167)	(166,687)	–
Revolving credit facility	18,683	(19,785)	(425)	(19,360)	–
Trade and other payables*	35,433	(35,433)	(25,513)	(8,411)	(1,509)
	<u>393,059</u>	<u>(418,566)</u>	<u>(133,942)</u>	<u>(283,115)</u>	<u>(1,509)</u>

* Excluding rental received in advance.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

Notes to the Financial Statements

Year ended 31 March 2017

13. DEFERRED TAX LIABILITIES

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

	Recognised in statement		Recognised in statement		At 31 March 2017 \$'000
	At 1 April 2015 \$'000	of total return (note 21) \$'000	At 31 March 2016 \$'000	of total return (note 21) \$'000	
Group					
Deferred tax liabilities					
Tax on unrealised profits of subsidiaries	1,134	4,103	5,237	612	5,849

14. UNITHOLDERS' FUNDS

Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations, the effective portion of any foreign currency differences arising from hedges of a net investment in a foreign operation as well as the foreign exchange gains and losses arising from monetary items that are considered to form part of the Group's net investment in a foreign operation.

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative change (net of taxes) in the fair value of cash flow hedging instruments related to hedged transactions that have not yet affected the statement of total return.

Issue expenses

Issue expenses comprised professional, underwriting, selling commission and other costs relating to issuance of Units in the Trust. These expenses are deducted directly against Unitholders' funds.

15. UNITS IN ISSUE AND TO BE ISSUED

	Note	Group and Trust	
		2017 \$'000	2016 \$'000
Units in issue at beginning of the year		635,366	628,935
<u>Issue of new Units:</u>			
Units issued as payment of Manager's base fees	(a)	2,202	1,152
Units issued as payment of Manager's performance fees	(b)	1,090	1,992
Units issued pursuant to Distribution Reinvestment Plan	(c)	–	2,463
Units issued as payment of Property Manager's fees	(d)	–	824
Units in issue at end of the year		638,658	635,366
<u>Units to be issued:</u>			
Manager's performance fees		–	1,090
Manager's base fees		679	168
Total Units in issue and to be issued at end of the year		639,337	636,624

Notes to the Financial Statements

Year ended 31 March 2017

15. UNITS IN ISSUE AND TO BE ISSUED (continued)

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

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

- (i) 427,667 new Units on 13 July 2015 at an average issue price of \$1.4944 per Unit as partial payment of the base fee element of the Manager's management fees incurred for the period from 1 January 2015 to 30 June 2015; and
- (ii) 724,159 new Units on 29 January 2016 at an average issue price of \$1.3971 per Unit as partial payment of the base fee element of the Manager's management fees incurred for the period from 1 July 2015 to 31 December 2015.

The issue price for management fees paid/payable in Units was determined based on the volume weighted average traded price for a Unit for all trades done on the SGX-ST in the ordinary course of trading for the last 10 business days of the relevant period in which the fees accrued.

- (b) On 25 May 2016, the Trust issued 1,089,469 (2016: 1,991,579) new Units at an issue price of \$1.3396 (2016: \$1.4645) per Unit as payment of the performance component of the Manager's management fees for the year ended 31 March 2016.
- (c) During the financial year ended 31 March 2016, there were the following issuances of Units pursuant to the Trust's DRP:
 - (i) 2,029,288 new Units on 24 June 2015 at an issue price of \$1.4804 per Unit. The new Units were issued to eligible Unitholders who elected to participate in the Trust's DRP in respect of the 4Q FY2015 distribution; and
 - (ii) 434,026 new Units on 23 September 2015 at an issue price of \$1.4402 per Unit. The new Units were issued to eligible Unitholders who elected to participate in the Trust's DRP in respect of the 1Q FY2016 distribution.
- (d) On 26 May 2015, the Trust issued 824,373 new Units at an issue price of \$1.4949 per Unit as payment of the marketing services provided by the Property Manager in respect of securing tenants at two properties, namely 20 Gul Way and 29 Woodlands Industrial Park E1.

The issue price for marketing services fee paid/payable in Units was determined based on the volume weighted average traded price for a Unit for all trades done on the SGX-ST in the ordinary course of trading for the last 10 business days of the relevant period in which the fees accrued.

