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The attached document has been made available to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and consequently none of ESR-MTN Pte. Ltd. (“**ESR-MTN**”), RBC Investor Services Trust Singapore Limited (in its capacity as trustee of ESR-REIT) (the “**ESR-REIT Trustee**”), ESR Funds Management (S) Limited (the “**ESR-REIT Manager**”), The Hongkong and Shanghai Banking Corporation Limited (the “**Arranger**”), the Dealers (as defined in the attached information memorandum) nor any person who controls any of them nor any of their respective directors, officers, employees, representatives or affiliates accepts any liability or responsibility whatsoever in respect of any discrepancies between the document distributed to you in electronic format and the hard copy version. **We will provide a hard copy version to you upon request.**

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Except with respect to eligible investors in jurisdictions where such offer is permitted by law, nothing in this electronic transmission constitutes an offer or an invitation by or on behalf of any of ESR-MTN, the ESR-REIT Trustee, the ESR-REIT Manager, the Arranger and the Dealers to subscribe for or purchase any of the securities described therein, and access has been limited so that it shall not constitute in the United States or elsewhere a general solicitation or general advertising (as those terms are used in Regulation D under the Securities Act) or directed selling efforts (within the meaning of Regulation S under the Securities Act).

The attached information memorandum or any materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the dealers or any affiliate of the dealers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the dealers or such affiliate on behalf of ESR-MTN, the ESR-REIT Trustee and the ESR-REIT Manager in such jurisdiction. The attached information memorandum may only be communicated to persons in the United Kingdom in circumstances where section 21(1) of the Financial Services and Markets Act 2000 does not apply.

You are reminded that you have accessed the attached information memorandum on the basis that you are a person into whose possession this information memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not nor are you authorised to deliver this document, electronically or otherwise, to any other person. **If you have gained access to this transmission contrary to the foregoing restrictions, you will be unable to purchase any of the securities described therein.**

**Actions that You May Not Take:** If you receive this document by e-mail, you should not reply by e-mail, and you may not purchase any securities by doing so. Any reply e-mail communications, including those you generate by using the "Reply" function on your e-mail software, will be ignored or rejected.

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Information Memorandum dated 20 October 2017

## ESR-MTN PTE. LTD.

(formerly known as Cambridge-MTN Pte. Ltd.)  
(Incorporated in the Republic of Singapore on 2 February 2012)  
(UEN/Company Registration No. 201202505K)

## RBC INVESTOR SERVICES TRUST SINGAPORE LIMITED

(formerly known as RBC Dexia Trust Services Singapore Limited)  
(in its capacity as trustee of ESR-REIT)



**S\$750,000,000**

### **Multicurrency Debt Issuance Programme (the "Programme")**

(in the case of Notes issued by ESR-MTN Pte. Ltd.)  
unconditionally and irrevocably guaranteed by

## **RBC INVESTOR SERVICES TRUST SINGAPORE LIMITED**

(formerly known as RBC Dexia Trust Services Singapore Limited)  
(in its capacity as trustee of ESR-REIT)

This Information Memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Information Memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of: (i) notes (the "Notes") to be issued from time to time by ESR-MTN Pte. Ltd. ("ESR-MTN") and RBC Investor Services Trust Singapore Limited (formerly known as RBC Dexia Trust Services Singapore Limited) (in its capacity as trustee of ESR-REIT) (the "ESR-REIT Issuer" and together with ESR-MTN, the "Issuers" and each, an "Issuer"); and (ii) perpetual securities (the "Perpetual Securities" and together with the Notes, the "Securities") to be issued from time to time by the ESR-REIT Issuer, in each case, pursuant to the Programme may not be circulated or distributed, nor may the Securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Securities are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Securities pursuant to an offer made under Section 275 of the SFA except:

- (1) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (2) where no consideration is or will be given for the transfer;
- (3) where the transfer is by operation of law;
- (4) as specified in Section 276(7) of the SFA; or
- (5) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

All sums payable in respect of the Notes issued from time to time by ESR-MTN are unconditionally and irrevocably guaranteed by RBC Investor Services Trust Singapore Limited (formerly known as RBC Dexia Trust Services Singapore Limited) (in its capacity as trustee of ESR-REIT) (in such capacity, the "Guarantor").

Application has been made to the Singapore Exchange Securities Trading Limited (the "SGX-ST") for permission to deal in and the listing and quotation of any Securities which are agreed at the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Securities have been admitted to the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained herein. Approval in-principle from, admission to the Official List of, and the listing and quotation of any Securities on the SGX-ST is not to be taken as an indication of the merits of the Issuers, the Guarantor, ESR-REIT, their respective subsidiaries and/or associated companies (if any), the Programme or such Securities.

THE SECURITIES AND THE GUARANTEE (AS DEFINED HEREIN) HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT (AS DEFINED HEREIN) OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND THE NOTES ARE SUBJECT TO U.S. TAX LAW REQUIREMENTS. SUBJECT TO CERTAIN EXCEPTIONS, THE NOTES MAY NOT BE OFFERED, SOLD OR DELIVERED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED, AND REGULATIONS THEREUNDER).

Arranger



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## NOTICE

The Hongkong and Shanghai Banking Corporation Limited (the “**Arranger**”) has been authorised by ESR-MTN Pte. Ltd. (“**ESR-MTN**”) and RBC Investor Services Trust Singapore Limited (formerly known as RBC Dexia Trust Services Singapore Limited) (in its capacity as trustee of ESR-REIT (formerly known as Cambridge Industrial Trust)) (the “**ESR-REIT Issuer**” and together with ESR-MTN, the “**Issuers**” and each, an “**Issuer**”) to arrange the S\$750,000,000 Multicurrency Debt Issuance Programme (the “**Programme**”) described herein following the retirement of Australia and New Zealand Banking Group Limited as arranger of the Programme under the Programme Agreement (as defined herein), with effect from 30 March 2016. Under the Programme, the ESR-REIT Issuer may, subject to compliance with all relevant laws, regulations and directives, from time to time issue notes (the “**Notes**”) and perpetual securities (the “**Perpetual Securities**”) and together with the Notes, the “**Securities**”) denominated in Singapore dollars and/or any other currencies. Under the Programme, ESR-MTN 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 issued by ESR-MTN will be unconditionally and irrevocably guaranteed by RBC Investor Services Trust Singapore Limited (formerly known as RBC Dexia Trust Services Singapore Limited) (in its capacity as trustee of ESR-REIT) (in such capacity, the “**Guarantor**”).

This Information Memorandum contains information with regard to the Issuers, the Guarantor, ESR-REIT, the ESR-REIT Manager (as defined herein), the Property Manager (as defined herein), the Group (as defined herein), the Programme, the Securities and the Guarantee (as defined herein). Each of the Issuers and the Guarantor, having made all reasonable enquiries, confirms that this Information Memorandum contains all information (including information with regard to ESR-REIT, the Guarantor, the ESR-REIT Manager and the assets of ESR-REIT) which is material in the context of the Programme, the issue and offering of the Securities and the giving of the Guarantee, that the information in this Information Memorandum is true and accurate in all material respects, that the opinions, expectations and intentions expressed in this Information Memorandum have been carefully considered and are based on relevant considerations and facts existing at the date of this Information Memorandum, and that there are no other facts the omission of which in the context of the Programme, the issue and offering of the Securities and the giving of the Guarantee would or might make any such information or expressions of opinion, expectation or intention misleading in any material respect.

Notes may be issued in series having one or more issue dates and the same maturity date, and on identical terms (including as to listing) except (in the case of Notes other than variable rate notes (as described under the section on “Summary of the Programme” herein)) for the issue dates, issue prices and/or the dates of the first payment of interest, or (in the case of variable rate notes) for the issue prices and rates of interest. Each series may be issued in one or more tranches on the same issue date or different issue dates. The Notes will be issued in bearer form and may be listed on a stock exchange. The Notes will initially be represented by either a Temporary Global Security (as defined herein) or a Permanent Global Security (as defined herein) which will be deposited on the issue date with either CDP (as defined herein) or a common depository for Euroclear Bank SA/NV (“**Euroclear**”), and Clearstream Banking S.A. (“**Clearstream, Luxembourg**”) or otherwise delivered as agreed between the Relevant Issuer (as defined herein) and the relevant Dealer(s) (as defined herein). Subject to compliance with all relevant laws, regulations and directives, the Notes may have maturities of such tenor as may be agreed between the Relevant Issuer, (where the Relevant Issuer is the ESR-REIT Issuer) the ESR-REIT Manager and the relevant Dealer(s) and may be subject to redemption or purchase in whole or in part. The Notes may bear interest at a fixed, floating, variable or hybrid rate or may not bear interest or may be such other notes as may be agreed between the Relevant Issuer, (where the Relevant Issuer is the ESR-REIT Issuer) the ESR-REIT Manager and the relevant Dealer(s). The Notes will be repayable at par, at a specified amount above or below par or at an amount determined by reference to a formula, in each case with terms as specified in the Pricing

Supplement (as defined herein) issued in relation to each series or tranche of Notes. Details applicable to each series or tranche of Notes will be specified in the applicable Pricing Supplement which is to be read in conjunction with this Information Memorandum.

Perpetual Securities may be issued in series having one or more issue dates, and on identical terms (including as to listing) except for the issue dates, issue prices and/or the dates of the first payment of distribution. Each series may be issued in one or more tranches on the same issue date or different issue dates. The Perpetual Securities, which may only be issued by the ESR-REIT Issuer, will be issued in bearer form only and may be listed on a stock exchange. The Perpetual Securities will initially be represented by either a Temporary Global Security or a Permanent Global Security which will be deposited on the issue date with either CDP or a common depository for Euroclear and Clearstream, Luxembourg or otherwise delivered as agreed between the ESR-REIT Issuer and the relevant Dealer(s). Subject to compliance with all relevant laws, regulations and directives, the Perpetual Securities may be subject to redemption or purchase in whole or in part. The Perpetual Securities may confer a right to receive distributions at a fixed or floating rate. Details applicable to each series or tranche of Perpetual Securities will be specified in the applicable Pricing Supplement which is to be read in conjunction with this Information Memorandum.

The maximum aggregate principal amount of the Securities to be issued, when added to the aggregate principal amount of all Securities outstanding (as defined in the Trust Deed referred to herein) shall be S\$750,000,000 (or its equivalent in any other currencies) or such higher amount as may be increased in accordance with the Programme Agreement. On 30 March 2016, the maximum aggregate principal amount of the Securities to be issued, when added to the aggregate principal amount of all Securities outstanding, has been increased from S\$500,000,000 to S\$750,000,000.

No person has been authorised to give any information or to make any representation other than those contained in this Information Memorandum and, if given or made, such information or representation must not be relied upon as having been authorised by any of the Issuers, the Guarantor, the Arranger or any of the Dealers. Save as expressly stated in this Information Memorandum, nothing contained herein is, or may be relied upon as, a promise or representation as to the future performance or policies of any of the Issuers, the Guarantor, ESR-REIT or any of their respective subsidiaries and/or associated companies (if any). Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the Programme may be used for the purpose of, or constitutes an offer of, or solicitation or invitation by or on behalf of any of the Issuers, the Guarantor, the Arranger or any of the Dealers to subscribe for or purchase, the Securities in any jurisdiction or under any circumstances in which such offer, solicitation or invitation is unlawful, or not authorised or to any person to whom it is unlawful to make such offer, solicitation or invitation. The distribution and publication of this Information Memorandum or any such other document or information (or any part thereof) and the offer of the Securities in certain jurisdictions may be prohibited or restricted by law. Persons who distribute or publish this Information Memorandum or any such other document or information (or any part thereof) or into whose possession this Information Memorandum or any such other document or information (or any part thereof) comes are required to inform themselves about and to observe any such prohibitions and restrictions and all applicable laws, orders, rules and regulations.

To the fullest extent permitted by law, none of the Dealers or the Arranger accepts any responsibility for the contents of this Information Memorandum or for any other statement, made or purported to be made by the Arranger or a Dealer or on its behalf in connection with any of the Issuers, the Guarantor, or the issue and offering of the Securities. The Arranger and each Dealer accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Information Memorandum or any such statement.

The Securities and the Guarantee have not been, and will not be, registered under the Securities Act (as defined herein) or with any securities regulatory authority of any state or other jurisdiction of the United States and are subject to U.S. tax law requirements and restrictions. Subject to certain exceptions, the Securities may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder).

Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the Programme shall be deemed to constitute an offer of, or an invitation by or on behalf of any of the Issuers, the Guarantor, the Arranger or any of the Dealers to subscribe for or purchase, any of the Securities.

This Information Memorandum and any other document or material in relation to the issue, offering or sale of the Securities have been prepared solely for the purpose of the initial sale by the relevant Dealer(s) of the Securities from time to time to be issued pursuant to the Programme. This Information Memorandum and such other documents or materials are made available to the recipients thereof solely on the basis that they are persons falling within the ambit of Section 274 and/or Section 275 of the SFA (as defined herein) and may not be relied upon by any person other than persons to whom the Securities are sold or with whom they are placed by the relevant Dealer(s) as aforesaid or for any other purpose. Recipients of this Information Memorandum shall not reissue, circulate or distribute this Information Memorandum or any part thereof in any manner whatsoever.

Neither the delivery of this Information Memorandum (or any part thereof) nor the issue, offering, purchase or sale of the Securities shall, under any circumstances, constitute a representation, or give rise to any implication, that there has been no change in the prospects, results of operations or general affairs of any of the Issuers, the Guarantor, ESR-REIT or any of their respective subsidiaries and/or associated companies (if any) or any statement of fact or the information herein since the date hereof or the date on which this Information Memorandum has been most recently amended or supplemented.

The Arranger and the Dealers have not separately verified the information contained in this Information Memorandum. None of the Arranger, the Dealers or any of their respective officers or employees is making any representation, warranty or undertaking expressed or implied as to the merits of the Securities or the subscription for, purchase or acquisition thereof or the creditworthiness or financial condition or otherwise of any of the Issuers, the Guarantor, ESR-REIT or their respective subsidiaries and/or associated companies (if any). Further, neither the Arranger nor any of the Dealers makes any representation or warranty and no responsibility or liability is accepted by the Arranger or any of the Dealers as to any of the Issuers, the Guarantor, ESR-REIT, their respective subsidiaries and/or associated companies (if any) or as to the accuracy, reliability or completeness of the information set out herein (including the legal and regulatory requirements pertaining to Sections 274, 275 and 276 or any other provisions of the SFA) and the documents which are incorporated by reference in, and form part of, this Information Memorandum.

Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the Programme or the issue of the Securities is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuers, the Guarantor, the Arranger or any of the Dealers that any recipient of this Information Memorandum or such other document or information (or any part thereof) should subscribe for or purchase any of the Securities. A prospective purchaser shall make its own assessment of the foregoing and other relevant matters including the financial condition and affairs and the creditworthiness of the Relevant Issuer, the Guarantor, ESR-REIT and their respective subsidiaries and/or associated companies (if any), and obtain its own independent legal or other advice thereon, and its investment shall be deemed to be based on its

own independent investigation of the financial condition and affairs and its appraisal of the creditworthiness of the Relevant Issuer, the Guarantor, ESR-REIT and their respective subsidiaries and/or associated companies (if any). Accordingly, notwithstanding anything herein, none of the Arranger, the Dealers or any of their respective officers, employees or agents shall be held responsible for any loss or damage suffered or incurred by the recipients of this Information Memorandum or such other document or information (or such part thereof) as a result of or arising from anything expressly or implicitly contained in or referred to in this Information Memorandum or such other document or information (or such part thereof) and the same shall not constitute a ground for rescission of any purchase or acquisition of any of the Securities by a recipient of this Information Memorandum or such other document or information (or such part thereof).

Any purchase or acquisition of the Securities is in all respects conditional on the satisfaction of certain conditions set out in the Programme Agreement and the issue of the Securities by the Relevant Issuer pursuant to the Programme Agreement. Any offer, invitation to offer or agreement made in connection with the purchase or acquisition of the Securities or pursuant to this Information Memorandum shall (without any liability or responsibility on the part of the Issuers, (where applicable) the Guarantor, the Arranger or any of the Dealers) lapse and cease to have any effect if (for any other reason whatsoever) the Securities are not issued by the Relevant Issuer pursuant to the Programme Agreement.

Any discrepancies in the tables included herein between the listed amounts and totals thereof are due to rounding.

The attention of recipients of this Information Memorandum is drawn to the restrictions on resale of the Securities set out under the section on "Subscription, Purchase and Distribution" on pages 173 and 174 of this Information Memorandum.