Notes to the Financial Statements

Year ended 31 March 2017

16. GROSS REVENUE

	Group and Trust	
	2017	2016
	\$'000	\$'000
Property rental income	91,747	94,236
Service charge, land rent and property tax	17,836	19,545
Other property expenses recoverable from tenants and other property income	10,536	10,608
	<u>120,119</u>	<u>124,389</u>

17. PROPERTY OPERATING EXPENSES

	Group and Trust	
	2017	2016
	\$'000	\$'000
Land rent	8,901	9,165
Property and lease management fees	2,760	2,845
Property tax	9,369	11,549
Other operating expenses	19,656	18,501
	<u>40,686</u>	<u>42,060</u>

18. BORROWING COSTS

	Group		Trust	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Interest expense	17,292	18,528	11,730	13,064
Amortisation of borrowing transaction costs	1,032	1,112	808	895
Others	278	512	278	512
	<u>18,602</u>	<u>20,152</u>	<u>12,816</u>	<u>14,471</u>

19. MANAGER'S MANAGEMENT FEES

	Group and Trust	
	2017	2016
	\$'000	\$'000
Base fees		
- Paid/payable in cash	3,705	5,456
- Paid/payable in Units	3,700	1,869
	<u>7,405</u>	<u>7,325</u>
Performance fees paid/payable in Units	-	1,459

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Year ended 31 March 2017

20. OTHER TRUST EXPENSES

	Group		Trust	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Audit fees paid/payable to:				
- auditors of the Trust	186	183	178	175
- other auditors	19	18	-	-
Non-audit fees paid/payable to auditors of the Trust	59	55	56	52
Trustees' fees	404	403	268	267
Valuation fees	128	123	128	123
Professional fees	69	7	69	7
Non-deal road show expenses	39	74	39	74
Other expenses	851	1,072	521	730
	<u>1,755</u>	<u>1,935</u>	<u>1,259</u>	<u>1,428</u>

21. INCOME TAX EXPENSE

	Group		Trust	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Singapore current tax	-*	-*	-	-
Overseas deferred tax	612	4,103	-	-
Overseas withholding tax	917	743	917	743
Total tax expense	<u>1,529</u>	<u>4,846</u>	<u>917</u>	<u>743</u>

* less than \$1,000.

Reconciliation of effective tax rate:

	Group		Trust	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Total return before income tax	<u>15,008</u>	<u>45,655</u>	<u>13,191</u>	<u>23,923</u>
Tax calculated using Singapore tax rate of 17% (2016: 17%)	2,551	7,761	2,242	4,067
Non-tax chargeable items	(480)	(84)	(480)	(84)
Non-tax deductible items	10,166	8,369	10,166	8,369
Tax transparency	(11,200)	(11,282)	(11,200)	(11,282)
Foreign-sourced income	(1,037)	(4,764)	(728)	(1,070)
Deferred tax on unrealised profits of subsidiaries	612	4,103	-	-
Overseas withholding tax	917	743	917	743
	<u>1,529</u>	<u>4,846</u>	<u>917</u>	<u>743</u>

Notes to the Financial Statements

Year ended 31 March 2017

22. EARNINGS PER UNIT

	Group	
	2017	2016
Earnings per Unit (cents)		
Basic and diluted	2.12	6.44

The earnings per Unit is computed using total return after tax over the weighted average number of Units outstanding as follows:

	Group	
	2017 \$'000	2016 \$'000
Total return after income tax	13,479	40,809

	Trust Number of Units	
	2017 '000	2016 '000
<u>Basic EPU</u>		
Units in issue at beginning of the year	635,366	628,935
Effect of Units issued/issuable relating to:		
- Manager's base fees	816	433
- Manager's performance fees	928	1,701
- Distribution Reinvestment Plan	-	1,790
- Property Manager's fees	-	700
Weighted average number of Units at end of the year	637,110	633,559

<u>Diluted EPU</u>		
Units in issue at beginning of the year	635,366	628,935
Effect of Units issued/issuable relating to:		
- Manager's base fees	875	433
- Manager's performance fees	928	1,701
- Distribution Reinvestment Plan	-	1,790
- Property Manager's fees	-	700
Weighted average number of Units at end of the year	637,169	633,559

23. COMMITMENTS

(a) Lease commitments

The Group leases out its investment properties. The future minimum lease payments receivable under non-cancellable operating leases contracted for at the reporting date are as follows:

	Group and Trust	
	2017 \$'000	2016 \$'000
Within 1 year	79,674	87,045
After 1 year but within 5 years	124,796	142,558
After 5 years	2,687	12,572
	207,157	242,175