**Any person(s) who is invited to purchase or subscribe for the Securities or to whom this Information Memorandum is sent shall not make any offer or sale, directly or indirectly, of any Securities or distribute or cause to be distributed any document or other material in connection therewith in any country or jurisdiction except in such manner and in such circumstances as will result in compliance with any applicable laws and regulations.**

**It is recommended that persons proposing to subscribe for or purchase any of the Securities consult their own legal, financial, tax and other advisers before purchasing or acquiring the Securities.**

**Prospective purchasers of the Securities are advised to consult their own tax advisers concerning the tax consequences of the acquisition, ownership or disposal of the Securities.**



## FORWARD-LOOKING STATEMENTS

All statements contained in this Information Memorandum that are not statements of historical fact constitute “forward-looking statements”. Some of these statements can be identified by forward-looking terms such as “expect”, “believe”, “plan”, “intend”, “estimate”, “anticipate”, “may”, “will”, “would” and “could” or similar words. However, these words are not the exclusive means of identifying forward-looking statements. All statements regarding the expected financial position, business strategy, plans and prospects of each Issuer, the Guarantor, ESR-REIT and/or the Group (including statements as to each Issuer’s, the Guarantor’s, ESR-REIT’s and/or the Group’s revenue and profitability, prospects, future plans and other matters discussed in this Information Memorandum regarding matters that are not historical fact and including the financial forecasts, profit projections, statements as to the expansion plans of each Issuer, the Guarantor, ESR-REIT and/or the Group, expected growth in each Issuer, the Guarantor, ESR-REIT and/or the Group and other related matters), if any, are forward-looking statements and accordingly, are only predictions. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of each Issuer, the Guarantor, ESR-REIT and/or the Group to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These factors are discussed in greater detail under, in particular, but not limited to, the section on “Risk Factors”.

Given the risks and uncertainties that may cause the actual future results, performance or achievements of each Issuer, the Guarantor, ESR-REIT or the Group to be materially different from the results, performance or achievements expected, expressed or implied by the financial forecasts, profit projections and forward-looking statements in this Information Memorandum, undue reliance must not be placed on those forecasts, projections and statements. The Issuers, the Guarantor, the Arranger and the Dealers do not represent or warrant that the actual future results, performance or achievements of the Issuers, the Guarantor, ESR-REIT or the Group will be as discussed in those statements.

Neither the delivery of this Information Memorandum (or any part thereof) nor any issue, offering, purchase or sale of any Securities by any of the Issuers shall under any circumstances constitute a continuing representation or create any suggestion or implication that there has been no change in the prospects, results of operations or general affairs of the Issuers, the Guarantor, ESR-REIT or their respective subsidiaries and/or associated companies (if any) or any statement of fact or information contained in this Information Memorandum since the date of this Information Memorandum or the date on which this Information Memorandum has been most recently amended or supplemented.

Further, the Issuers, the Guarantor, the Arranger and the Dealers disclaim any responsibility, and undertake no obligation, to update or revise any forward-looking statements contained herein to reflect any changes in the expectations with respect thereto after the date of this Information Memorandum or to reflect any change in events, conditions or circumstances on which any such statements are based.

## **DOCUMENTS INCORPORATED BY REFERENCE**

The following documents published or issued from time to time after the date hereof shall be deemed to be incorporated by reference in, and to form part of, this Information Memorandum: (1) any annual reports or audited accounts (consolidated, if any) of each Issuer, the Guarantor, ESR-REIT and its subsidiaries (if any), (2) the unaudited financial statements of each Issuer, the Guarantor, ESR-REIT and its subsidiaries (if any) which is made available on SGXNET (as defined herein) and (3) any supplement or amendment to this Information Memorandum issued by the Issuers. This Information Memorandum is to be read in conjunction with all such documents which are incorporated by reference herein and, with respect to any series or tranche of Notes, any Pricing Supplement in respect of such series or tranche. Any statement contained in this Information Memorandum or in a document deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Information Memorandum to the extent that a statement contained in this Information Memorandum or in such subsequent document that is also deemed to be incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Information Memorandum.

Copies of all documents deemed incorporated by reference herein are available for inspection at the specified office of the Issuing and Paying Agent (as defined herein).

## DEFINITIONS

The following definitions have, where appropriate, been used in this Information Memorandum:

- “AEI”** : Asset enhancement initiatives.
- “Agency Agreement”** : The agency agreement dated 2 February 2012 between (1) ESR-MTN, as issuer, (2) RBC Investor Services Trust Singapore Limited (formerly known as RBC Dexia Trust Services Singapore Limited) (in its capacity as trustee of ESR-REIT), as guarantor, (3) the Issuing and Paying Agent, as issuing and paying agent, (4) the Agent Bank, as agent bank, and (5) the Trustee, as trustee, as amended and restated by an amendment and restatement agency agreement dated 30 March 2016 between (1) the Issuers, as issuers, (2) the Guarantor, as guarantor for Notes issued by ESR-MTN, (3) the Issuing and Paying Agent, as issuing and paying agent, (4) the Agent Bank, as agent bank, and (5) the Trustee, as trustee, and as further amended, varied or supplemented from time to time.
- “Agent Bank”** : British and Malayan Trustees Limited.
- “Arranger”** : The Hongkong and Shanghai Banking Corporation Limited.
- “Board”** : The Board of Directors.
- “BTS”** : Built-to-suit.
- “Business Day”** : In respect of each Security, (a) a day (other than a Saturday, Sunday or gazetted public holiday) on which Euroclear, Clearstream, Luxembourg and CDP, as applicable, are operating, (b) a day (other than a Saturday, Sunday or gazetted public holiday) on which banks and foreign exchange markets are open for general business in the country of the Issuing and Paying Agent’s specified office and (c) (if a payment is to be made on that day) (i) (in the case of Securities denominated in Singapore dollars) a day (other than a Saturday, Sunday or gazetted public holiday) on which banks and foreign exchange markets are open for general business in Singapore, (ii) (in the case of Securities denominated in Euros) a day (other than a Saturday, Sunday or gazetted public holiday) on which the TARGET System is open for settlement in Euros and (iii) (in the case of Securities denominated in a currency other than Singapore dollars and Euros) a day (other than a Saturday, Sunday or gazetted public holiday) on which banks and foreign exchange markets are open for general business in Singapore and in the principal financial centre for that currency.
- “Capital Markets Services Licence”** : The capital markets services licence issued by MAS to carry out REIT management activities.

<b>“CDP”</b>	:	The Central Depository (Pte) Limited.
<b>“CEO”</b>	:	Chief executive officer.
<b>“CFO”</b>	:	Chief financial officer.
<b>“CIS Code”</b>	:	The Code on Collective Investment Schemes issued by the MAS, as amended or modified from time to time.
<b>“Clearstream, Luxembourg”</b>	:	Clearstream Banking S.A., and includes a reference to its successors and permitted assigns.
<b>“Companies Act”</b>	:	The Companies Act, Chapter 50 of Singapore, as amended or modified from time to time.
<b>“Conditions”</b>	:	<p>(a) In relation to the Notes of any Series, the terms and conditions applicable thereto, which shall be substantially in the form set out in Part II of Schedule 1 to the Trust Deed, as modified, with respect to any Notes represented by a Global Security, by the provisions of such Global Security, shall incorporate any additional provisions forming part of such terms and conditions set out in the Pricing Supplement(s) relating to the Notes of such Series and shall be endorsed on the Definitive Securities subject to amendment and completion as referred to in the first paragraph appearing after the heading “Terms and Conditions of the Notes” as set out in Part II of Schedule 1 to the Trust Deed, and any reference to a particular numbered Condition shall be construed accordingly; and</p> <p>(b) in relation to the Perpetual Securities of any Series, the terms and conditions applicable thereto, which shall be substantially in the form set out in Part II of Schedule 4 to the Trust Deed, as modified, with respect to any Perpetual Securities represented by a Global Security, by the provisions of such Global Security, shall incorporate any additional provisions forming part of such terms and conditions set out in the Pricing Supplement(s) relating to the Perpetual Securities of such Series and shall be endorsed on the Definitive Securities subject to amendment and completion as referred to in the first paragraph appearing after the heading “Terms and Conditions of the Perpetual Securities” as set out in Part II of Schedule 4 to the Trust Deed, and any reference to a particular numbered Condition shall be construed accordingly.</p>
<b>“COO”</b>	:	Chief operating officer.
<b>“Couponholders”</b>	:	The holders of the Coupons.

<b>“Coupons”</b>	:	The interest coupons appertaining to an interest-bearing Definitive Security.
<b>“Dealers”</b>	:	Persons appointed as dealers under the Programme.
<b>“Definitive Securities”</b>	:	A definitive Security in bearer form, being substantially in the form set out in Part I of Schedule 1 or, as the case may be, Part I of Schedule 4 to the Trust Deed and having, where appropriate, Coupons attached on issue.
<b>“Deposited Property”</b>	:	The gross assets of ESR-REIT, including all the authorised investments of ESR-REIT for the time being held or deemed to be held upon the trust constituted under the ESR-REIT Trust Deed.
<b>“ESR-MTN”</b>	:	ESR-MTN Pte. Ltd. (formerly known as Cambridge-MTN Pte. Ltd.).
<b>“ESR-REIT”</b>	:	ESR-REIT (formerly known as Cambridge Industrial Trust) established in Singapore as a collective investment scheme and constituted by the ESR-REIT Trust Deed.
<b>“ESR-REIT Manager”</b>	:	ESR Funds Management (S) Limited (formerly known as Cambridge Industrial Trust Management Limited), as manager of ESR-REIT.
<b>“ESR-REIT Trust Deed”</b>	:	The trust deed dated 31 March 2006 made between (1) the ESR-REIT Manager, as manager, and (2) the ESR-REIT Trustee (as amended, supplemented and/or restated by the Supplemental Deed of Amendment dated 15 August 2007, the Second Supplemental Deed dated 28 January 2009, the Third Supplemental Deed dated 13 November 2009, the Fourth Supplemental Deed dated 27 January 2010, the Fifth Supplemental Deed dated 22 April 2010, the Sixth Supplemental Deed dated 2 February 2012, the Seventh Supplemental Deed dated 18 November 2014, the Eighth Supplemental Deed dated 27 May 2015, the Ninth Supplemental Deed dated 15 March 2016, the Tenth Supplemental Deed dated 15 March 2017 and the Eleventh Supplemental Deed dated 20 June 2017, and as further amended, supplemented and/or restated from time to time).
<b>“ESR-REIT Trustee”</b>	:	RBC Investor Services Trust Singapore Limited (formerly known as RBC Dexia Trust Services Singapore Limited) (in its capacity as trustee of ESR-REIT).
<b>“ETC”</b>	:	Edmund Tie & Company (SEA) Pte Ltd.
<b>“Euro”</b>	:	The lawful currency of the member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended from time to time.

<b>“Euroclear”</b>	:	Euroclear Bank SA/NV, and includes a reference to its successors and permitted assigns.
<b>“Extraordinary Resolution”</b>	:	A resolution passed at a meeting of Securityholders duly convened and held in accordance with the Trust Deed by a majority of at least 75 per cent. of the votes cast.
<b>“Fitch”</b>	:	Fitch, Inc or its successors.
<b>“FY”</b>	:	Financial year ended 31 December.
<b>“GFA”</b>	:	Gross floor area.
<b>“Global Security”</b>	:	A global Security representing Securities of one or more Tranches of the same Series, being a Temporary Global Security and/or, as the context may require, a Permanent Global Security, in each case without Coupons.
<b>“Gross Rental Income”</b>	:	Comprises net rental income (after rent rebates and provisions for rent free periods), service charge where applicable (which is a contribution paid by tenant(s) towards the operating and maintenance expenses of the Properties and licence fees (where applicable)).
<b>“Gross Revenue”</b>	:	Gross Rental Income and other income earned from the Properties.
<b>“Group”</b>	:	ESR-REIT and its subsidiaries.
<b>“Guarantee”</b>	:	The guarantee and indemnity of the Guarantor contained in the Trust Deed.
<b>“Guarantor”</b>	:	RBC Investor Services Trust Singapore Limited (formerly known as RBC Dexia Trust Services Singapore Limited) (in its capacity as trustee of ESR-REIT).
<b>“HDB”</b>	:	Housing and Development Board.
<b>“IRAS”</b>	:	Inland Revenue Authority of Singapore.
<b>“Issuers”</b>	:	ESR-MTN Pte. Ltd. and RBC Investor Services Trust Singapore Limited (formerly known as RBC Dexia Trust Services Singapore Limited) (in its capacity as trustee of ESR-REIT).
<b>“Issuing and Paying Agent”</b>	:	British and Malayan Trustees Limited.
<b>“ITA”</b>	:	Income Tax Act, Chapter 134 of Singapore, as amended or modified from time to time.
<b>“JTC”</b>	:	Jurong Town Corporation.

<b>“Latest Practicable Date”</b>	:	5 October 2017.
<b>“Listing Manual”</b>	:	The Listing Manual of the SGX-ST.
<b>“MAS”</b>	:	The Monetary Authority of Singapore.
<b>“Moody’s”</b>	:	Moody’s Investors Service, Inc. or its successors.
<b>“Net Property Income”</b>	:	Consists of Gross Revenue less Property Expenses.
<b>“Noteholders”</b>	:	The holders of the Notes.
<b>“Notes”</b>	:	The notes to be issued by the Issuers under the Programme.
<b>“Permanent Global Security”</b>	:	A Global Security representing Securities of one or more Tranches of the same Series, either on issue or upon exchange of interests in a Temporary Global Security being substantially in the form set out in Schedule 3 or, as the case may be, Schedule 6 to the Trust Deed.
<b>“Perpetual Securities”</b>	:	The perpetual securities to be issued by the ESR-REIT Issuer under the Programme.
<b>“Perpetual Securityholders”</b>	:	The holders of the Perpetual Securities.
<b>“Pricing Supplement”</b>	:	In relation to a Series or Tranche, a pricing supplement, to be read in conjunction with this Information Memorandum, specifying the relevant issue details in relation to such Series or, as the case may be, Tranche, being substantially in the form set out in Appendix 2 or, as the case may be, Appendix 3 to the Programme Agreement.
<b>“Programme”</b>	:	The S\$750,000,000 Multicurrency Debt Issuance Programme of the Issuers.
<b>“Programme Agreement”</b>	:	The programme agreement dated 2 February 2012 made between (1) ESR-MTN, as issuer, (2) RBC Investor Services Trust Singapore Limited (formerly known as RBC Dexia Trust Services Singapore Limited) (in its capacity as trustee of ESR-REIT), as guarantor, (3) Australia and New Zealand Banking Group Limited, as arranger, and (4) Australia and New Zealand Banking Group Limited, as dealer, as amended and restated by an amendment and restatement programme agreement dated 30 March 2016 made between (1) the Issuers, as issuers, (2) the Guarantor, as guarantor for Notes issued by ESR-MTN, (3) the ESR-REIT Manager, as manager of ESR-REIT, (4) The Hongkong and Shanghai Banking Corporation Limited, as arranger, and (5) Australia and New Zealand Banking Group Limited, CIMB Bank Berhad, The Hongkong and Shanghai Banking Corporation Limited and United Overseas Bank Limited, as dealers, and as further amended, varied or supplemented from time to time.

<b>“Properties”</b>	:	Refers collectively to the 49 properties as set out under the section on “ESR-REIT – Property Statistics and Details – Properties and Property Types” in this Information Memorandum as at 31 December 2016 or certain of these properties (as the context requires) and “Property” shall mean any of them.
<b>“Property Expenses”</b>	:	Comprises (a) the Property Manager’s fees, (b) property tax, (c) payments of land rents to JTC and HDB and (d) other property expenses, including property maintenance expenses and property insurance charges, to the extent borne by ESR-REIT.
<b>“Property Funds Appendix”</b>	:	Appendix 6 to the CIS Code issued by MAS in relation to real estate investment trusts, as amended or modified from time to time.
<b>“Property Management Agreement”</b>	:	The property management agreement entered into between the ESR-REIT Manager, the Property Manager and the ESR-REIT Trustee on 21 April 2006 for a period of eight years and further extended on 21 April 2014 for a period of five years.
<b>“Property Manager”</b>	:	ESR Property Management (S) Pte Ltd (formerly known as Cambridge Industrial Property Management Pte. Ltd.), as property manager of ESR-REIT.
<b>“Relevant Issuer”</b>	:	In relation to any Tranche or Series, the Issuer which has concluded an agreement with the relevant Dealer(s) to issue, or which has issued, the Securities of that Tranche or Series.
<b>“REIT”</b>	:	Real estate investment trust.
<b>“Savills”</b>	:	Savills Valuation and Professional Services (S) Pte. Ltd.
<b>“Securities”</b>	:	The Notes and the Perpetual Securities.
<b>“Securities Act”</b>	:	Securities Act of 1933 of the United States, as amended.
<b>“Securityholders”</b>	:	The Noteholders and the Perpetual Securityholders.
<b>“Senior Perpetual Securities”</b>	:	Perpetual Securities which are expressed to rank as senior obligations of the ESR-REIT Issuer pursuant to Condition 2(a) of the Perpetual Securities.