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Year ended 31 March 2017

23. COMMITMENTS (continued)

(b) Operating lease commitments

The Group is required to pay JTC Corporation ("JTC"), the Housing and Development Board ("HDB") and Ascendas Land (Singapore) Pte Ltd ("Ascendas") annual land rent (including payable for investment properties under development) in respect of certain properties. The annual land rent payable is based on the market land rent in the relevant year of the lease term. However, the lease agreement limits any increase in the annual land rent from year to year to 5.5% and 7.6% for leases with JTC or HDB and Ascendas respectively, of the annual land rent for the immediate preceding year. The land rent paid to JTC, HDB and Ascendas amounted to \$7,423,000 (2016: \$7,486,000), \$1,398,000 (2016: \$1,422,000) and \$464,000 (2016: \$431,000) respectively, in relation to 23 (2016: 23) properties for the financial year ended 31 March 2017 (including amounts that have been directly recharged to tenants).

(c) Capital commitments

	Group and Trust	
	2017	2016
	\$'000	\$'000
Capital expenditure contracted but not provided for	22,196	18,268

24. SIGNIFICANT RELATED PARTY TRANSACTIONS

Other than as disclosed elsewhere in the financial statements, significant related party transactions carried out on terms agreed between the parties are as follows:

	Group		Trust	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
The Manager				
Manager's management fees				
Base fees	7,405	7,325	7,405	7,325
Performance fees	–	1,459	–	1,459
Acquisition fees	97	–	97	–
Entities controlled by corporate shareholders of the Manager				
Trustees' fees	128	125	–	–
Investment management fees	325	305	–	–
The Property Manager				
Property management fees	1,843	1,888	1,843	1,888
Lease management fees	922	944	922	944
Marketing services commissions	2,324	1,601	2,324	1,601
Project management fees	610	456	610	456
Property tax services fees	9	–	9	–
The Trustee				
Trustee's fees	268	267	268	267
Subsidiaries				
Distribution income	–	–	8,852	7,935
Interest income	–	–	–	189
Interest expense	–	–	4,986	8,127
Service fee expense	–	–	45	55

Notes to the Financial Statements

Year ended 31 March 2017

25. FINANCIAL RISK MANAGEMENT

Capital management

The Board of the Manager reviews the Group's debt and capital management and financing policy regularly so as to optimise the Group's funding structure. The Board also monitors the Group's exposure to various risk elements and externally imposed requirements by closely adhering to clearly established management policies and procedures.

The Group is subject to the aggregate leverage limit as defined in Appendix 6 of the CIS Code ("Property Funds Appendix"). The CIS Code stipulates that the total borrowings and deferred payments (together the "Aggregate Leverage") of a property fund should not exceed 45.0% of the fund's deposited property. As at 31 March 2017, the Aggregate Leverage of the Group was 36.1% (2016: 32.4%) and had complied with the Aggregate Leverage limit during the financial year.

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

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

Risk management framework

Exposure to credit, interest rate, liquidity and foreign currency risks arises in the normal course of the Group's business. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The Manager continually monitors the Group's risk management process to ensure an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Manager monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

(a) Credit risk

Credit risk is the risk of financial loss resulting from the failure of a lessee to settle its financial and contractual obligations to the Group, as and when they fall due.

Credit evaluations are performed by the Manager before lease agreements are entered into with the lessees. Rental deposits as a multiple of monthly rent are received either in cash or bank guarantees to reduce credit risk. The Manager also monitors the amount owing by the lessees on an ongoing basis.

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

At 31 March 2017, \$1,653,000 of net trade receivables related to two tenants (2016: \$2,180,000 of net trade receivables related to two tenants). Except for this, concentration of credit risk relating to trade receivables is limited due to the Group's varied tenants' profile and credit policy of obtaining security deposits, banker's guarantees or other forms of collateral from tenants for leasing the Group's investment properties.

The maximum exposure to credit risk is represented by the carrying value of each financial asset in the statement of financial position.

(b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Notes to the Financial Statements

Year ended 31 March 2017

25. FINANCIAL RISK MANAGEMENT (continued)

Risk management framework (continued)

(b) Liquidity risk (continued)

The Manager monitors and maintains a level of cash and cash equivalents deemed adequate by the Manager to finance the Group's operations and to mitigate the effect of fluctuations in cash flows. Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a reasonable period, including the servicing of financial obligations.

As at 31 March 2017, the Group has unutilised committed credit facilities amounting to \$133.3 million (2016: \$133.3 million).

The Group also monitors and observes the Property Funds Appendix issued by the MAS concerning limits on total borrowings.

(c) Market risk

Market risk is the risk that changes in market prices such as interest rates, foreign exchange rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return.

(i) Interest rate risk

The Manager adopts a proactive interest rate management policy to manage the risk associated with adverse movement in interest rates on the loan facilities while also seeking to ensure that the Group's cost of debt remains competitive. The policy aims to protect the Group's earnings from the volatility in interest rates and provide stability to Unitholders' returns.

As at 31 March 2017, the Group had interest rate swap contracts with total notional amounts of \$129.1 million and AUD175.8 million (2016: \$75.0 million and AUD175.8 million) whereby the Group had agreed with counterparties to exchange at specified intervals, the difference between the floating rates pegged to the SOR or BBSY and fixed rate interest amounts calculated by reference to the agreed notional amounts. The swaps are used to manage the exposure to fluctuation in the variable interest rates of its floating rate interest-bearing borrowings.

Exposure to interest rate risk

At the reporting date, the interest rate profile of the Group's and Trust's interest-bearing financial instruments was as follows:

	Group		Trust	
	Nominal amount 2017	2016	Nominal amount 2017	2016
	\$'000	\$'000	\$'000	\$'000
Fixed rate instruments				
Financial liabilities	(130,000)	(180,000)	(130,000)	(180,000)
Interest rate swaps	(316,692)	(256,678)	(198,637)	(142,317)
	<u>(446,692)</u>	<u>(436,678)</u>	<u>(328,637)</u>	<u>(322,317)</u>
Variable rate instruments				
Financial liabilities	(399,286)	(293,417)	(281,231)	(179,056)
Interest rate swaps	316,692	256,678	198,637	142,317
	<u>(82,594)</u>	<u>(36,739)</u>	<u>(82,594)</u>	<u>(36,739)</u>

Notes to the Financial Statements

Year ended 31 March 2017

Sensitivity analysis

The Group does not account for any fixed rate financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect the statements of total return of the Group and the Trust.

For the variable rate financial liabilities and the derivative financial instruments, a change of 100 basis points ("bps") in interest rate at the reporting date would increase or decrease the statements of total return of the Group and the Trust by \$826,000 (2016: Group and Trust by \$367,000). This analysis assumes that all other variables remain constant.

(ii) *Foreign currency risk*

Risk management policy

The Group has exposure to foreign currency risks arising from its interest in a joint venture in Australia. Transactions in relation to this investment are mainly denominated in the Australian dollar.

The Manager's strategy is to achieve a natural hedge, wherever possible through the use of Australian dollar denominated borrowing to match its interest in the joint venture to mitigate the currency risk. As at 31 March 2017, the Group's investment in its Australian joint venture is hedged as approximately 81% (2016: 81%) of the interest in joint venture was funded with Australian dollar denominated borrowings.

Exposure to currency risk

The Group's and Trust's exposure to foreign currencies in relation to financial assets and liabilities as at 31 March 2017 and 31 March 2016 were as follows:

	Group		Trust	
	Australian Dollar 2017 \$'000	Australian Dollar 2016 \$'000	Australian Dollar 2017 \$'000	Australian Dollar 2016 \$'000
Joint venture	232,113	225,213	–	–
Cash and cash equivalents	1,505	802	609	707
Trade and other receivables	–	–	679	77
Trade and other payables	(359)	(328)	(359)	(328)
Derivative financial instruments	(218)	(227)	(218)	(227)
Interest-bearing borrowings	(187,547)	(181,678)	(69,492)	(67,317)
Net exposure	45,494	43,782	(68,781)	(67,088)

Sensitivity analysis

A strengthening/weakening of the Australian dollar, as indicated below, against the Singapore dollar at the reporting date would have (decreased)/increased total return and Unitholders' funds by the amounts shown below for the Group's and Trust's financial assets and financial liabilities. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant.

Notes to the Financial Statements

Year ended 31 March 2017

25. FINANCIAL RISK MANAGEMENT (continued)

Risk management framework (continued)

(ii) Foreign currency risk (continued)

Sensitivity analysis (continued)

	Statements of total return \$'000	Unitholders' funds \$'000
Group 2017		
Australian dollar (5% strengthening)	46	2,228
Australian dollar (5% weakening)	(46)	(2,228)
	<hr/>	<hr/>
Group 2016		
Australian dollar (5% strengthening)	12	2,177
Australian dollar (5% weakening)	(12)	(2,177)
	<hr/>	<hr/>
Trust 2017		
Australian dollar (5% strengthening)	(3,439)	–
Australian dollar (5% weakening)	3,439	–
	<hr/>	<hr/>
Trust 2016		
Australian dollar (5% strengthening)	(3,354)	–
Australian dollar (5% weakening)	3,354	–
	<hr/>	<hr/>

Notes to the Financial Statements

Year ended 31 March 2017

Classification and fair value of financial instruments

The carrying amounts and the fair values of financial assets and liabilities, including their levels in the fair value hierarchy are as follows. It does not include fair value information for financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximate of fair value.