<b>“Series”</b>	:	(1) (in relation to Securities other than variable rate notes) a Tranche, together with any further Tranche or Tranches, which are (a) expressed to be consolidated and forming a single series and (b) identical in all respects (including as to listing) except for their respective issue dates, issue prices and/or dates of the first payment of (in the case of Notes other than variable rate notes) interest or (in the case of Perpetual Securities) distribution and (2) (in relation to variable rate notes) Notes which are identical in all respects (including as to listing) except for their respective issue prices and rates of interest.
<b>“SFA”</b>	:	Securities and Futures Act, Chapter 289 of Singapore, as amended or modified from time to time.
<b>“SGX-ST”</b>	:	Singapore Exchange Securities Trading Limited.
<b>“SGXNET”</b>	:	The online announcement portal of SGX-ST.
<b>“Shares”</b>	:	Ordinary shares in the capital of ESR-MTN.
<b>“sq ft”</b>	:	Square feet.
<b>“Standard &amp; Poor’s”</b>	:	Standard & Poor’s Ratings Services or its successors.
<b>“STB”</b>	:	Single-tenanted buildings.
<b>“Subordinated Perpetual Securities”</b>	:	Perpetual Securities which are expressed to rank as subordinated obligations of the ESR-REIT Issuer pursuant to Condition 2(b) of the Perpetual Securities.
<b>“Subsidiary” or “subsidiary”</b>	:	<p>Any company which is for the time being, a subsidiary (within the meaning of Section 5 of the Companies Act) and, in relation to ESR-REIT, means any company, corporation, trust, fund or other entity (whether or not a body corporate):</p> <p>(a) which is controlled, directly or indirectly, by the ESR-REIT (acting through the ESR-REIT Trustee in its capacity as the trustee of ESR-REIT); or</p> <p>(b) more than half the interests of which is beneficially owned, directly or indirectly, by the ESR-REIT (acting through the ESR-REIT Trustee in its capacity as the trustee of ESR-REIT); or</p> <p>(c) which is a subsidiary of any company, corporation, trust, fund or other entity (whether or not a body corporate) to which paragraph (a) or (b) above applies,</p> <p>and for these purposes, any company, corporation, trust, fund or other entity (whether or not a body corporate) shall be treated as being controlled by ESR-REIT if ESR-REIT (whether through its trustee or otherwise) is able to direct its affairs and/or to control the composition of its board of directors or equivalent body.</p>

<b>“TARGET System”</b>	:	The Trans-European Automated Real-time Gross Settlement Express Transfer payment system.
<b>“Temporary Global Security”</b>	:	A Global Security representing Securities of one or more Tranches of the same Series on issue, being substantially in the form set out in Schedule 2 or, as the case may be, Schedule 5 to the Trust Deed.
<b>“Tranche”</b>	:	Securities which are identical in all respects (including as to listing).
<b>“Trust Deed”</b>	:	The trust deed dated 2 February 2012 made between (1) ESR-MTN, as issuer, (2) RBC Investor Services Trust Singapore Limited (formerly known as RBC Dexia Trust Services Singapore Limited) (in its capacity as trustee of ESR-REIT), as guarantor, and (3) the Trustee, as trustee, as supplemented by the supplemental trust deed dated 1 March 2012 made between the same parties, and as amended and restated by an amendment and restatement trust deed dated 30 March 2016 made between (1) the Issuers, as issuers, (2) the Guarantor, as guarantor for Notes issued by ESR-MTN, and (3) the Trustee, as trustee, and as further amended, varied or supplemented from time to time.
<b>“Trustee”</b>	:	British and Malayan Trustees Limited.
<b>“Unit”</b>	:	An undivided interest in ESR-REIT as provided for in the ESR-REIT Trust Deed.
<b>“Unitholders”</b>	:	The holders of the Units.
<b>“S\$” or “\$” and “cents”</b>	:	Singapore dollars and cents respectively.
<b>“United States” or “U.S.”</b>	:	United States of America.
<b>“US\$” or “US dollars”</b>	:	United States dollars.
<b>“%”</b>	:	Per cent.

Words importing the singular shall, where applicable, include the plural and vice versa, and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall, where applicable, include corporations. Any reference to a time of day in this Information Memorandum shall be a reference to Singapore time unless otherwise stated. Any reference in this Information Memorandum to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act or the SFA or any statutory modification thereof and used in this Information Memorandum shall, where applicable, have the meaning ascribed to it under the Companies Act or, as the case may be, the SFA.

## **CORPORATE INFORMATION**

### **ESR-MTN Pte. Ltd.**

Board of Directors : Mr Adrian Chui  
Mr Ooi Eng Peng

Company Secretaries : Mr Robin Yoo Loo Ping  
Ms Angeline Chiang Wai Ming

Registered Office : 138 Market Street  
#26-03/04 CapitaGreen  
Singapore 048946

Auditors : Ernst & Young LLP  
One Raffles Quay  
North Tower, Level 18  
Singapore 048583

### **RBC Investor Services Trust Singapore Limited (formerly known as RBC Dexia Trust Services Singapore Limited) (in its capacity as trustee of ESR-REIT)**

Registered Office : 77 Robinson Road  
#18-00 Robinson 77  
Singapore 068896

Auditors for ESR-REIT : Ernst & Young LLP  
One Raffles Quay  
North Tower, Level 18  
Singapore 048583

### **ESR Funds Management (S) Limited (in its capacity as manager of ESR-REIT)**

Board of Directors : Mr Ooi Eng Peng  
Mr Bruce Kendle Berry  
Mr Erle William Spratt  
Mr Philip John Pearce  
Mr Akihiro Noguchi  
Mr Jeffrey David Perlman  
Mr Jeffrey Shen Jinchu  
Mr Adrian Chui

Company Secretaries : Mr Robin Yoo Loo Ping  
Ms Angeline Chiang Wai Ming

Registered Office : 138 Market Street  
#26-03/04 CapitaGreen  
Singapore 048946

**ESR Property Management (S) Pte Ltd (in its capacity as property manager of ESR-REIT)**

Board of Directors : Mr Jeffrey David Perlman  
Mr Jeffrey Shen Jinchu  
Mr Cho Wee Peng

Company Secretaries : Mr Robin Yoo Loo Ping  
Ms Angeline Chiang Wai Ming

Registered Office : 138 Market Street  
#26-03/04 CapitaGreen  
Singapore 048946

**Arranger of the Programme**

The Hongkong and Shanghai Banking Corporation Limited  
21 Collyer Quay #10-01  
HSBC Building  
Singapore 049320

**Legal Adviser to the Arranger and the Trustee**

Allen & Overy LLP  
50 Collyer Quay  
#09-01 OUE Bayfront  
Singapore 049321

**Legal Adviser to ESR-MTN and the ESR-REIT Manager**

WongPartnership LLP  
12 Marina Boulevard Level 28  
Marina Bay Financial Centre Tower 3  
Singapore 018982

**Legal Adviser to the ESR-REIT Trustee**

Dentons Rodyk & Davidson LLP  
80 Raffles Place  
#33-00 UOB Plaza 1  
Singapore 048624

**Issuing and Paying Agent and Agent Bank**

British and Malayan Trustees Limited  
1 Coleman Street  
#08-01 The Adelphi  
Singapore 179803

**Trustee for the Noteholders**

British and Malayan Trustees Limited  
1 Coleman Street  
#08-01 The Adelphi  
Singapore 179803

## SUMMARY OF THE PROGRAMME

The following summary is derived from, and should be read in conjunction with, the full text of this Information Memorandum (and any relevant supplement to this Information Memorandum), the Programme Agreement, the Trust Deed, the Agency Agreement and the relevant Pricing Supplement.

Issuers	:	ESR-MTN Pte. Ltd. and RBC Investor Services Trust Singapore Limited (formerly known as RBC Dexia Trust Services Singapore Limited) (in its capacity as trustee of ESR-REIT).
Guarantor (in the case of Notes issued by ESR-MTN)	:	RBC Investor Services Trust Singapore Limited (formerly known as RBC Dexia Trust Services Singapore Limited) (in its capacity as trustee of ESR-REIT).
Arranger	:	The Hongkong and Shanghai Banking Corporation Limited.
Dealers	:	Australia and New Zealand Banking Group Limited, CIMB Bank Berhad, The Hongkong and Shanghai Banking Corporation Limited, United Overseas Bank Limited and/or such other Dealers as may be appointed by the Issuers in accordance with the Programme Agreement.
Trustee	:	British and Malayan Trustees Limited.
Issuing and Paying Agent and Agent Bank	:	British and Malayan Trustees Limited.
Description	:	S\$750,000,000 Multicurrency Debt Issuance Programme.
Programme Size	:	The maximum aggregate principal amount of the Securities outstanding at any time shall be S\$750,000,000 (or its equivalent in other currencies) or such higher amount as may be increased in accordance with the Programme Agreement.
Guarantee	:	In the case of Notes issued by ESR-MTN, the payment of all sums payable by ESR-MTN under the Trust Deed, the Notes and the Coupons relating to them will be unconditionally and irrevocably guaranteed by the Guarantor.
Currency	:	Subject to compliance with all relevant laws, regulations and directives, Securities may be issued in Singapore dollars or any other currency agreed between the Relevant Issuer, (where the Relevant Issuer is the ESR-REIT Issuer) the ESR-REIT Manager and the relevant Dealer(s).
Method of Issue	:	Securities may be issued from time to time under the Programme on a syndicated or non-syndicated basis. Each Series may be issued in one or more Tranches, on the same or different issue dates. The specific terms of each Series or Tranche will be specified in the relevant Pricing Supplement.

Issue Price	:	Securities may be issued at par or at a discount, or premium, to par.
Form and Denomination of Securities	:	The Securities will be issued in bearer form only and in such denominations as may be agreed between the Relevant Issuer and the relevant Dealer(s). Each Tranche or Series of Securities may initially be represented by a Temporary Global Security or a Permanent Global Security. Each Temporary Global Security may be deposited on the relevant issue date with CDP, a common depository for Euroclear and Clearstream, Luxembourg and/or any other agreed clearing system and will be exchangeable, upon request as described therein, either for a Permanent Global Security or Definitive Securities (as indicated in the applicable Pricing Supplement). Each Permanent Global Security may be exchanged, unless otherwise specified in the applicable Pricing Supplement, upon request as described therein, in whole (but not in part) for Definitive Securities upon the terms therein.
Custody of the Securities	:	Securities which are to be listed on the SGX-ST may be cleared through CDP. Securities which are to be cleared through CDP are required to be kept with CDP as authorised depository. Securities which are cleared through Euroclear and/or Clearstream, Luxembourg are required to be kept with a common depository for Euroclear and Clearstream, Luxembourg.
Listing	:	Each Series of the Securities may, if so agreed between the Relevant Issuer and the relevant Dealer(s), be listed on the SGX-ST or any stock exchange(s) as may be agreed between the Relevant Issuer and the relevant Dealer(s), subject to all necessary approvals having been obtained. For so long as any Securities are listed on the SGX-ST and the rules of the SGX-ST so require, such Securities will be traded on the SGX-ST in a minimum board lot size of S\$200,000 (or its equivalent in other currencies) or such other amount as may be allowed or required from time to time.
Rating	:	Each Tranche of Securities issued under the Programme may be rated. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, revision, downgrade or withdrawal at any time by the assigning rating agency.
Selling Restrictions	:	For a description of certain restrictions on offers, sales and deliveries of Securities and the distribution of offering material relating to the Securities, see the section on "Subscription, Purchase and Distribution" herein. Further restrictions may apply in connection with any particular Series or Tranche of Securities.

Governing Law : The Programme, the Guarantee and any Securities issued under the Programme will be governed by, and construed in accordance with, the laws of Singapore.

**NOTES**

Tenor : Subject to compliance with all relevant laws, regulations and directives, Notes may have maturities of such tenor as may be agreed between the Relevant Issuer, (where the Relevant Issuer is the ESR-REIT Issuer) the ESR-REIT Manager and the relevant Dealer(s).

Redemption upon Maturity : Unless previously redeemed or purchased and cancelled, each Note will be redeemed at its redemption amount on the maturity date shown on its face.

Interest Basis : Notes may bear interest at fixed, floating, variable or hybrid rates or may not bear interest.

Fixed Rate Notes : Fixed Rate Notes will bear a fixed rate of interest which will be payable in arrear on specified dates and at maturity.

Floating Rate Notes : Floating Rate Notes which are denominated in Singapore dollars will bear interest to be determined separately for each Series by reference to S\$ SIBOR or S\$ SWAP RATE (or in any other case such other benchmark as may be agreed between the Relevant Issuer, (where the Relevant Issuer is the ESR-REIT Issuer) the ESR-REIT Manager and the relevant Dealer(s)), as adjusted for any applicable margin. Interest periods in relation to the Floating Rate Notes will be agreed between the Relevant Issuer and the relevant Dealer(s) prior to their issue.

Floating Rate Notes which are denominated in other currencies will bear interest to be determined separately for each Series by reference to such other benchmark as may be agreed between the Relevant Issuer, (where the Relevant Issuer is the ESR-REIT Issuer) the ESR-REIT Manager and the relevant Dealer(s).

Variable Rate Notes : Variable Rate Notes will bear interest at a variable rate determined in accordance with the Conditions of the Notes. Interest periods in relation to the Variable Rate Notes will be agreed between the Relevant Issuer, (where the Relevant Issuer is the ESR-REIT Issuer) the ESR-REIT Manager and the relevant Dealer(s) prior to their issue.

- Hybrid Notes : Hybrid Notes will bear interest, during the fixed rate period to be agreed between the Relevant Issuer, (where the Relevant Issuer is the ESR-REIT Issuer) the ESR-REIT Manager and the relevant Dealer(s), at a fixed rate of interest which will be payable in arrear on specified dates and, during the floating rate period to be agreed between the Relevant Issuer, (where the Relevant Issuer is the ESR-REIT Issuer) the ESR-REIT Manager and the relevant Dealer(s), at the rate of interest to be determined by reference to S\$ SIBOR or S\$ SWAP RATE (or such other benchmark as may be agreed between the Relevant Issuer, (where the Relevant Issuer is the ESR-REIT Issuer) the ESR-REIT Manager and the relevant Dealer(s)), as adjusted for any applicable margin (provided that if the Hybrid Notes are denominated in a currency other than Singapore dollars, such Hybrid Notes will bear interest to be determined separately by reference to such benchmark as may be agreed between the Relevant Issuer, (where the Relevant Issuer is the ESR-REIT Issuer) the ESR-REIT Manager and the relevant Dealer(s)), in each case payable at the end of each interest period to be agreed between the Relevant Issuer, (where the Relevant Issuer is the ESR-REIT Issuer) the ESR-REIT Manager and the relevant Dealer(s).
- Zero Coupon Notes : Zero Coupon Notes may be issued at their nominal amount or at a discount to it and will not bear interest other than in the case of late payment.
- Status of the Notes and the Guarantee : The Notes and Coupons of all Series will constitute direct, unconditional, unsubordinated and unsecured obligations of the Relevant Issuer and 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 Relevant Issuer.
- The payment obligations of the Guarantor under the Guarantee and the Trust Deed constitute direct, unconditional, unsubordinated and unsecured obligations of the Guarantor and shall rank *pari passu* with all other unsecured obligations (other than subordinated obligations and priorities created by law) of the Guarantor.
- Redemption and Purchase : If so provided on the face of the Note and the relevant Pricing Supplement, Notes may be redeemed (either in whole or in part) prior to their stated maturity at the option of the Relevant Issuer and/or the Noteholders. Further, if so provided on the face of the Note and the relevant Pricing Supplement, Notes may be purchased by the Relevant Issuer (either in whole or in part) prior to their stated maturity at the option of the Relevant Issuer and/or the Noteholders.



Redemption for Taxation Reasons	<p>: If so provided on the face of the Note and the relevant Pricing Supplement, the Notes may be redeemed at the option of the Relevant Issuer in whole, but not in part, on any Interest Payment Date (as defined in the Conditions of the Notes) or, if so specified on the face of the Note and the relevant Pricing Supplement, at any time on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their Redemption Amount (as defined in the Conditions of the Notes) or (in the case of Zero Coupon Notes) Early Redemption Amount (as defined in the Conditions of the Notes) (together with interest accrued to (but excluding) the date fixed for redemption), if:</p> <p>(a) the Relevant Issuer (or, if the Guarantee was called, the Guarantor) has or will become obliged to pay additional amounts as provided or referred to in Condition 7 of the Notes, or increase the payment of such additional amounts, as a result of any change in, or amendment to, the laws (or any regulations, rulings or other administrative pronouncements promulgated thereunder) of Singapore or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, regulations, rulings or other administrative pronouncements, which change or amendment is made public on or after the Issue Date or any other date specified in the Pricing Supplement; and</p> <p>(b) such obligations cannot be avoided by the Relevant Issuer or, as the case may be, the Guarantor taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Relevant Issuer or, as the case may be, the Guarantor would be obliged to pay such additional amounts were a payment in respect of the Notes then due.</p>
Mandatory Redemption upon Termination of ESR-REIT	<p>: In the event that ESR-REIT is terminated in accordance with the provisions of the ESR-REIT Trust Deed, the Relevant Issuer shall redeem all (and not some only) of the Notes at their Redemption Amount together with interest accrued to the date fixed for redemption on any date on which interest is due to be paid on such Notes or, if earlier, the date of termination of ESR-REIT.</p>
Mandatory Redemption upon Cessation of Trading of Units	<p>: In the event that the Units cease to be listed and/or traded on the SGX-ST, the Relevant Issuer shall redeem all (and not some only) of the Notes at their Redemption Amount, together with interest accrued to the date fixed for redemption, not later than the date falling 30 days after the date of cessation of listing or trading.</p>

- Negative Pledge of ESR-MTN : ESR-MTN has covenanted with the Trustee that so long as any of the Notes or Coupons remains outstanding, it will not, and will procure that none of its subsidiaries falling within the Group will, create or have outstanding any security on or over their respective present or future assets, save for:
- (a) liens or rights of set-off arising in the ordinary course of its business or by operation of law; and
  - (b) any other security which has been approved by the Noteholders by way of an Extraordinary Resolution.
- Negative Pledge of the ESR-REIT Trustee : The ESR-REIT Trustee has covenanted with the Trustee that so long as any of the Notes or Coupons remains outstanding, it will not, and will procure that the Principal Subsidiaries will not, create or permit to be created any security over any of their respective assets and properties, present or future save for:
- (a) (1) any security over any asset existing on or prior to 2 February 2012 securing credit facilities extended by banks and other financial institutions to the Group and as disclosed in writing to the Trustee on or prior to 2 February 2012, and any security to be created over any asset which is the subject of such existing security in connection with the extension, refinancing or increase in the facility limit of such credit facilities secured by such asset, or (2) any security over any asset referred to in (1) created in connection with the taking out of new credit facilities extended by banks and other financial institutions to the Group which ranks, in point of priority, completely after such existing security referred to in (1), provided that the aggregate principal amount of Consolidated Total Borrowings (as defined in the Trust Deed) outstanding of the Group which are secured by the real estate assets of the Group shall not exceed in aggregate 45 per cent. of the Consolidated Total Assets (as defined in the Trust Deed) of the Group (or its equivalent in any other currency or currencies) at that time;

- (b) any security existing at the time of the acquisition of any asset directly or indirectly (by way of share purchase, purchase of asset-backed securities or otherwise) acquired after 2 February 2012 securing credit facilities extended by banks and other financial institutions to the Group and any security created on that asset in connection with the extension, refinancing or increase in the facility limit of such credit facilities secured by the security over such asset at any time, provided that the aggregate principal amount of Consolidated Total Borrowings outstanding of the Group which are secured by the real estate assets of the Group shall not exceed in aggregate 45 per cent. of the Consolidated Total Assets of the Group (or its equivalent in any other currency or currencies) at that time;
- (c) liens or rights of set off arising in the ordinary course of its business or by operation of law (or by an agreement evidencing the same), in either case, in respect of indebtedness which either (i) has been due for less than 14 business days or (ii) is being contested in good faith and by appropriate means;
- (d) pledges of goods and/or related documents of title, arising in the ordinary course of its business, as security for bank borrowings directly relating to the purchase of such goods;
- (e) any security created on any asset after 2 February 2012 for the sole purpose of securing moneys raised pursuant to the issuance (whether by it or a special purpose vehicle) of any commercial mortgage backed securities (“**CMBS**”) or any security to be created over any asset to be substituted for any asset which is the subject matter of such CMBS, provided that the aggregate principal amount of Consolidated Total Borrowings outstanding of the Group which are secured by the real estate assets of the Group shall not exceed in aggregate 45 per cent. of the Consolidated Total Assets of the Group (or its equivalent in any other currency or currencies) at that time;
- (f) any security over any assets created in connection with credit facilities extended by banks and other financial institutions to the Group at any time and from time to time provided that the aggregate principal amount of Consolidated Total Borrowings outstanding of the Group which are secured by the real estate assets of the Group shall not exceed 45 per cent. of the Consolidated Total Assets of the Group (or its equivalent in any other currency or currencies) at that time; and
- (g) any other security which has been approved by the Noteholders by way of an Extraordinary Resolution.

- Financial Covenants : In the Trust Deed, the ESR-REIT Trustee has covenanted with the Trustee that so long as any of the Notes or Coupons remains outstanding, it will, at all times, ensure that:
- (a) the ratio of Consolidated Total Borrowings to Consolidated Total Assets shall not exceed 0.45 times or such other ratio as may be permitted under the Property Funds Appendix; and
  - (b) the ratio of Consolidated EBITDA (as defined in the Trust Deed) to Consolidated Interest Expense (as defined in the Trust Deed) shall be at least 1.5 times.
- Further Covenants : In the Trust Deed, the Issuers and the Guarantor have jointly and severally covenanted with the Trustee that so long as any of the Notes remains outstanding, inter alia:
- (a) each of them will ensure that the ESR-REIT Trustee will at all times own (directly or indirectly) the whole of the issued share capital for the time being of ESR-MTN; and
  - (b) the ESR-REIT Trustee will comply with the Property Funds Appendix.
- Events of Default : See Condition 9 of the Notes.
- Taxation : All payments in respect of the Notes and the Coupons by the Relevant Issuer or, as the case may be, the Guarantor shall be made free and clear of, and without deduction or withholding for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Singapore or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In such event, the Relevant Issuer or, as the case may be, the Guarantor shall pay such additional amounts as will result in the receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such deduction or withholding been required, save for certain exceptions. For further details, please see the section on “Singapore Taxation” herein.

### **PERPETUAL SECURITIES**

- No Fixed Maturity : The Perpetual Securities are perpetual securities in respect of which there is no fixed redemption date and the ESR-REIT Issuer shall only have the right (but not the obligation) to redeem or purchase them in accordance with the provisions of the Conditions of the Perpetual Securities.
- Distribution Basis : Perpetual Securities may confer a right to receive distribution at fixed or floating rates.

- Fixed Rate Perpetual Securities : Fixed Rate Perpetual Securities will confer a right to receive distribution at a fixed rate which will be payable in arrear on specified dates. If so provided on the face of the Fixed Rate Perpetual Securities, the distribution rate may be reset on such dates and bases as may be set out in the applicable Pricing Supplement.
- Floating Rate Perpetual Securities : Floating Rate Perpetual Securities which are denominated in Singapore dollars will confer a right to receive distribution at a rate to be determined separately for each Series by reference to S\$ SIBOR or S\$ SWAP RATE (or in any other case such other benchmark as may be agreed between the ESR-REIT Issuer, the ESR-REIT Manager and the relevant Dealer(s)), as adjusted for any applicable margin. Distribution periods in relation to the Floating Rate Perpetual Securities will be agreed between the ESR-REIT Issuer, the ESR-REIT Manager and the relevant Dealer(s) prior to their issue.
- Floating Rate Perpetual Securities which are denominated in other currencies will confer a right to receive distribution at a rate to be determined separately for each Series by reference to such other benchmark as may be agreed between the ESR-REIT Issuer, the ESR-REIT Manager and the relevant Dealer(s).
- Distribution Discretion : If so provided on the face of the Perpetual Security and the relevant Pricing Supplement, the ESR-REIT Issuer may, at its sole discretion, elect not to pay a distribution (or to pay only part of a distribution) which is scheduled to be paid on a Distribution Payment Date (as defined in the Conditions of the Perpetual Securities) by giving notice to the Trustee, the Issuing and Paying Agent and the Perpetual Securityholders (in accordance with Condition 13 of the Perpetual Securities) not more than 15 nor less than three business days (or such other notice period as may be specified on the face of the Perpetual Security and the relevant Pricing Supplement) prior to a scheduled Distribution Payment Date (as defined in the Conditions of the Perpetual Securities).
- Non-Cumulative Deferral and Cumulative Deferral : If Non-Cumulative Deferral is set out on the face of the Perpetual Security and the relevant Pricing Supplement, any distribution deferred pursuant to Condition 3(IV) of the Perpetual Securities is non-cumulative and will not accrue interest. The ESR-REIT Issuer is not under any obligation to pay that or any other distributions that have not been paid in whole or in part. The ESR-REIT Issuer may, at its sole discretion (and is not obliged to), and at any time, elect to pay an amount up to the amount of distribution which is unpaid (an “**Optional Distribution**”) in whole or in part by complying with the notice requirements in Condition 3(IV)(e) of the Perpetual Securities. There is no limit on the number of times or the extent of the amount with respect to which the ESR-REIT Issuer can elect not to pay distributions pursuant to Condition 3(IV) of the Perpetual Securities.

If Cumulative Deferral is set out on the face of the Perpetual Security and the relevant Pricing Supplement, any distribution deferred pursuant to Condition 3(IV) of the Perpetual Securities shall constitute “**Arrears of Distribution**”. The ESR-REIT Issuer may, at its sole discretion (and is not obliged to), elect to (in the circumstances set out in Condition 3(IV)(a) of the Perpetual Securities) further defer any Arrears of Distribution by complying with the notice requirement in Condition 3(IV)(e) of the Perpetual Securities applicable to any deferral of an accrued distribution. The ESR-REIT Issuer is not subject to any limit as to the number of times distributions and Arrears of Distribution can or shall be deferred pursuant to Condition 3(IV) of the Perpetual Securities except that Condition 3(IV)(c) of the Perpetual Securities shall be complied with until all outstanding Arrears of Distribution have been paid in full.

If Additional Distribution is set out on the face of the Perpetual Security and the relevant Pricing Supplement, each amount of Arrears of Distribution shall bear interest as if it constituted the principal of the Perpetual Securities at the Distribution Rate or Rate of Distribution (as the case may be) and the amount of such interest (the “**Additional Distribution Amount**”) with respect to Arrears of Distribution shall be due and payable pursuant to Condition 3 of the Perpetual Securities and shall be calculated by applying the applicable Distribution Rate or Rate of Distribution (as the case may be) to the amount of the Arrears of Distribution and otherwise mutatis mutandis as provided in the foregoing provisions of Condition 3 of the Perpetual Securities. The Additional Distribution Amount accrued up to any Distribution Payment Date shall be added, for the purpose of calculating the Additional Distribution Amount accruing thereafter, to the amount of Arrears of Distribution remaining unpaid on such Distribution Payment Date so that it will itself become Arrears of Distribution.

- Restrictions in the case of Non-Payment : If Dividend Stopper is set out on the face of the Perpetual Security and the relevant Pricing Supplement and on any Distribution Payment Date, payments of all distribution scheduled to be made on such date are not made in full by reason of Condition 3(IV) of the Perpetual Securities, the ESR-REIT Issuer shall not and shall procure that none of the subsidiaries of ESR-REIT shall:
- (a) declare or pay any dividends, distributions or make any other payment on, and will procure that no dividend, distribution or other payment is made on, any of the ESR-REIT Issuer’s Junior Obligations (as defined below) or in relation to Subordinated Perpetual Securities only, (except on a *pro-rata* basis) any of the ESR-REIT Issuer’s Parity Obligations (as defined below); or

- (b) redeem, reduce, cancel, buy-back or acquire for any consideration and will procure that no redemption, reduction, cancellation, buy-back or acquisition for any consideration is made in respect of any of the ESR-REIT Issuer's Junior Obligations or in relation to Subordinated Perpetual Securities only, (except on a *pro-rata* basis) any of the ESR-REIT Issuer's Parity Obligations,

in each case, other than (1) in connection with any employee benefit plan or similar arrangements with or for the benefit of employees, officers, consultants or directors of the Group (as defined in the Trust Deed) or (2) as a result of the exchange or conversion of Parity Obligations of the ESR-REIT Issuer for Junior Obligations of the ESR-REIT Issuer unless and until (A) (if Cumulative Deferral is specified as being applicable in the applicable Pricing Supplement) the ESR-REIT Issuer has satisfied in full all outstanding Arrears of Distribution, (B) (if Non-Cumulative Deferral is specified as being applicable in the applicable Pricing Supplement) a redemption of all the outstanding Perpetual Securities has occurred, the next scheduled distribution has been paid in full or an Optional Distribution equal to the amount of a distribution payable with respect to the most recent Distribution Payment Date that was unpaid in full or in part, has been paid in full or (C) the ESR-REIT Issuer is permitted to do so by an Extraordinary Resolution (as defined in the Trust Deed) of the Perpetual Securityholders and/or as otherwise specified in the applicable Pricing Supplement.

Status of the Senior Perpetual Securities : The Senior Perpetual Securities and Coupons relating to them constitute direct, unconditional, unsubordinated and unsecured obligations of the ESR-REIT Issuer and 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 ESR-REIT Issuer.

Status of the Subordinated Perpetual Securities : The Subordinated Perpetual Securities and Coupons relating to them constitute direct, unconditional, subordinated and unsecured obligations of the ESR-REIT Issuer and shall at all times rank *pari passu*, without any preference or priority among themselves and *pari passu* with any Parity Obligations of the ESR-REIT Issuer.

In the Conditions of the Perpetual Securities, “**Parity Obligation**” means any instrument or security (including without limitation any preference units in ESR-REIT) issued, entered into or guaranteed by the ESR-REIT Issuer (1) which ranks or is expressed to rank, by its terms or by operation of law, *pari passu* with a ESR-REIT Notional Preferred Unit (as defined below) and (2) the terms of which provide that the making of payments thereon or distributions in respect thereof are fully at the discretion of the ESR-REIT Issuer and/or, in the case of an instrument or security guaranteed by the ESR-REIT Issuer, the issuer thereof.

Subordination of  
Subordinated Perpetual  
Securities

: Subject to the insolvency laws of Singapore and other applicable laws, in the event of the bankruptcy, termination, winding-up, liquidation or similar proceedings in respect of ESR-REIT (the “**Winding-Up**”), there shall be payable by the ESR-REIT Issuer in respect of each Subordinated Perpetual Security (in lieu of any other payment by the ESR-REIT Issuer), such amount, if any, as would have been payable to such Perpetual Securityholder if, on the day prior to the commencement of the Winding-Up of ESR-REIT, and thereafter, such Perpetual Securityholder were the holder of one of a class of preferred units in the capital of ESR-REIT (and if more than one class of preferred units is outstanding, the most junior ranking class of such preferred units) (the “**ESR-REIT Notional Preferred Units**”) having an equal right to return of assets in the Winding-Up of ESR-REIT and so ranking *pari passu* with the holders of that class or classes of preferred units (if any) which have a preferential right to return of assets in the Winding-Up of ESR-REIT, and so rank ahead of, the holders of Junior Obligations of the ESR-REIT Issuer, but junior to the claims of all other present and future creditors of the ESR-REIT Issuer (other than Parity Obligations of the ESR-REIT Issuer), on the assumption that the amount that such Perpetual Securityholder was entitled to receive in respect of each ESR-REIT Notional Preferred Unit on a return of assets in such Winding-Up of ESR-REIT were an amount equal to the principal amount (and any applicable premium outstanding) of the relevant Subordinated Perpetual Security together with distributions including any Arrears of Distribution and any Additional Distribution Amount accrued and unpaid since the immediately preceding Distribution Payment Date or the Issue Date (as the case may be) and any unpaid Optional Distributions in respect of which the ESR-REIT Issuer has given notice to the Perpetual Securityholders in accordance with the Conditions of the Perpetual Securities.

In the Conditions of the Perpetual Securities, “**Junior Obligation**” means any class of equity capital in ESR-REIT and any instrument or security issued, entered into or guaranteed by the ESR-REIT Issuer, other than any instrument or security (including without limitation any preferred units) ranking in priority in payment and in all other respects to the ordinary units of ESR-REIT.



Set-off in relation to the Perpetual Securities : Subject to applicable law, no holder of Subordinated Perpetual Securities or any Coupons relating to them may exercise, claim or plead any right of set-off, deduction, withholding, counterclaim, compensation or retention in respect of any amount owed to it by the ESR-REIT Issuer in respect of, or arising under or in connection with the Subordinated Perpetual Securities or Coupons relating to them, and each holder of Subordinated Perpetual Securities or any Coupons relating to them shall, by virtue of his holding of any Subordinated Perpetual Securities or Coupons relating to them, be deemed to have waived all such rights of set-off, deduction, withholding, counterclaim, compensation or retention against the ESR-REIT Issuer. Notwithstanding the preceding sentence, if at any time any Perpetual Securityholder receives payment or benefit of any sum in respect of, or arising under or in connection with the Subordinated Perpetual Securities or Coupons relating to them (including any benefit received pursuant to any set-off, deduction, withholding, counterclaim, compensation or retention) other than in accordance with the Condition of the Perpetual Securities, the payment of such sum or receipt of such benefit shall, to the fullest extent permitted by law, be deemed void for all purposes and such holder of Subordinated Perpetual Securities or any Coupons relating to them shall, subject to applicable law, immediately pay an amount equal to the amount of such discharge to the ESR-REIT Issuer (or, in the event of ESR-REIT's Winding-Up, the liquidator of ESR-REIT) and, until such time as payment is made, shall hold such amount in trust for the ESR-REIT Issuer (or the liquidator of ESR-REIT) and accordingly any such discharge shall be deemed not to have taken place.

Redemption at the Option of the ESR-REIT Issuer : If so provided on the face of the Perpetual Security and the relevant Pricing Supplement, the ESR-REIT Issuer may, on giving irrevocable notice to the Perpetual Securityholders falling within the Issuer's Redemption Option Period shown on the face of the Perpetual Security and the relevant Pricing Supplement, redeem all or, if so provided, some of the Perpetual Securities at their Redemption Amount (as defined in the Conditions of the Perpetual Securities) or integral multiples thereof and on the date or dates so provided. Any such redemption of Perpetual Securities shall be at their Redemption Amount, together with distribution accrued (including any Arrears of Distribution and any Additional Distribution Amount) to (but excluding) the date fixed for redemption.

- Redemption for Taxation Reasons : If so provided on the face of the Perpetual Security and the relevant Pricing Supplement, the Perpetual Securities may be redeemed at the option of the ESR-REIT Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified on the face of the Perpetual Security and the relevant Pricing Supplement, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount, (together with distribution (including any Arrears of Distribution and any Additional Distribution Amount) accrued to (but excluding) the date fixed for redemption), if:
- (a) the ESR-REIT Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 6 of the Perpetual Securities, or increase the payment of such additional amounts, as a result of any change in, or amendment to, the laws (or any regulations, rulings or other administrative pronouncements promulgated thereunder) of Singapore or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, regulations, rulings or other administrative pronouncements, which change or amendment is made public on or after the Issue Date or any other date specified in the Pricing Supplement or as a result of a position adopted by any political subdivision or any authority of or in Singapore having power to tax, which causes the Perpetual Securities to not qualify as "qualifying debt securities" for the purposes of the ITA, which position is made public on or after the Issue Date or any other date specified in the Pricing Supplement; and
  - (b) such obligations cannot be avoided by the ESR-REIT Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than days prior to the earliest date on which the ESR-REIT Issuer would be obliged to pay such additional amounts were a payment in respect of the Perpetual Securities then due.