Group 2017	Note	Loans and receivables \$'000	Designated at fair value \$'000	Carrying amount		Fair value			
				Fair value – Hedging instruments \$'000	Other financial liabilities \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets not measured at fair value									
	8	3,938	–	–	–	–	–	–	3,938
	10	11,727	–	–	–	–	–	–	11,727
		15,665	–	–	–	–	–	–	15,665
Financial assets measured at fair value									
	9	–	408	–	–	–	408	–	408
Financial liabilities measured at fair value									
	9	–	(465)	(2,513)	–	–	(2,978)	–	(2,978)
Financial liabilities not measured at fair value									
	11	–	–	–	–	(39,219)	–	(38,647)	(38,647)
	12	–	–	–	–	(527,506)	(529,211)	–	(529,211)
		–	–	–	–	(566,725)	(566,725)	–	(566,725)

* Excluding rental received in advance.

Notes to the Financial Statements

Year ended 31 March 2017

25. FINANCIAL RISK MANAGEMENT (continued)

Classification and fair value of financial instruments (continued)

Group 2016	Note	Carrying amount			Fair value				
		Loans and receivables \$'000	Designated at fair value \$'000	Fair value – Hedging instruments \$'000	Other financial liabilities \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets not measured at fair value									
	8	4,710	-	-	-	-	-	-	4,710
	10	7,490	-	-	-	-	-	-	7,490
		12,200	-	-	-	-	-	-	12,200
Financial liabilities measured at fair value									
	9	-	(528)	(3,132)	-	(3,660)	-	(3,660)	
Financial liabilities not measured at fair value									
	11	-	-	-	(36,466)	-	(35,589)	(35,589)	
	12	-	-	-	(471,484)	(472,146)	-	(472,146)	(472,146)
		-	-	-	(507,950)	(507,950)	-	(507,950)	

* Excluding rental received in advance.

Notes to the Financial Statements

Year ended 31 March 2017

Classification and fair value of financial instruments (continued)

Trust 2017	Note	Carrying amount				Fair value			
		Loans and receivables \$'000	Designated at fair value \$'000	Fair value – Hedging instruments \$'000	Other financial liabilities \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets not measured at fair value									
Loans and receivables	8	3,323	–	–	–	–	–	–	3,323
Cash and cash equivalents	10	10,819	–	–	–	–	–	–	10,819
		14,142	–	–	–	–	–	–	14,142
Financial assets measured at fair value									
Derivative financial assets	9	–	408	–	–	–	–	–	408
Financial liabilities measured at fair value									
Derivative financial liabilities	9	–	(465)	–	–	–	–	–	(465)
Financial liabilities not measured at fair value									
Trade and other payables*	11	–	–	–	(38,086)	–	–	(37,514)	(37,514)
Interest-bearing borrowings	12	–	–	–	(409,786)	(411,491)	–	(411,491)	(411,491)
		–	–	–	(447,872)	(447,872)	–	(447,872)	(447,872)

* Excluding rental received in advance.

Notes to the Financial Statements

Year ended 31 March 2017

25. FINANCIAL RISK MANAGEMENT (continued)

Classification and fair value of financial instruments (continued)

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

* Excluding rental received in advance.

Notes to the Financial Statements

Year ended 31 March 2017

Estimation of fair value

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Derivatives

The fair values of interest rate swaps (Level 2 fair values) are based on banks' quotes. These quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

(ii) Other non-derivative financial assets and liabilities

Other non-derivative financial assets and liabilities are measured at fair value at initial recognition and for disclosure purposes, at each annual reporting date. Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the measurement date.

The carrying amounts of non-derivative financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents and trade and other payables) are assumed to approximate their fair values because of the short period to maturity. The carrying amount of borrowings which reprice within three months are assumed to approximate their fair values because of the short period to maturity or repricing. The fair values of the fixed rate notes are based on banks' quotes.

Interest rates used in determining fair values

The interest rates used to discount estimated cash flows, where applicable, is computed from the market rates as follows:

	Group and Trust	
	2017	2016
	%	%
Other financial liabilities	2.75	3.45

The Group's policy is to recognise transfers between levels as of the end of the reporting period during which the transfer has occurred. There had been no transfers between the levels during the year.