Redemption for Accounting Reasons : If so provided on the face of the Perpetual Security and the relevant Pricing Supplement, the Perpetual Securities may be redeemed at the option of the ESR-REIT Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified on the face of the Perpetual Security and the relevant Pricing Supplement, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distribution (including any Arrears of Distribution and any Additional Distribution Amount) accrued to (but excluding) the date fixed for redemption) if, on such Distribution Payment Date or immediately before giving such notice, as a result of any changes or amendments to the Singapore Financial Reporting Standards issued by the Singapore Accounting Standards Council (as amended from time to time, the "SFRS") or any other accounting standards that may replace SFRS for the purposes of the consolidated financial statements of ESR-REIT (the "**Relevant Accounting Standard**"), the Perpetual Securities will not or will no longer be recorded as "equity" of ESR-REIT pursuant to the Relevant Accounting Standard.

Redemption for Tax Deductibility : If so provided on the face of the Perpetual Security and the relevant Pricing Supplement, the Perpetual Securities may be redeemed at the option of the ESR-REIT Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified on the face of the Perpetual Security and the relevant Pricing Supplement, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distribution (including any Arrears of Distribution and any Additional Distribution Amount) accrued to (but excluding) the date fixed for redemption), if the ESR-REIT Issuer satisfies the Trustee immediately before giving such notice that, as a result of:

- (a) any amendment to, or change in, the laws (or any rules or regulations thereunder) of Singapore or any political subdivision or any taxing authority thereof or therein which is enacted, promulgated, issued otherwise on or after the Issue Date;
- (b) any amendment to, or change in, an official and binding interpretation of any such laws, rules or regulations by any legislative body, court, governmental agency or regulatory authority (including the enactment of any legislation and the publication of any judicial decision or regulatory determination) which is enacted, promulgated, issued otherwise on or after the Issue Date; or

- (c) any applicable official interpretation or pronouncement (which, for the avoidance of doubt, includes any ruling) which is issued or announced on or after the Issue Date that provides for a position with respect to such laws or regulations that differs from the previously generally accepted position which is announced on or after the Issue Date,

payments of distributions (including any Arrears of Distribution and any Additional Distribution Amount) by the ESR-REIT Issuer which would otherwise have been regarded as sums “payable by way of interest upon any money borrowed” for the purpose of Section 14(1)(a) of the ITA, are no longer, or would in the Distribution Period (as defined in the Conditions of the Perpetual Securities) immediately following that Distribution Payment Date no longer be so regarded.

Redemption in the case of Minimal Outstanding Amount : If so provided on the face of the Perpetual Security and the relevant Pricing Supplement, the Perpetual Securities may be redeemed at the option of the ESR-REIT Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified on the face of the Perpetual Security and the relevant Pricing Supplement, at any time on giving not less than 30 nor more than 60 days’ notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distribution (including any Arrears of Distribution and any Additional Distribution Amount) accrued to (but excluding) the date fixed for redemption) if, immediately before giving such notice, the aggregate principal amount of the Perpetual Securities outstanding is less than 10 per cent. of the aggregate principal amount originally issued.

Redemption upon a Regulatory Event : If so provided on the face of the Perpetual Security and the relevant Pricing Supplement, the ESR-REIT Issuer may, at its option, redeem the Perpetual Securities in whole, but not in part, at any time at their principal amount, together with distributions (including any Arrears of Distribution and any Additional Distribution Amount) accrued from the immediately preceding Distribution Payment Date to (but excluding) the date fixed for redemption, on the ESR-REIT Issuer giving not less than 30 nor more than 60 days’ notice to the Perpetual Securityholders and the Trustee (which notice shall be irrevocable), if the ESR-REIT Issuer satisfies the Trustee immediately prior to the giving of such notice that as a result of any change in, or amendment to, the Property Funds Appendix, or any change in the application or official interpretation of the Property Funds Appendix, the Perpetual Securities count or will count towards the Aggregate Leverage (as defined in the Conditions of the Perpetual Securities) under the Property Funds Appendix (a “**Regulatory Event**”), provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Perpetual Securities will count towards the Aggregate Leverage.

- Redemption upon a Ratings Event : If so provided on the face of the Perpetual Security and the relevant Pricing Supplement, the Perpetual Securities may be redeemed at the option of the ESR-REIT Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified on the face of the Perpetual Security and the relevant Pricing Supplement, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distribution (including any Arrears of Distribution and any Additional Distribution Amount) accrued to (but excluding) the date fixed for redemption) if, on such Distribution Payment Date or immediately before giving such notice, an amendment, clarification or change has occurred, or will occur, in the equity credit criteria, guidelines or methodology of any Rating Agency (as defined in the Trust Deed) or any other rating agency of equivalent recognised standard requested from time to time by the ESR-REIT Issuer to grant an equity classification to the Perpetual Securities and in each case, any of their respective successors to the rating business thereof, which amendment, clarification or change results in a lower equity credit for the Perpetual Securities than the equity credit assigned on the Issue Date or, if equity credit is not assigned on the Issue Date, at the date when equity credit is assigned for the first time (a "**Ratings Event**").
- Limited right to institute proceedings in relation to Perpetual Securities : The right to institute proceedings for the Winding-Up of ESR-REIT is limited to circumstances where payment has become due. In the case of any distribution, such distribution will not be due if the ESR-REIT Issuer has elected not to pay that distribution in accordance with Condition 3(IV) of the Perpetual Securities.
- Proceedings for winding-up : If (i) a final and effective order is made or an effective resolution is passed for the Winding-Up of ESR-REIT or (ii) the ESR-REIT Issuer fails to make payment in respect of the Perpetual Securities when due and such default continues for a period of three business days after the due date, the ESR-REIT Issuer shall be deemed to be in default under the Trust Deed and the Perpetual Securities and the Trustee may, subject to the provisions of Condition 8(d) of the Perpetual Securities, institute proceedings for the Winding-Up of ESR-REIT and/or prove in the Winding-Up of ESR-REIT and/or claim in the liquidation of ESR-REIT for such payment.

Taxation : Where the Perpetual Securities are recognised as debt securities for Singapore income tax purposes, all payments in respect of the Perpetual Securities and the Coupons by the ESR-REIT Issuer shall be made free and clear of, and without deduction or withholding for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Singapore or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In such event, the ESR-REIT Issuer shall pay such additional amounts as will result in the receipt by the Perpetual Securityholders and the Couponholders of such amounts as would have been received by them had no such deduction or withholding been required, save for certain exceptions.

Where the Perpetual Securities are not recognised as debt securities for Singapore income tax purposes, all payments in respect of the Perpetual Securities and the Coupons by or on behalf of the ESR-REIT Issuer may be subject to any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by within Singapore or any authority thereof or therein having power to tax in the same manner as distributions on ordinary units of ESR-REIT, and ESR-REIT may be obliged (in certain circumstances) to withhold or deduct tax at the prevailing rate (currently 10% or 17%) under Section 45G of the ITA. In that event, the ESR-REIT Issuer will not pay any additional amounts in respect of any such withholding or deduction from payments in respect of the Perpetual Securities and the Coupons for or on account of any such taxes or duties. For further details, please see the section on “Singapore Taxation” herein.

**NOTE:** These Conditions are extracted from the Trust Deed. On 21 June 2017, the ESR-REIT Manager announced that, in line with the change in the controlling shareholder of the ESR-REIT Manager, the names of ESR-REIT, the ESR-REIT Manager, the Property Manager and ESR-MTN are changed with effect from 23 June 2017. Accordingly, references in the Conditions to (i) “**CMPL**” are to ESR-MTN, (ii) “**CIT**” are to ESR-REIT, (iii) “**CIT Issuer**” are to the ESR-REIT Issuer, (iv) “**CIT Trustee**” are to the ESR-REIT Trustee, (v) “**CIT Trust Deed**” are to the ESR-REIT Trust Deed, (vi) “**Cambridge Industrial Trust Management Limited**” are to the ESR-REIT Manager and (vii) “**Cambridge Industrial Property Management Pte. Ltd.**” are to the Property Manager.

## TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions which, subject to completion and amendment and as supplemented or varied in accordance with the provisions of the relevant Pricing Supplement, will be endorsed on the Notes in definitive form issued in exchange for the Global Security(ies) representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of the Pricing Supplement or (ii) these terms and conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in the relevant Pricing Supplement. Those definitions will be endorsed on such Notes. References in the Conditions to “**Notes**” are to the Notes of one Series only, not to all Notes that may be issued under the Programme. Details of the relevant Series will be shown on the face of the relevant Notes and in the relevant Pricing Supplement.

The Notes are constituted by a trust deed dated 2 February 2012 made between (1) Cambridge-MTN Pte. Ltd. (“**CMPL**”), as issuer, (2) RBC Dexia Trust Services Singapore Limited (in its capacity as trustee of Cambridge Industrial Trust (“**CIT**”)), as guarantor, and (3) British and Malayan Trustees Limited (the “**Trustee**”, which expression shall, wherever the context so admits, include such company and all other persons for the time being the trustee or trustees of the Trust Deed), as trustee (as supplemented by a supplemental deed dated 1 March 2012 made between (1) CMPL, as issuer, (2) RBC Dexia Trust Services Singapore Limited (in its capacity as trustee of CIT), as guarantor, and (3) the Trustee, as trustee, as amended and restated by an amendment and restatement trust deed dated 30 March 2016 made between (1) CMPL and RBC Investor Services Trust Singapore Limited (in its capacity as trustee of CIT) (the “**CIT Issuer**” and together with CMPL, the “**Issuers**” and each an “**Issuer**”), as issuers, (2) RBC Investor Services Trust Singapore Limited (in its capacity as trustee of CIT), as guarantor for Notes issued by CMPL (in such capacity, the “**Guarantor**”), and (3) the Trustee, as trustee, and as further amended and supplemented from time to time, the “**Trust Deed**”) and (where applicable) the Notes are issued with the benefit of [a deed of covenant (as supplemented by a supplemental deed of covenant dated 30 March 2016 executed by CMPL and as further amended and supplemented from time to time, the “**Deed of Covenant**”) dated 2 February 2012, relating to the Notes executed by the CMPL]<sup>1</sup>/[a deed of covenant (as amended and supplemented) dated 30 March 2016 relating to the Notes executed by the CIT Issuer]<sup>2</sup>.

These terms and conditions (the “**Conditions**”) include summaries of, and are subject to, the detailed provisions of the Trust Deed, which include the form of the Notes and Coupons referred to below. The Issuers and the Guarantor have entered into an agency agreement dated 2 February 2012 made between (1) CMPL, as issuer, (2) RBC Dexia Trust Services Singapore Limited (in its capacity as trustee of CIT), as guarantor, (3) British and Malayan Trustees Limited, as issuing and paying agent (in such capacity, the “**Issuing and Paying Agent**”), (4) British and Malayan Trustees Limited, as agent bank (in such capacity, the “**Agent Bank**”) and (5) the Trustee, as

<sup>1</sup> Insert for Notes issued by CMPL.

<sup>2</sup> Insert for Notes issued by the CIT Issuer.

trustee (as amended and restated by an amendment and restatement agreement dated 30 March 2016 made between (1) the Issuers, as issuers, (2) the Guarantor, as guarantor for Notes issued by CMPL, (3) the Issuing and Paying Agent, as issuing and paying agent, (4) the Agent Bank, as agent bank, and (5) the Trustee, as trustee, and as further amended and supplemented from time to time, the “**Agency Agreement**”).

The Noteholders and the holders of the coupons (the “**Coupons**”) appertaining to the interest-bearing Notes (the “**Couponholders**”) are bound by and are deemed to have notice of all of the provisions of the Trust Deed, the Agency Agreement and the Deed of Covenant.

The issue of Notes by CMPL will be guaranteed by the Guarantor. References in these Conditions to the Guarantor and the Guarantee (as defined in the Trust Deed) shall only apply to Notes issued by CMPL.

Copies of the Trust Deed, the Agency Agreement and the Deed of Covenant are available for inspection at the principal office of the Trustee for the time being and at the specified office of the Issuing and Paying Agent for the time being.

## **1. Form, Denomination and Title**

### **(a) Form and Denomination**

- (i) The Notes of the Series of which this Note forms part (in these Conditions, the “**Notes**”) are issued in bearer form in each case in the Denomination Amount shown hereon.
- (ii) This Note is a Fixed Rate Note, a Floating Rate Note, a Variable Rate Note, a Hybrid Note or a Zero Coupon Note (depending upon the Interest Basis shown on its face).
- (iii) Notes are serially numbered and issued with Coupons attached, save in the case of Notes that do not bear interest in which case references to interest (other than in relation to default interest referred to in Condition 6(f)) in these Conditions are not applicable.

### **(b) Title**

- (i) Title to the Notes and the Coupons appertaining thereto shall pass by delivery.
- (ii) Except as ordered by a court of competent jurisdiction or as required by law, the holder of any Note or Coupon shall be deemed to be and may be treated as the absolute owner of such Note or of such Coupon, as the case may be, for the purpose of receiving payment thereof or on account thereof and for all other purposes, whether or not such Note or Coupon shall be overdue and notwithstanding any notice of ownership, theft, loss or forgery thereof or any writing thereon made by anyone, and no person shall be liable for so treating the holder.
- (iii) For so long as any of the Notes is represented by a Global Security and such Global Security is held by a common depository for Euroclear Bank S.A./N.V. (“**Euroclear**”) and/or Clearstream Banking S.A. (“**Clearstream, Luxembourg**”) and/or The Central Depository (Pte) Limited (the “**Depository**”), each person who is for the time being shown in the records of Euroclear, Clearstream, Luxembourg and/or the Depository as the holder of a particular principal amount of such Notes (in which regard any certificate or other document issued by Euroclear, Clearstream, Luxembourg and/or the Depository as to the principal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the relevant Issuer, the Guarantor, the Issuing and Paying



Agent, the Agent Bank, all other agents of the relevant Issuer and the Trustee as the holder of such principal amount of Notes other than with respect to the payment of principal, premium, interest, redemption, purchase and/or any other amounts in respect of the Notes, for which purpose the bearer of the Global Security shall be treated by the relevant Issuer, (where the relevant Issuer is CMPL) the Guarantor, the Issuing and Paying Agent, the Agent Bank, all other agents of the relevant Issuer and the Trustee as the holder of such Notes in accordance with and subject to the terms of the Global Security (and the expressions “**Noteholder**” and “**holder of Notes**” and related expressions shall be construed accordingly). Notes which are represented by the Global Security will be transferable only in accordance with the rules and procedures for the time being of Euroclear, Clearstream, Luxembourg and/or the Depository.

- (iv) In these Conditions, “**Global Security**” means the relevant Temporary Global Security representing each Series or the relevant Permanent Global Security representing each Series, “**Noteholder**” means the bearer of any Definitive Security and “**holder**” (in relation to a Definitive Security or Coupon) means the bearer of any Definitive Security or Coupon, “**Series**” means (a) (in relation to Notes other than Variable Rate Notes) a Tranche, together with any further Tranche or Tranches, which are (i) expressed to be consolidated and forming a single series and (ii) identical in all respects (including as to listing) except for their respective issue dates, issue prices and/or dates of the first payment of interest and (b) (in relation to Variable Rate Notes) Notes which are identical in all respects (including as to listing) except for their respective issue prices and rates of interest and “**Tranche**” means Notes which are identical in all respects (including as to listing).
- (v) Words and expressions defined in the Trust Deed or used in the applicable Pricing Supplement (as defined in the Trust Deed) shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Trust Deed and the applicable Pricing Supplement, the applicable Pricing Supplement will prevail.

## 2. Status and Guarantee

### (a) Status

The Notes and Coupons of all Series constitute direct, unconditional, unsubordinated and unsecured obligations of the relevant Issuer and 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 relevant Issuer.

### (b) Guarantee

The payment of all sums expressed to be payable by CMPL under the Trust Deed, the Notes and the Coupons are unconditionally and irrevocably guaranteed by the Guarantor. The obligations of the Guarantor under the Guarantee are contained in the Trust Deed. The payment obligations of the Guarantor under the Guarantee and the Trust Deed constitute direct, unconditional, unsubordinated and unsecured obligations of the Guarantor and shall rank *pari passu* with all other unsecured obligations (other than subordinated obligations and priorities created by law) of the Guarantor.