26. SEGMENT REPORTING

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

Notes to the Financial Statements

Year ended 31 March 2017

26. SEGMENT REPORTING (continued)

Information about reportable segments

	Singapore \$'000	Australia \$'000	Total \$'000
2017			
Revenue and expenses			
Gross revenue	120,119	–	120,119
Property operating expenses	(40,686)	–	(40,686)
Net property income	<u>79,433</u>	–	<u>79,433</u>
Share of results of joint venture (net of tax)	–	14,758 ¹	14,758
Net change in fair value of investment properties and investment properties under development	(54,317)	–	(54,317)
Net change in fair value of financial derivatives	461	9	470
			<u>40,344</u>
Unallocated items:			
Foreign exchange gain			39
Interest and other income			2,387
Borrowing costs			(18,602)
Trust expenses			(9,160)
Total return before income tax			<u>15,008</u>
Income tax expense			(1,529)
Total return after income tax			<u>13,479</u>
Non-current assets ²	1,215,299	232,113	1,447,412
Other segment items:			
Joint venture	–	232,113	232,113
Capital expenditure ³	(49,717)	–	(49,717)
			<u>1,447,412</u>
2016			
Revenue and expenses			
Gross revenue	124,389	–	124,389
Property operating expenses	(42,060)	–	(42,060)
Net property income	<u>82,329</u>	–	<u>82,329</u>
Share of results of joint venture (net of tax)	–	36,769 ¹	36,769
Net change in fair value of investment properties and investment properties under development	(42,405)	–	(42,405)
Net change in fair value of financial derivatives	(465)	(227)	(692)
			<u>76,001</u>
Unallocated items:			
Foreign exchange gain			2
Interest and other income			523
Borrowing costs			(20,152)
Trust expenses			(10,719)
Total return before income tax			<u>45,655</u>
Income tax expense			(4,846)
Total return after income tax			<u>40,809</u>
Non-current assets ²	1,220,019	225,213	1,445,232
Other segment items:			
Joint venture	–	225,213	225,213
Capital expenditure ³	(26,235)	–	(26,235)
			<u>1,445,232</u>

¹ Included in the share of results of joint venture (net of tax) is the share of revaluation surplus recognised on the valuation of Optus Centre of \$0.1 million (FY2016: \$22.5 million).

² Excluding financial instruments.

³ Capital expenditure consists of additions of investment properties and investment properties under development.

Notes to the Financial Statements

Year ended 31 March 2017

No business segment information has been prepared as all investment properties are used mainly for industrial (including warehousing and business park) purposes and they are similar in terms of purpose, economic characteristics, types of tenants and nature of services provided to tenants. As such, the Group's CODMs are of the view that the Group has only one reportable segment, which is the leasing of investment properties. Accordingly, no operating segment information has been prepared. This forms the basis of identifying the operating segments of the Group under FRS 108 *Operating Segments*.

Major tenants

Rental income from one major tenant of the Group's reportable segment represents approximately \$23,393,000 (2016: \$23,721,000 rental income from one major tenant) of the Group's property rental income.

27. FINANCIAL RATIOS

	Group	
	2017	2016
	%	%
Expenses to weighted average net assets ¹		
- Expense ratio excluding performance-related fee	0.97	0.96
- Expense ratio including performance-related fee	0.97	1.11
Portfolio turnover rate ²	-	-

¹ The annualised ratios are computed in accordance with the guidelines of Investment Management Association of Singapore. The expenses used in the computation relate to expenses of the Group, excluding property related expenses, borrowing costs, changes in fair value of financial derivatives, investment properties, investment properties under development and foreign exchange gains/(losses).

² The annualised ratio is computed based on the lesser of purchases or sales of underlying investment properties of the Group expressed as a percentage of weighted average net asset value.

28. SUBSEQUENT EVENTS

On 27 April 2017, the Manager announced a distribution of 2.78 cents per Unit, amounting to \$17,755,000 in respect of the period from 1 January 2017 to 31 March 2017.

In April 2017, the Trust received commitment from a syndicate of financial institutions to refinance the secured facilities due in November 2017 with a new four-year revolving credit facility and three-year Australian dollar term loan.