### 3. Negative Pledge and Financial Covenants

- (a) CMPL has covenanted with the Trustee in the Trust Deed that so long as any of the Notes or Coupons remains outstanding, it will not, and will procure that none of its subsidiaries falling within the Group (as defined in the Trust Deed) will, create or have outstanding any security on or over their respective present or future assets, save for:
- (i) liens or rights of set-off arising in the ordinary course of its business or by operation of law; and
  - (ii) any other security which has been approved by the Noteholders by way of an Extraordinary Resolution.
- (b) The CIT Trustee (whether as issuer or guarantor) has covenanted with the Trustee in the Trust Deed that so long as any of the Notes or Coupons remains outstanding, it will not, and will procure that the Principal Subsidiaries will not, create or permit to be created any security over any of their respective assets and properties, present or future save for:
- (i) any security over any asset existing on or prior to 2 February 2012 securing credit facilities extended by banks and other financial institutions to the Group and as disclosed in writing to the Trustee on or prior to 2 February 2012, and any security to be created over any asset which is the subject of such existing security in connection with the extension, refinancing or increase in the facility limit of such credit facilities secured by such asset, or (2) any security over any asset referred to in (1) created in connection with the taking out of new credit facilities extended by banks and other financial institutions to the Group which ranks, in point of priority, completely after such existing security referred to in (1), provided that the aggregate principal amount of Consolidated Total Borrowings (as defined below) outstanding of the Group which are secured by the real estate assets of the Group shall not exceed in aggregate 45 per cent. of the Consolidated Total Assets (as defined below) of the Group (or its equivalent in any other currency or currencies) at that time;
  - (ii) any security existing at the time of the acquisition of any asset directly or indirectly (by way of share purchase, purchase of asset-backed securities or otherwise) acquired after 2 February 2012 securing credit facilities extended by banks and other financial institutions to the Group and any security created on that asset in connection with the extension, refinancing or increase in the facility limit of such credit facilities secured by the security over such asset at any time, provided that the aggregate principal amount of Consolidated Total Borrowings outstanding of the Group which are secured by the real estate assets of the Group shall not exceed in aggregate 45 per cent. of the Consolidated Total Assets of the Group (or its equivalent in any other currency or currencies) at that time;
  - (iii) liens or rights of set off arising in the ordinary course of its business or by operation of law (or by an agreement evidencing the same), in either case, in respect of indebtedness which either (i) has been due for less than 14 business days or (ii) is being contested in good faith and by appropriate means;
  - (iv) pledges of goods and/or related documents of title, arising in the ordinary course of its business, as security for bank borrowings directly relating to the purchase of such goods;

- (v) any security created on any asset after 2 February 2012 for the sole purpose of securing moneys raised pursuant to the issuance (whether by it or a special purpose vehicle) of any commercial mortgage backed securities (“**CMBS**”) or any security to be created over any asset to be substituted for any asset which is the subject matter of such CMBS, provided that the aggregate principal amount of Consolidated Total Borrowings outstanding of the Group which are secured by the real estate assets of the Group shall not exceed in aggregate 45 per cent. of the Consolidated Total Assets of the Group (or its equivalent in any other currency or currencies) at that time;
  - (vi) any security over any assets created in connection with credit facilities extended by banks and other financial institutions to the Group at any time and from time to time provided that the aggregate principal amount of Consolidated Total Borrowings outstanding of the Group which are secured by the real estate assets of the Group shall not exceed 45 per cent. of the Consolidated Total Assets of the Group (or its equivalent in any other currency or currencies) at that time; and
  - (vii) any other security which has been approved by the Noteholders by way of an Extraordinary Resolution.
- (c) The CIT Trustee (whether as issuer or guarantor) has further covenanted with the Trustee in the Trust Deed that so long as any of the Notes or Coupons remains outstanding, it will, at all times, ensure that:
- (i) the ratio of Consolidated Total Borrowings to Consolidated Total Assets shall not exceed 0.45 times or such other ratio as may be permitted under the Property Funds Appendix (as defined in the Trust Deed); and
  - (ii) the ratio of Consolidated EBITDA to Consolidated Interest Expense shall be at least 1.5 times.

For the purposes of this Condition 3:

- (1) “**Consolidated EBITDA**” means, in relation to any period, the total operating profit of the Group for that period:
- (A) before taking into account for that period:
    - (I) Consolidated Interest Expense;
    - (II) tax; and
    - (III) extraordinary and exceptional items; and
  - (B) after adding back all amounts provided for depreciation and amortisation for that period,

as determined from the financial statements of the Group. For the avoidance of doubt, Consolidated EBITDA does not include fair value changes in investment properties and fair value changes in financial derivatives, other assets and liabilities;

- (2) **“Consolidated Interest Expense”** means, in relation to any period, the aggregate amount of interest (including capitalised interest) and any other finance charges (whether or not paid or payable) accrued by the Group in that period in respect of the indebtedness of the Group including:
- (A) the interest element of leasing and hire purchase payments;
  - (B) commitment fees, commissions and guarantee fees; and
  - (C) amounts in the nature of interest payable in respect of any shares other than equity share capital,
- as determined from the financial statements of the Group;
- (3) **“Consolidated Total Assets”** means, at any particular time, the consolidated amount of the book values of all the assets of the Group, determined as assets in accordance with generally accepted accounting principles in Singapore; and
- (4) **“Consolidated Total Borrowings”** means, in relation to the Group, an amount (expressed in Singapore dollars) for the time being, calculated on a consolidated basis, in accordance with generally accepted accounting principles in Singapore, equal to the aggregate of (and where such aggregate amount falls to be calculated, no amount shall be taken into account more than once in the same calculation):
- (A) bank overdrafts and all other indebtedness in respect of any borrowings maturing within 12 months;
  - (B) the principal amount of the Notes or any bonds or debentures of any member of the Group whether issued for cash or a consideration other than cash;
  - (C) the liabilities of the Issuers under the Trust Deed or the Notes;
  - (D) all other indebtedness whatsoever of the Group for borrowed moneys; and
  - (E) any redeemable preference shares or units issued by any member of the Group and which is regarded by generally accepted accounting principles in Singapore as debt or other liability of the Group (other than those shares or units which are regarded as equity as reflected in the latest audited consolidated balance sheet of the Group).

#### 4. (I) Interest on Fixed Rate Notes

##### (a) Interest Rate and Accrual

Each Fixed Rate Note bears interest on its Calculation Amount (as defined in Condition 4(II)(e)) from the Interest Commencement Date in respect thereof and as shown on the face of such Note at the rate per annum (expressed as a percentage) equal to the Interest Rate shown on the face of such Note payable in arrear on each Interest Payment Date or Interest Payment Dates shown on the face of such Note in each year and on the Maturity Date shown on the face of such Note if that date does not fall on an Interest Payment Date.

The first payment of interest will be made on the Interest Payment Date next following the Interest Commencement Date (and if the Interest Commencement Date is not an Interest Payment Date, will amount to the Initial Broken Amount shown on the face of such Note), unless the Maturity Date falls before the date on which the first payment of interest would otherwise be due. If the Maturity Date is not an Interest Payment Date, interest from the preceding Interest Payment Date (or from the Interest Commencement Date, as the case may be) to the Maturity Date will amount to the Final Broken Amount shown on the face of the Note.

Interest will cease to accrue on each Fixed Rate Note from the due date for redemption thereof unless, upon due presentation and subject to the provisions of the Trust Deed, payment of principal is improperly withheld or refused, in which event interest at such rate will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 4(I) to the Relevant Date (as defined in Condition 7).

**(b) Calculations**

In the case of a Fixed Rate Note, interest in respect of a period of less than one year will be calculated on the Day Count Fraction specified hereon. The amount of interest payable per Calculation Amount in respect of a Fixed Rate Interest Period, for any Fixed Rate Note shall be calculated by multiplying the product of the Interest Rate and the Calculation Amount, by the Day Count Fraction shown on the Note and rounding the resultant figure to the nearest sub-unit of the Relevant Currency.

For the purposes of these Conditions, “**Fixed Rate Interest Period**” means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) a Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date.

**(II) Interest on Floating Rate Notes or Variable Rate Notes**

**(a) Interest Payment Dates**

Each Floating Rate Note or Variable Rate Note bears interest on its Calculation Amount from the Interest Commencement Date in respect thereof and as shown on the face of such Note, and such interest will be payable in arrear on each interest payment date (“**Interest Payment Date**”). Such Interest Payment Date is/are either shown hereon as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown hereon, Interest Payment Date shall mean each date which (save as mentioned in these Conditions) falls the number of months specified as the Interest Period on the face of the Note (the “**Specified Number of Months**”) after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date (and which corresponds numerically with such preceding Interest Payment Date or the Interest Commencement Date, as the case may be), provided that the Agreed Yield (as defined in Condition 4(II)(c)) in respect of any Variable Rate Note for any Interest Period (as defined below) relating to that Variable Rate Note shall be payable on the first day of that Interest Period. If any Interest Payment Date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a business day (as defined below), then if the Business Day Convention specified is (1) the Floating Rate Business Day Convention, such date shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month, in which event (i) such date shall be brought forward to the immediately preceding business day and (ii) each subsequent such date shall be the last business day of the month in which such

date would have fallen had it not been subject to adjustment, (2) the Following Business Day Convention, such date shall be postponed to the next day that is a business day, (3) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a business day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding business day or (4) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding business day.

The period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date is herein called an “**Interest Period**”.

Interest will cease to accrue on each Floating Rate Note or Variable Rate Note from the due date for redemption thereof unless, upon due presentation and subject to the provisions of the Trust Deed, payment of the Redemption Amount is improperly withheld or refused, in which event interest will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 4(II) to the Relevant Date.

**(b) Rate of Interest – Floating Rate Notes**

- (i) Each Floating Rate Note bears interest at a floating rate determined by reference to a Benchmark as stated on the face of such Floating Rate Note, being (in the case of Notes which are denominated in Singapore dollars) SIBOR (in which case such Note will be a SIBOR Note) or Swap Rate (in which case such Note will be a Swap Rate Note) or in any other case (or in the case of Notes which are denominated in a currency other than Singapore dollars) such other Benchmark as is set out on the face of such Note.

Such floating rate may be adjusted by adding or subtracting the Spread (if any) stated on the face of such Note. The “**Spread**” is the percentage rate per annum specified on the face of such Note as being applicable to the rate of interest for such Note. The rate of interest so calculated shall be subject to Condition 4(V)(a) below.

The rate of interest payable in respect of a Floating Rate Note from time to time is referred to in these Conditions as the “**Rate of Interest**”.

- (ii) The Rate of Interest payable from time to time in respect of each Floating Rate Note will be determined by the Agent Bank on the basis of the following provisions:

- (1) in the case of Floating Rate Notes which are SIBOR Notes:

- (I) the Agent Bank will, at or about the Relevant Time on the relevant Interest Determination Date in respect of each Interest Period, determine the Rate of Interest for such Interest Period which shall be the offered rate for deposits in Singapore dollars for a period equal to the duration of such Interest Period which appears on Page ABSI on the monitor of the Bloomberg agency under the caption “ASSOCIATION OF BANKS IN SG – SWAP OFFER AND SIBOR FIXING RATES – RATES AT 11:00 AM SINGAPORE TIME” and under the column headed “SGD SIBOR” (or such other replacement page thereof for the purpose of displaying SIBOR or such other Screen Page (as defined below) as may be provided hereon) and as adjusted by the Spread (if any);

- (II) if on any Interest Determination Date, no such rate appears on Page ABSI on the monitor of the Bloomberg agency (or such other replacement page thereof), the Agent Bank will determine the Rate of Interest for such Interest Period which shall be the rate which appears on the Reuters Screen ABSIRFIX01 Page under the caption “ABS SIBOR FIX – SIBOR AND SWAP OFFER RATES – RATES AT 11:00 HRS SINGAPORE TIME” and under the column headed “SGD SIBOR” (or such other replacement page thereof) at or about the Relevant Time on such Interest Determination Date and as adjusted by the Spread (if any);
  - (III) if no such rate appears on the Reuters Screen ABSIRFIX01 Page (or such other replacement page thereof or such other Screen Page as may be provided hereon) or if the Reuters Screen ABSIRFIX01 Page (or such other replacement page thereof or such other Screen Page as may be provided hereon) is unavailable for any reason, the Agent Bank will request the principal Singapore offices of each of the Reference Banks to provide the Agent Bank with the rate at which deposits in Singapore dollars are offered by it at approximately the Relevant Time on the Interest Determination Date to prime banks in the Singapore interbank market for a period equivalent to the duration of such Interest Period commencing on such Interest Payment Date in an amount comparable to the aggregate principal amount of the relevant Floating Rate Notes. The Rate of Interest for such Interest Period shall be the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) of such offered quotations and as adjusted by the Spread (if any), as determined by the Agent Bank;
  - (IV) if on any Interest Determination Date, two but not all the Reference Banks provide the Agent Bank with such quotations, the Rate of Interest for the relevant Interest Period shall be determined in accordance with (C) above on the basis of the quotations of those Reference Banks providing such quotations; and
  - (V) if on any Interest Determination Date, one only or none of the Reference Banks provides the Agent Bank with such quotation, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Agent Bank determines to be the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) of the prime lending rates for Singapore dollars quoted by the Reference Banks at or about the Relevant Time on such Interest Determination Date and as adjusted by the Spread (if any);
- (2) in the case of Floating Rate Notes which are Swap Rate Notes:
- (I) the Agent Bank will, at or about the Relevant Time on the relevant Interest Determination Date in respect of each Interest Period, determine the Rate of Interest for such Interest Period which shall be the Average Swap Rate for such Interest Period (determined by the Agent Bank as being the rate which appears on Page ABSI on the monitor of the Bloomberg agency under the caption “ASSOCIATION OF BANKS IN SG – SWAP OFFER AND SIBOR FIXING RATES – RATES AT 11:00 AM London Time” and under the column headed “SGD SWAP OFFER” (or such other page as may replace Page ABSI for the purpose of displaying

the swap rates of leading reference banks) at or about the Relevant Time on such Interest Determination Date and for a period equal to the duration of such Interest Period) and as adjusted by the Spread (if any);

- (II) if on any Interest Determination Date, no such rate appears on Page ABSI on the monitor of the Bloomberg agency (or such other replacement page thereof), the Agent Bank will determine the Rate of Interest for such Interest Period which shall be the Average Swap Rate for such Interest Period (determined by the Agent Bank as being the rate which appears on the Reuters Screen ABSFIX01 Page under the caption "SGD SOR rates as of 11:00 hrs London Time" and under the column headed "SGD SOR" (or such other page as may replace the Reuters Screen ABSFIX01 Page for the purpose of displaying the swap rates of leading reference banks) at or about the Relevant Time on such Interest Determination Date and for a period equal to the duration of such Interest Period) and as adjusted by the Spread (if any); and
  - (III) if on any Interest Determination Date the Agent Bank is otherwise unable to determine the Rate of Interest under paragraph (b)(ii)(2)(B) above, the Rate of Interest for the relevant Interest Period shall be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) of the prime lending rates for Singapore dollars quoted by the Reference Banks at or about the Relevant Time on such Interest Determination Date and as adjusted by the Spread (if any); and
- (3) in the case of Floating Rate Notes which are not SIBOR Notes or Swap Rate Notes or which are denominated in a currency other than Singapore dollars, the Agent Bank will determine the Rate of Interest in respect of any Interest Period at or about the Relevant Time on the Interest Determination Date in respect of such Interest Period as follows:
- (I) if the Primary Source (as defined below) for the Floating Rate is a Screen Page, subject as provided below, the Rate of Interest in respect of such Interest Period shall be:
    - (aa) the Relevant Rate (as defined below) (where such Relevant Rate on such Screen Page is a composite quotation or is customarily supplied by one entity); or
    - (bb) the arithmetic mean of the Relevant Rates of the persons whose Relevant Rates appear on that Screen Page, in each case appearing on such Screen Page at the Relevant Time on the Interest Determination Date,and as adjusted by the Spread (if any);
  - (II) if the Primary Source for the Floating Rate is Reference Banks or if paragraph (b)(ii)(3)(A)(aa) applies and no Relevant Rate appears on the Screen Page at the Relevant Time on the Interest Determination Date or if paragraph (b)(ii)(3)(A)(bb) applies and fewer than two Relevant Rates appear on the Screen Page at the Relevant Time on the Interest Determination Date, subject as provided below, the Rate of Interest shall be the rate per annum which the Agent Bank determines to be the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.)



of the Relevant Rates that each of the Reference Banks is quoting to leading banks in the Relevant Financial Centre (as defined below) at the Relevant Time on the Interest Determination Date and as adjusted by the Spread (if any); and

(III) if paragraph (b)(ii)(3)(B) applies and the Agent Bank determines that fewer than two Reference Banks are so quoting Relevant Rates, the Rate of Interest shall be the Rate of Interest determined on the previous Interest Determination Date.

(iii) On the last day of each Interest Period, the relevant Issuer will pay interest on each Floating Rate Note to which such Interest Period relates at the Rate of Interest for such Interest Period.

(iv) For the avoidance of doubt, in the event that the Rate of Interest in relation to any Interest Period is less than zero, the Rate of Interest in relation to such Interest Period shall be equal to zero.

**(c) Rate of Interest – Variable Rate Notes**

(i) Each Variable Rate Note bears interest at a variable rate determined in accordance with the provisions of this paragraph (c). The interest payable in respect of a Variable Rate Note on the first day of an Interest Period relating to that Variable Rate Note is referred to in these Conditions as the “**Agreed Yield**” and the rate of interest payable in respect of a Variable Rate Note on the last day of an Interest Period relating to that Variable Rate Note is referred to in these Conditions as the “**Rate of Interest**”.