Statistics of Unitholders

Statistics of Unitholders as at 22 May 2017

Issued and fully paid Units

638,658,325 Units (voting rights: 1 vote per Unit)

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

Distribution of Unitholdings

Size of Unitholdings	Number of Unitholders	%	Number of Units	%
1 - 99	370	4.51	12,583	0.00
100 - 1,000	1,221	14.90	706,392	0.11
1,001 - 10,000	4,279	52.21	21,310,821	3.34
10,001 - 1,000,000	2,304	28.11	94,356,079	14.77
1,000,001 and above	22	0.27	522,272,450	81.78
Total	8,196	100.00	638,658,325	100.00

Top 20 Unitholders

As listed in the Register of Unitholders

No.	Name	Number of Units	%
1	HSBC (Singapore) Nominees Pte Ltd	142,787,136	22.36
2	DBS Nominees (Private) Limited	100,726,608	15.77
3	DBSN Services Pte. Ltd.	58,140,952	9.10
4	Citibank Nominees Singapore Pte Ltd	51,894,688	8.13
5	Raffles Nominees (Pte) Limited	50,972,281	7.98
6	AIMS Financial Holding Limited	45,016,134	7.05
7	BNP Paribas Securities Services Singapore Branch	36,512,634	5.72
8	United Overseas Bank Nominees (Private) Limited	7,033,938	1.10
9	OCBC Securities Private Limited	4,386,756	0.69
10	Maybank Kim Eng Securities Pte. Ltd.	4,112,963	0.64
11	OCBC Nominees Singapore Private Limited	2,616,736	0.41
12	UOB Kay Hian Private Limited	2,424,191	0.38
13	DBS Vickers Securities (Singapore) Pte Ltd	2,391,024	0.37
14	CIMB Securities (Singapore) Pte. Ltd.	2,344,891	0.37
15	BNP Paribas Nominees Singapore Pte Ltd	1,964,290	0.31
16	Ng Chung Ming	1,445,035	0.23
17	Phillip Securities Pte Ltd	1,407,741	0.22
18	AIMS AMP Capital Industrial REIT Management Limited	1,368,278	0.21
19	Sng Kay Boon Terence	1,270,461	0.20
20	DB Nominees (Singapore) Pte Ltd	1,172,777	0.18
	Total	519,989,514	81.42

Statistics of Unitholders

Substantial Unitholders as at 22 May 2017

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

Name	Direct interest	Number of Units Deemed interest	Total interest	% of total issued Units
Dragon Pacific Assets Limited	71,665,601	-	71,665,601	11.22
AMP Limited ¹	-	62,510,923	62,510,923	9.79
AMP Group Holdings Limited ¹	-	62,510,923	62,510,923	9.79
AMP Holdings Limited ¹	-	62,510,923	62,510,923	9.79
AMP Capital Holdings Limited ¹	-	62,510,923	62,510,923	9.79
AMP Capital Finance Limited	34,408,487	-	34,408,487	5.39
APG Algemene Pensioen Groep N.V.	55,613,842	-	55,613,842	8.71
Mr George Wang ²	-	50,532,476	50,532,476	7.91
Great World Financial Group Holdings Pty Ltd (formerly known as AIMS Capital Holdings Pty Ltd) ²	-	50,532,476	50,532,476	7.91
Great World Financial Group Pty Ltd (formerly known as AIMS Group Holding Pty Ltd) ²	-	50,532,476	50,532,476	7.91
AIMS Capital Management Pty Ltd ³	-	46,384,412	46,384,412	7.26
AIMS Financial Holding Limited ⁴	45,016,134	1,368,278	46,384,412	7.26
Mr Chan Wai Kheong ⁵	8,843,495	24,556,042	33,399,537	5.23

¹ Deemed to have an interest in Units held by AMP Capital Finance Limited, 26,734,158 Units held by a fund managed by AMP Capital Investors Limited and 1,368,278 Units held by AIMS AMP Capital Industrial REIT Management Limited (the "Manager").

² Deemed to have an interest in Units held by AIMS Financial Holding Limited ("AFHL"), 4,148,064 Units held by a fund managed by AIMS Fund Management Limited ("AFML") and 1,368,278 Units held by the Manager.

³ Deemed to have an interest in Units held by AFHL and 1,368,278 Units held by the Manager.

⁴ Deemed to have an interest in Units held by the Manager.

⁵ Deemed to have an interest in Units held by Splendid Asia Macro Fund.

Unitholdings of Directors of the Manager as at 21 April 2017

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

Name	Direct interest	Number of Units Deemed interest	Total interest	% of total issued Units
Mr George Wang ⁶	-	50,532,476	50,532,476	7.91
Mr Norman Ip Ka Cheung	158,625	-	158,625	0.02
Mr Nicholas Paul McGrath	47,175	-	47,175	0.01

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

Free float

Under Rule 723 of the Listing Manual of the SGX-ST, a listed issuer must ensure that at least ten per cent of its listed securities are at all times held by the public. Based on the information made available to the Manager as at 22 May 2017, approximately 82.5 per cent of the Units in AIMS AMP Capital Industrial REIT were held in the hands of the public. Accordingly, Rule 723 of the Listing Manual of the SGX-ST had been complied with.

Additional Information

Interested person/interested party transactions

The transactions entered into with interested persons/interested parties during the financial year which fall under the Listing Manual of the SGX-ST and the Property Funds Appendix under the Code on Collective Investment Schemes are:

Name of entity	Aggregate value of all interested person/ interested party transactions during the financial year under review (excluding transactions less than S\$100,000) S\$'000	Aggregate value of all interested person/ interested party transactions conducted under Unitholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000) S\$'000
AIMS AMP Capital Industrial REIT Management Limited		
Manager's management fees		
- Base fees	7,405	-
AIMS AMP Capital Property Management Pte. Ltd.		
- Property management fees	1,843	-
- Lease management fees	922	-
- Marketing services commissions	2,324	-
- Project management fees	610	-
AIMS AMP Capital Industrial REIT Management Australia Pty Limited		
- Investment management fees	325	-
HSBC Institutional Trust Services (Singapore) Limited		
- Trustee's fees	268	-

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

Please also refer to note 24 "Significant Related Party Transactions" in the Notes to the Financial Statements. Except as disclosed above,

- (a) there are no other material contracts entered into by AA REIT and/or its subsidiaries involving the interests of the Chief Executive Officer, any director or controlling Unitholder, either still subsisting at the end of the year or entered into since the end of the previous financial year; and
- (b) there were no additional interested person/interested party transactions (excluding transactions of less than S\$100,000 each) entered into up to and including 31 March 2017.

Operating expenses and taxation

In accordance with the disclosure requirements under paragraph 11.1 item (i) of Property Funds Appendix under the Code on Collective Investment Schemes, the total operating expenses of AA REIT (comprising property expenses, trust expenses and all fees paid to the Manager and interested parties) was S\$49.8 million, which is approximately 5.6 per cent of its net asset value as at 31 March 2017. Taxation including provision for deferred tax liabilities for the Trust's investment in Australia was S\$1.5 million.



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Corporate Directory

AIMS AMP Capital Industrial REIT

Website : www.aimsampcapital.com
Email : investorrelations@aimsampcapital.com

Stock code : O5RU
Counter name : AIMSAMP Cap Reit

Registered Address

HSBC Institutional Trust Services (Singapore) Limited
21 Collyer Quay
#13-02 HSBC Building
Singapore 049320

Trustee

HSBC Institutional Trust Services (Singapore) Limited
21 Collyer Quay
#03-01 HSBC Building
Singapore 049320
Telephone : (65) 6658 6906
Fax : (65) 6534 5526

Auditor

KPMG LLP
(Public Accountants and Chartered Accountants, Singapore)
16 Raffles Quay
#22-00 Hong Leong Building
Singapore 048581
Telephone : (65) 6213 3388
Fax : (65) 6225 0984
Partner in charge: Ms Tan Kar Yee Linda
(With effect from financial year ended 31 March 2015)

Unit Registrar

Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623
Telephone : (65) 6536 5355
Fax : (65) 6536 1360

The Manager

AIMS AMP Capital Industrial REIT Management Limited
Company Registration No. 200615904N

Registered address

One George Street
#23-03
Singapore 049145
Telephone : (65) 6309 1050
Fax : (65) 6534 3942

Directors of the Manager

Mr George Wang (Chairman)
Mr Norman Ip Ka Cheung
Mr Eugene Paul Lai Chin Look
Mr Peter Michael Heng
Mr Nicholas Paul McGrath
Mr Koh Wee Lih

Audit, Risk and Compliance Committee

Mr Norman Ip Ka Cheung (Chairman)
Mr Eugene Paul Lai Chin Look
Mr Peter Michael Heng

Nominating and Remuneration Committee

Mr Eugene Paul Lai Chin Look (Chairman)
Mr Norman Ip Ka Cheung
Mr Peter Michael Heng
Mr George Wang
Mr Nicholas Paul McGrath

Joint Company Secretaries

Ms Stella Yeak Shuk Phin
Ms Teow Xueting Tanya



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

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