(ii) The Agreed Yield or, as the case may be, the Rate of Interest payable from time to time in respect of each Variable Rate Note for each Interest Period shall, subject as referred to in paragraph (c)(iv) below, be determined as follows:

(1) not earlier than 9.00 a.m. (Singapore time) on the ninth business day nor later than 3.00 p.m. (Singapore time) on the third business day prior to the commencement of each Interest Period, the relevant Issuer and the Relevant Dealer (as defined below) shall endeavour to agree on the following:

(I) whether interest in respect of such Variable Rate Note is to be paid on the first day or the last day of such Interest Period;

(II) if interest in respect of such Variable Rate Note is agreed between the relevant Issuer and the Relevant Dealer to be paid on the first day of such Interest Period, an Agreed Yield in respect of such Variable Rate Note for such Interest Period (and, in the event of the relevant Issuer and the Relevant Dealer so agreeing on such Agreed Yield, the Interest Amount (as defined below) for such Variable Rate Note for such Interest Period shall be zero); and

(III) if interest in respect of such Variable Rate Note is agreed between the relevant Issuer and the Relevant Dealer to be paid on the last day of such Interest Period, a Rate of Interest in respect of such Variable Rate Note for such Interest Period (an “**Agreed Rate**”) and, in the event of the relevant Issuer and the Relevant Dealer so agreeing on an Agreed Rate, such Agreed Rate shall be the Rate of Interest for such Variable Rate Note for such Interest Period; and

- (2) if the relevant Issuer and the Relevant Dealer shall not have agreed either an Agreed Yield or an Agreed Rate in respect of such Variable Rate Note for such Interest Period by 3.00 p.m. (Singapore time) on the third business day prior to the commencement of such Interest Period, or if there shall be no Relevant Dealer during the period for agreement referred to in (1) above, the Rate of Interest for such Variable Rate Note for such Interest Period shall automatically be the rate per annum equal to the Fall Back Rate (as defined below) for such Interest Period.
- (iii) The relevant Issuer has undertaken to the Issuing and Paying Agent and the Agent Bank that it will as soon as possible after the Agreed Yield or, as the case may be, the Agreed Rate in respect of any Variable Rate Note is determined but not later than 10.30 a.m. (Singapore time) on the next following business day:
  - (1) notify (in the case Notes issued by CMPL) the Guarantor, the Issuing and Paying Agent and the Agent Bank of the Agreed Yield or, as the case may be, the Agreed Rate for such Variable Rate Note for such Interest Period; and
  - (2) cause such Agreed Yield or, as the case may be, Agreed Rate for such Variable Rate Note to be notified by the Issuing and Paying Agent to the relevant Noteholder at its request.
- (iv) For the purposes of sub-paragraph (ii) above, the Rate of Interest for each Interest Period for which there is neither an Agreed Yield nor Agreed Rate in respect of any Variable Rate Note or no Relevant Dealer in respect of the Variable Rate Note(s) shall be the rate (the “**Fall Back Rate**”) determined by reference to a Benchmark as stated on the face of such Variable Rate Note(s), being (in the case of Variable Rate Notes which are denominated in Singapore dollars) SIBOR (in which case such Variable Rate Note(s) will be SIBOR Note(s)) or Swap Rate (in which case such Variable Rate Note(s) will be Swap Rate Note(s)) or (in any other case or in the case of Variable Rate Notes which are denominated in a currency other than Singapore dollars) such other Benchmark as is set out on the face of such Variable Rate Note(s).

Such rate may be adjusted by adding or subtracting the Spread (if any) stated on the face of such Variable Rate Note. The “**Spread**” is the percentage rate per annum specified on the face of such Variable Rate Note as being applicable to the rate of interest for such Variable Rate Note. The rate of interest so calculated shall be subject to Condition 4(V)(a) below.

The Fall Back Rate payable from time to time in respect of each Variable Rate Note will be determined by the Agent Bank in accordance with the provisions of Condition 4(II)(b)(ii) above (*mutatis mutandis*) and references therein to “**Rate of Interest**” shall mean “**Fall Back Rate**”.

- (v) If interest is payable in respect of a Variable Rate Note on the first day of an Interest Period relating to such Variable Rate Note, the relevant Issuer will pay the Agreed Yield applicable to such Variable Rate Note for such Interest Period on the first day of such Interest Period. If interest is payable in respect of a Variable Rate Note on the last day of an Interest Period relating to such Variable Rate Note, the relevant Issuer will pay the Interest Amount for such Variable Rate Note for such Interest Period on the last day of such Interest Period.

**(d) Minimum Rate of Interest**

If the applicable Pricing Supplement specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with Condition 4(II)(b) or Condition 4(II)(c) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

**(e) Definitions**

As used in these Conditions:

**“Benchmark”** means the rate specified as such in the applicable Pricing Supplement;

**“business day”** means in respect of each Note, (a) a day (other than a Saturday, Sunday or gazetted public holiday) on which Euroclear, Clearstream, Luxembourg and the Depository, as applicable, are operating, (b) a day (other than a Saturday, Sunday or gazetted public holiday) on which banks and foreign exchange markets are open for general business in the country of the Issuing and Paying Agent’s specified office and (c) (if a payment is to be made on that day) (i) (in the case of Notes denominated in Singapore dollars) a day (other than a Saturday, Sunday or gazetted public holiday) on which banks and foreign exchange markets are open for general business in Singapore, (ii) (in the case of Notes denominated in Euro) a day (other than a Saturday, Sunday or gazetted public holiday) on which the TARGET System is open for settlement in Euro and (iii) (in the case of Notes denominated in a currency other than Singapore dollars and Euro) a day (other than a Saturday, Sunday or gazetted public holiday) on which banks and foreign exchange markets are open for general business in Singapore and in the principal financial centre for that currency;

**“Calculation Amount”** means the amount specified as such on the face of any Note, or if no such amount is so specified, the Denomination Amount of such Note as shown on the face thereof;

**“Day Count Fraction”** means, in respect of the calculation of an amount of Interest in accordance with Condition 4:

- (i) if “Actual/Actual” is specified in the applicable Pricing Supplement, the actual number of days in (in the case of Fixed Rate Notes or Hybrid Notes during the Fixed Rate Period) the Fixed Rate Interest Period or (in the case of Floating Rate Notes, Variable Rate Notes or Hybrid Notes during the Floating Rate Period) the Interest Period divided by 365 (or, if any portion of that Fixed Rate Interest Period or, as the case may be, Interest Period falls in a leap year, the sum of (1) the actual number of days in that portion of the Fixed Rate Interest Period or, as the case may be, Interest Period falling in a leap year divided by 366 and (2) the actual number of days in that portion of the Fixed Rate Interest Period or, as the case may be, Interest Period falling in a non-leap year divided by 365);
- (ii) if “Actual/360” is specified in the applicable Pricing Supplement, the actual number of days in (in the case of Fixed Rate Notes or Hybrid Notes during the Fixed Rate Period) the Fixed Rate Interest Period or (in the case of Floating Rate Notes, Variable Rate Notes or Hybrid Notes during the Floating Rate Period) the Interest Period in respect of which payment is being made divided by 360; and

(iii) if “Actual/365 (Fixed)” is specified in the applicable Pricing Supplement, the actual number of days in (in the case of Fixed Rate Notes or Hybrid Notes during the Fixed Rate Period) the Fixed Rate Interest Period or (in the case of Floating Rate Notes, Variable Rate Notes or Hybrid Notes during the Floating Rate Period) the Interest Period in respect of which payment is being made divided by 365;

“**Euro**” means the lawful currency of the member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended from time to time;

“**Interest Commencement Date**” means the Issue Date or such other date as may be specified as the Interest Commencement Date on the face of such Note;

“**Interest Determination Date**” means, in respect of any Interest Period, that number of business days prior thereto as is set out in the applicable Pricing Supplement or on the face of the relevant Note;

“**Primary Source**” means the Screen Page specified as such in the applicable Pricing Supplement and (in the case of any Screen Page provided by any information service other than the Bloomberg agency or the Reuters Monitor Money Rates Service (“**Reuters**”)) agreed to by the Agent Bank;

“**Reference Banks**” means the institutions specified as such in the applicable Pricing Supplement or, if none, three major banks selected by the Agent Bank (in consultation with the relevant Issuer) in the interbank market that is most closely connected with the Benchmark;

“**Relevant Currency**” means the currency in which the Notes are denominated;

“**Relevant Dealer**” means, in respect of any Variable Rate Note, the Dealer party to the Programme Agreement referred to in the Agency Agreement with whom the relevant Issuer has concluded or is negotiating an agreement for the issue of such Variable Rate Note pursuant to the Programme Agreement;

“**Relevant Financial Centre**” means, in the case of interest to be determined on an Interest Determination Date with respect to any Floating Rate Note or Variable Rate Note, the financial centre with which the relevant Benchmark is most closely connected or, if none is so connected, Singapore;

“**Relevant Rate**” means the Benchmark for a Calculation Amount of the Relevant Currency for a period (if applicable or appropriate to the Benchmark) equal to the relevant Interest Period;

“**Relevant Time**” means, with respect to any Interest Determination Date, the local time in the Relevant Financial Centre at which it is customary to determine bid and offered rates in respect of deposits in the Relevant Currency in the inter-bank market in the Relevant Financial Centre;

“**Screen Page**” means such page, section, caption, column or other part of a particular information service (including, but not limited to, the Bloomberg agency and Reuters) as may be specified hereon for the purpose of providing the Benchmark, or such other page, section, caption, column or other part as may replace it on that information service or on such other information service, in each case as may be nominated by the person or organisation providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Benchmark; and

**“TARGET System”** means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET 2) System which was launched on 19 November 2007 or any successor thereto.

**(III) Interest on Hybrid Notes**

**(a) Interest Rate and Accrual**

Each Hybrid Note bears interest on its Calculation Amount from the Interest Commencement Date in respect thereof and as shown on the face of such Note.

**(b) Fixed Rate Period**

- (i) In respect of the Fixed Rate Period shown on the face of such Note, each Hybrid Note bears interest on its Calculation Amount from the first day of the Fixed Rate Period at the rate per annum (expressed as a percentage) equal to the Interest Rate shown on the face of such Note payable in arrear on each Interest Payment Date or Interest Payment Dates shown on the face of the Note in each year and on the last day of the Fixed Rate Period if that date does not fall on an Interest Payment Date.
- (ii) The first payment of interest will be made on the Interest Payment Date next following the first day of the Fixed Rate Period (and if the first day of the Fixed Rate Period is not an Interest Payment Date, will amount to the Initial Broken Amount shown on the face of such Note), unless the last day of the Fixed Rate Period falls before the date on which the first payment of interest would otherwise be due. If the last day of the Fixed Rate Period is not an Interest Payment Date, interest from the preceding Interest Payment Date (or from the first day of the Fixed Rate Period, as the case may be) to the last day of the Fixed Rate Period will amount to the Final Broken Amount shown on the face of the Note.
- (iii) Where the due date of redemption of any Hybrid Note falls within the Fixed Rate Period, interest will cease to accrue on the Note from the due date for redemption thereof unless, upon due presentation and subject to the provisions of the Trust Deed, payment of principal (or Redemption Amount, as the case may be) is improperly withheld or refused, in which event interest at such rate will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 4(III) to the Relevant Date.
- (iv) In the case of a Hybrid Note, interest in respect of a period of less than one year will be calculated on the Day Count Fraction specified hereon during the Fixed Rate Period.

**(c) Floating Rate Period**

- (i) In respect of the Floating Rate Period shown on the face of such Note, each Hybrid Note bears interest on its Calculation Amount from the first day of the Floating Rate Period, and such interest will be payable in arrear on each interest payment date (“**Interest Payment Date**”). Such Interest Payment Date is/are either shown hereon as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown hereon, Interest Payment Date shall mean each date which (save as mentioned in these Conditions) falls the number of months specified as the Interest Period on the face of the Note (the “**Specified Number of Months**”) after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the first day of the Floating Rate Period (and which corresponds numerically with such preceding Interest Payment Date or the first day of the Floating Rate Period, as the case may be). If any Interest Payment Date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a business day, then if the Business Day Convention specified is (1) the Floating Rate Business Day Convention, such date shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month, in which event (i) such date shall be brought forward to the immediately preceding business day and (ii) each subsequent such date shall be the last business day of the month in which such date would have fallen had it not been subject to adjustment, (2) the Following Business Day Convention, such date shall be postponed to the next day that is a business day, (3) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a business day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding business day or (4) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding business day.
- (ii) The period beginning on (and including) the first day of the Floating Rate Period and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date is herein called an “**Interest Period**”.
- (iii) Where the due date of redemption of any Hybrid Note falls within the Floating Rate Period, interest will cease to accrue on the Note from the due date for redemption thereof unless, upon due presentation thereof, payment of principal (or Redemption Amount, as the case may be) is improperly withheld or refused, in which event interest will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 4(III) and the Agency Agreement to the Relevant Date.
- (iv) The provisions of Condition 4(II)(b) shall apply to each Hybrid Note during the Floating Rate Period as though references therein to Floating Rate Notes are references to Hybrid Notes.

#### **(IV) Zero Coupon Notes**

Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note (determined in accordance with Condition 5(h)). As from the Maturity Date, the rate of interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as defined in Condition 5(h)).

#### **(V) Calculations**

##### **(a) Determination of Rate of Interest and Calculation of Interest Amounts**

The Agent Bank will, as soon as practicable after the Relevant Time on each Interest Determination Date determine the Rate of Interest and calculate the amount of interest payable (the “**Interest Amounts**”) in respect of each Calculation Amount of the relevant Floating Rate Notes, Variable Rate Notes or (where applicable) Hybrid Notes for the relevant Interest Period. The amount of interest payable in respect of any Note shall be calculated by multiplying the product of the Rate of Interest and the Calculation Amount, by the Day Count Fraction shown on the Note and rounding the resultant figure to the nearest sub-unit of the Relevant Currency. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Agent Bank shall (in the absence of manifest error) be final and binding upon all parties.

##### **(b) Notification**

The Agent Bank will cause the Rate of Interest and the Interest Amounts for each Interest Period and the relevant Interest Payment Date to be notified to the Issuing and Paying Agent, the Trustee and the relevant Issuer as soon as possible after their determination but in no event later than the fourth business day thereafter. In the case of Floating Rate Notes, the Agent Bank will also cause the Rate of Interest and the Interest Amounts for each Interest Period and the relevant Interest Payment Date to be notified to Noteholders in accordance with Condition 15 as soon as possible after their determination. The Interest Amounts and the Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period by reason of any Interest Payment Date not being a business day. If the Floating Rate Notes, Variable Rate Notes or, as the case may be, Hybrid Notes become due and payable under Condition 9, the Rate of Interest and Interest Amounts payable in respect of the Floating Rate Notes, Variable Rate Notes or, as the case may be, Hybrid Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest and Interest Amounts need to be made unless the Trustee requires otherwise.

##### **(c) Determination or Calculation by the Trustee**

If the Agent Bank does not at any material time determine or calculate the Rate of Interest for an Interest Period or any Interest Amount, the Trustee shall do so. In doing so, the Trustee shall apply the foregoing provisions of this Condition, with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and, in all other respects, it shall do so in such manner as it shall deem fair and reasonable in all the circumstances.

**(d) Agent Bank and Reference Banks**

The relevant Issuer will procure that, so long as any Floating Rate Note, Variable Rate Note or Hybrid Note remains outstanding, there shall at all times be three Reference Banks (or such other number as may be required) and, so long as any Floating Rate Note, Variable Rate Note, Hybrid Note or Zero Coupon Note remains outstanding, there shall at all times be an Agent Bank. If any Reference Bank (acting through its relevant office) is unable or unwilling to continue to act as a Reference Bank or the Agent Bank is unable or unwilling to act as such or if the Agent Bank fails duly to establish the Rate of Interest for any Interest Period or to calculate the Interest Amounts, the relevant Issuer will appoint another bank with an office in the Relevant Financial Centre to act as such in its place. The Agent Bank may not resign from its duties without a successor having been appointed as aforesaid.

**5. Redemption and Purchase**

**(a) Final Redemption**

Unless previously redeemed or purchased and cancelled as provided below, this Note will be redeemed at its Redemption Amount on the Maturity Date shown on its face (if this Note is shown on its face to be a Fixed Rate Note, Hybrid Note (during the Fixed Rate Period) or Zero Coupon Note) or on the Interest Payment Date falling in the Redemption Month shown on its face (if this Note is shown on its face to be a Floating Rate Note, Variable Rate Note or Hybrid Note (during the Floating Rate Period)).

**(b) Purchase at the Option of the Relevant Issuer**

If so provided hereon, the relevant Issuer shall have the option to purchase all or any of the Fixed Rate Notes, Floating Rate Notes, Variable Rate Notes or Hybrid Notes at their Redemption Amount on any date on which interest is due to be paid on such Notes and the Noteholders shall be bound to sell such Notes to the relevant Issuer accordingly. To exercise such option, the relevant Issuer shall give irrevocable notice to the Noteholders within the Issuer's Purchase Option Period shown on the face hereof. Such Notes may be held, resold or surrendered to the Issuing and Paying Agent for cancellation. The Notes so purchased, while held by or on behalf of the relevant Issuer, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 9, 10 and 11.

In the case of a purchase of some only of the Notes, the notice to Noteholders shall also contain the certificate numbers of the Notes to be purchased, which shall have been drawn by or on behalf of the relevant Issuer in such place and in such manner as may be agreed between the relevant Issuer and the Trustee, subject to compliance with any applicable laws. So long as the Notes are listed on any Stock Exchange, the relevant Issuer shall comply with the rules of such Stock Exchange in relation to the publication of any purchase of such Notes.

**(c) Purchase at the Option of Noteholders**

- (i) Each Noteholder shall have the option to have all or any of his Variable Rate Notes purchased by the relevant Issuer at their Redemption Amount on any Interest Payment Date and the relevant Issuer will purchase such Variable Rate Notes accordingly. To exercise such option, a Noteholder shall deposit any Variable Rate Notes to be purchased with the Issuing and Paying Agent at its specified office together with all Coupons relating to such Variable Rate Notes which mature after the date fixed for purchase, together with a duly completed option exercise notice in the form obtainable



from the Issuing and Paying Agent within the Noteholders' VRN Purchase Option Period shown on the face hereof. Any Variable Rate Notes so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the relevant Issuer. Such Variable Rate Notes may be held, resold or surrendered to the Issuing and Paying Agent for cancellation. The Variable Rate Notes so purchased, while held by or on behalf of the relevant Issuer, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 9, 10 and 11.

- (ii) If so provided hereon, each Noteholder shall have the option to have all or any of his Fixed Rate Notes, Floating Rate Notes or Hybrid Notes purchased by the relevant Issuer at their Redemption Amount on any date on which interest is due to be paid on such Notes and the relevant Issuer will purchase such Notes accordingly. To exercise such option, a Noteholder shall deposit any Notes to be purchased with the Issuing and Paying Agent at its specified office together with all Coupons relating to such Notes which mature after the date fixed for purchase, together with a duly completed option exercise notice in the form obtainable from the Issuing and Paying Agent within the Noteholders' Purchase Option Period shown on the face hereof. Any Notes so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the relevant Issuer. Such Notes may be held, resold or surrendered to the Issuing and Paying Agent for cancellation. The Notes so purchased, while held by or on behalf of the relevant Issuer, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 9, 10 and 11.

**(d) Redemption at the Option of the Relevant Issuer**

If so provided hereon, the relevant Issuer may, on giving irrevocable notice to the Noteholders falling within the Issuer's Redemption Option Period shown on the face hereof, redeem all or, if so provided, some of the Notes at their Redemption Amount or integral multiples thereof and on the date or dates so provided. Any such redemption of Notes shall be at their Redemption Amount, together with interest accrued to the date fixed for redemption.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption of the Notes, the notice to Noteholders shall also contain the certificate numbers of the Notes to be redeemed, which shall have been drawn by or on behalf of the relevant Issuer in such place and in such manner as may be agreed between the relevant Issuer and the Trustee, subject to compliance with any applicable laws. So long as the Notes are listed on the Singapore Exchange Securities Trading Limited, the relevant Issuer shall comply with the rules of such Stock Exchange in relation to the publication of any redemption of such Notes.

**(e) Redemption at the Option of Noteholders**

If so provided hereon, the relevant Issuer shall, at the option of the holder of any Note, redeem such Note on the date or dates so provided at its Redemption Amount, together with interest accrued to the date fixed for redemption. To exercise such option, the holder must deposit such Note (together with all unmaturing Coupons) with the Issuing and Paying Agent at its specified office, together with a duly completed option exercise notice in the form obtainable from the Issuing and Paying Agent or the relevant Issuer (as applicable) within the

Noteholders' Redemption Option Period shown on the face hereof. Any Note so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the relevant Issuer.

**(f) Redemption for Taxation Reasons**

If so provided hereon, the Notes may be redeemed at the option of the relevant Issuer in whole, but not in part, on any Interest Payment Date or, if so specified hereon, at any time on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their Redemption Amount or (in the case of Zero Coupon Notes) Early Redemption Amount (as defined in Condition 5(h) below) (together with interest accrued to (but excluding) the date fixed for redemption), if (i) the relevant Issuer (or, if the Guarantee was called, the Guarantor) has or will become obliged to pay additional amounts as provided or referred to in Condition 7, or increase the payment of such additional amounts, as a result of any change in, or amendment to, the laws (or any regulations, rulings or other administrative pronouncements promulgated thereunder) of Singapore or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, regulations, rulings or other administrative pronouncements, which change or amendment is made public on or after the Issue Date or any other date specified in the Pricing Supplement, and (ii) such obligations cannot be avoided by the relevant Issuer or, as the case may be, the Guarantor taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the relevant Issuer or, as the case may be, the Guarantor would be obliged to pay such additional amounts were a payment in respect of the Notes then due. Prior to the publication of any notice of redemption pursuant to this paragraph, the relevant Issuer shall deliver to the Trustee and the Issuing and Paying Agent a certificate signed by a duly authorised officer(s) of the relevant Issuer or, as the case may be, the Guarantor stating that the relevant Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the relevant Issuer so to redeem have occurred, and an opinion of independent legal, tax or other professional advisers of recognised standing to the effect that the relevant Issuer or, as the case may be, the Guarantor has or is likely to become obliged to pay such additional amounts as a result of such change or amendment.

**(g) Purchases**

The relevant Issuer, (in the case of Notes issued by CMPL) the Guarantor or any of the respective related corporations of the relevant Issuer, (in the case of Notes issued by CMPL) the Guarantor and CIT may at any time purchase Notes at any price (provided that they are purchased together with all unmatured Coupons relating to them) in the open market or otherwise, provided that in any such case such purchase or purchases is in compliance with all relevant laws, regulations and directives.

Notes purchased by the relevant Issuer, (in the case of Notes issued by CMPL) the Guarantor or any of the respective related corporations of the relevant Issuer, (in the case of Notes issued by CMPL) the Guarantor and CIT may be surrendered by the purchaser through the relevant Issuer to the Issuing and Paying Agent for cancellation or may at the option of the relevant Issuer, (in the case of Notes issued by CMPL) the Guarantor or relevant related corporation be held or resold.

For the purposes of these Conditions, "**directive**" includes any present or future directive, regulation, request, requirement, rule or credit restraint programme of any relevant agency, authority, central bank department, government, legislative, minister, ministry, official public or statutory corporation, self-regulating organisation, or stock exchange.

**(h) Early Redemption of Zero Coupon Notes**

- (i) The Early Redemption Amount payable in respect of any Zero Coupon Note, the Early Redemption Amount of which is not linked to an index and/or formula, upon redemption of such Note pursuant to Condition 5(f) or upon it becoming due and payable as provided in Condition 9, shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified hereon.
- (ii) Subject to the provisions of sub-paragraph (iii) below, the Amortised Face Amount of any such Note shall be the scheduled Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown hereon, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.
- (iii) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 5(f) or upon it becoming due and payable as provided in Condition 9 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (ii) above, except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph will continue to be made (as well after as before judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Redemption Amount of such Note on the Maturity Date together with any interest which may accrue in accordance with Condition 4(IV).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown hereon.

**(i) Mandatory Redemption upon Termination of CIT**

In the event that CIT is terminated in accordance with the provisions of the CIT Trust Deed (as defined in the Trust Deed), the relevant Issuer shall redeem all (and not some only) of the Notes at their Redemption Amount together with interest accrued to the date fixed for redemption on any date on which interest is due to be paid on such Notes or, if earlier, the date of termination of CIT.

The relevant Issuer shall forthwith notify the Trustee, the Agents and the Noteholders of the termination of CIT and the proposed date of redemption of the Notes. The relevant Issuer shall be bound to redeem the Notes on the date specified in such notice.

**(j) Mandatory Redemption upon Cessation of Trading of Units**

In the event that the units of CIT cease to be listed and/or traded on the SGX-ST (as defined in the Trust Deed), the relevant Issuer shall redeem all (and not some only) of the Notes at their Redemption Amount, together with interest accrued to the date fixed for redemption, not later than the date falling 30 days after the date of cessation of listing or trading.

The relevant Issuer shall forthwith notify the Trustee, the Agents and the Noteholders of the occurrence of the event specified above and the proposed date of redemption of the Notes. The relevant Issuer shall be bound to redeem the Notes on the date specified in the notice.

**(k) Cancellation**

All Notes purchased by or on behalf of the relevant Issuer, (in the case of Notes issued by CMPL) the Guarantor or any of the respective related corporations of the relevant Issuer, (in the case of Notes issued by CMPL) the Guarantor and CIT may be surrendered for cancellation by surrendering each such Note together with all unmatured Coupons to the Issuing and Paying Agent at its specified office and, if so surrendered, shall, together with all Notes redeemed by the relevant Issuer, be cancelled forthwith (together with all unmatured Coupons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold.

**6. Payments**

**(a) Principal and Interest**

Payments of principal (or, as the case may be, Redemption Amounts) and interest in respect of the Notes will, subject as mentioned below, be made against presentation and surrender of the relevant Notes or Coupons, as the case may be, at the specified office of the Issuing and Paying Agent by a cheque drawn in the currency in which payment is due on, or, at the option of the holders, by transfer to an account maintained by the payee in that currency with, a bank in the principal financial centre for that currency.

**(b) Payments subject to law etc.**

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives, but without prejudice to the provisions of Condition 7. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

**(c) Appointment of Agents**

The Issuing and Paying Agent initially appointed by the Issuers and its specified office are listed below. The Issuers and the Guarantor reserve the right at any time to vary or terminate the appointment of the Issuing and Paying Agent and to appoint additional or other Issuing and Paying Agents, provided that they will at all times maintain an Issuing and Paying Agent having a specified office in Singapore.

Notice of any such change or any change of any specified office will promptly be given to the Noteholders in accordance with Condition 15.

The Agency Agreement may be amended by the Issuers, the Guarantor, the Issuing and Paying Agent and the Trustee, without the consent of any holder, for the purpose of curing any ambiguity or of curing, correcting or supplementing any defective provision contained herein, or where such amendment is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of Singapore law or is required by Euroclear, Clearstream, Luxembourg, the Depository and/or any other clearing system in which the Securities may be held, or in any manner which the Issuers, the Guarantor, the Issuing and Paying Agent and the Trustee may mutually deem necessary or desirable and which does not, in the reasonable opinion of the Issuers, the Guarantor, the Issuing and Paying Agent and the Trustee, materially prejudice the interests of the holders.

**(d) Unmatured Coupons**

- (i) Fixed Rate Notes and Hybrid Notes should be surrendered for payment together with all unmaturred Coupons (if any) relating to such Notes (and, in the case of Hybrid Notes, relating to interest payable during the Fixed Rate Period), failing which an amount equal to the face value of each missing unmaturred Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmaturred Coupon which the sum of principal so paid bears to the total principal due) will be deducted from the Redemption Amount due for payment. Any amount so deducted will be paid in the manner mentioned above against surrender of such missing Coupon within a period of three years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 8).
- (ii) Subject to the provisions of the relevant Pricing Supplement upon the due date for redemption of any Floating Rate Note, Variable Rate Note or Hybrid Note, unmaturred Coupons relating to such Note (and, in the case of Hybrid Notes, relating to interest payable during the Floating Rate Period) (whether or not attached) shall become void and no payment shall be made in respect of them.
- (iii) Where any Floating Rate Note, Variable Rate Note or Hybrid Note is presented for redemption without all unmaturred Coupons relating to it (and, in the case of Hybrid Notes, relating to interest payable during the Floating Rate Period), redemption shall be made only against the provision of such indemnity as the relevant Issuer may require.
- (iv) If the due date for redemption or repayment of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Note.

**(e) Non-business days**

Subject as provided in the relevant Pricing Supplement or subject as otherwise provided in these Conditions, if any date for the payment in respect of any Note or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day and shall not be entitled to any further interest or other payment in respect of any such delay.

**(f) Default Interest**

If on or after the due date for payment of any sum in respect of the Notes, payment of all or any part of such sum is not made against due presentation of the Notes or, as the case may be, the Coupons, the relevant Issuer shall pay interest on the amount so unpaid from such due date up to the day of actual receipt by the relevant Noteholders or, as the case may be, Couponholders (as well after as before judgment) at a rate per annum determined by the Issuing and Paying Agent to be equal to two per cent. per annum above (in the case of a Fixed Rate Note or a Hybrid Note during the Fixed Rate Period) the Interest Rate applicable to such Note, (in the case of a Floating Rate Note or a Hybrid Note during the Floating Rate Period) the Rate of Interest applicable to such Note or (in the case of a Variable Rate Note) the variable rate by which the Agreed Yield applicable to such Note is determined or, as the case may be, the Rate of Interest applicable to such Note, or in the case of a Zero Coupon Note, as provided for in the relevant Pricing Supplement. So long as the default continues then such rate shall be re-calculated on the same basis at intervals of such duration as the Issuing and Paying Agent may select, save that the amount of unpaid interest at the above rate accruing during the preceding such period shall be added to the amount in respect of which the relevant Issuer is in default and itself bear interest accordingly. Interest at the rate(s) determined in accordance with this paragraph shall be calculated on the Day Count Fraction specified hereon and the actual number of days elapsed, shall accrue on a daily basis and shall be immediately due and payable by the relevant Issuer.

## 7. Taxation

All payments in respect of the Notes and the Coupons by the relevant Issuer or, as the case may be, the Guarantor shall be made free and clear of, and without deduction or withholding for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Singapore or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In such event, the relevant Issuer or, as the case may be, the Guarantor shall pay such additional amounts as will result in the receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such deduction or withholding been required, except that no such additional amounts shall be payable in respect of any Note or Coupon presented for payment:

- (a) by or on behalf of a holder who is subject to such taxes, duties, assessments or governmental charges by reason of his being connected with Singapore otherwise than by reason only of the holding of such Note or Coupon or the receipt of any sums due in respect of such Note or Coupon (including, without limitation, the holder being a resident of, or a permanent establishment in, Singapore);
- (b) more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to such additional amounts on presenting the same for payment on the last day of such period of 30 days; or
- (c) by or on behalf of a holder who could lawfully avoid (but has not so avoided) such deduction or withholding by complying or procuring compliance with any statutory requirements or by making or procuring that any third party makes a declaration of non-residence or other similar claim for exemption to any tax authority in the place where the relevant Note or Coupon is presented for payment.

As used in these Conditions, “**Relevant Date**” in respect of any Note or Coupon means the date on which payment in respect thereof first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date falling seven days after that on which notice is duly given to the Noteholders in accordance with Condition 15 that, upon further presentation of the Note or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon presentation, and references to “**principal**” shall be deemed to include any premium payable in respect of the Notes, all Redemption Amounts, Early Redemption Amounts and all other amounts in the nature of principal payable pursuant to Condition 5, “**interest**” shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 4 and any reference to “**principal**” and/or “**premium**” and/or “**Redemption Amounts**” and/or “**interest**” and/or “**Early Redemption Amounts**” shall be deemed to include any additional amounts which may be payable under these Conditions.

## 8. Prescription

The Notes and Coupons shall become void unless presented for payment within three years from the appropriate Relevant Date for payment.

## 9. Events of Default

If any of the following events (“**Events of Default**”) occurs the Trustee at its discretion may, and if so requested by holders of at least 25 per cent. in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall, give notice in writing to the relevant Issuer that the Notes are immediately repayable, whereupon the Redemption Amount of such Notes or (in the case of Zero Coupon Notes) the Early Redemption Amount of such Notes together with accrued interest to the date of payment shall become immediately due and payable:

- (a) the relevant Issuer or the Guarantor does not pay (i) the principal, the Redemption Amount or (in the case of Zero Coupon Notes) the Early Redemption Amount of any of the Notes when due and such default continues for three business days after the due date or (ii) the interest on any of the Notes when due and such default continues for five business days after the due date;
- (b) the relevant Issuer or the Guarantor does not perform or comply with any one or more of its obligations (other than the payment obligation of the relevant Issuer or the Guarantor referred to in paragraph (a)) under any of the Issue Documents or any of the Notes and, if in the opinion of the Trustee that default is capable of remedy, it is not in the reasonable opinion of the Trustee remedied within 21 days after notice of such default shall have been given by the Trustee to the relevant Issuer or, as the case may be, the Guarantor;
- (c) any representation, warranty or statement by the relevant Issuer or the Guarantor in any of the Issue Documents or any of the Notes or in any document delivered under any of the Issue Documents or any of the Notes is not complied with in any respect or is or proves to have been incorrect in any respect when made or deemed repeated and if the event resulting in such non-compliance or incorrectness is, in the opinion of the Trustee, capable of remedy, it is not in the reasonable opinion of the Trustee remedied within 21 days after notice of such non-compliance or incorrectness shall have been given by the Trustee to the Issuer or, as the case may be, the Guarantor;
- (d) the Guarantee is not (or is claimed by the Guarantor not to be) in full force and effect;
- (e) (i) any other indebtedness of the relevant Issuer, CIT or any of the Principal Subsidiaries in respect of borrowed money is or is declared to be or is capable of being rendered due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (however described) or is not paid when due or, as the case may be, within any originally applicable grace period in any agreement relating to that indebtedness; or  
(ii) the relevant Issuer, CIT or any of the Principal Subsidiaries fails to pay when due (taking into account any originally applicable grace period) any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised,

provided however that no Event of Default will occur under this paragraph (e) unless and until the aggregate amount of the indebtedness in respect of which one or more of the events mentioned above in this paragraph (e) has/have occurred equals or exceeds S\$20,000,000 or its equivalent in other currency or currencies;

- (f) the relevant Issuer, CIT or any of the Principal Subsidiaries is (or is, or could be, deemed by law or a court to be) insolvent or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or any material part of (or of a particular type of) its indebtedness (other than those contested in good faith and by appropriate proceedings), begins negotiations or takes any other step with a view to the deferral, rescheduling or other readjustment of all or any material part of (or of a particular type of) its indebtedness (or of any material part which it will otherwise be unable to pay when due), proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors or a moratorium is agreed or declared in respect of or affecting all or any material part of (or of a particular type of) the indebtedness of the relevant Issuer, CIT or any of the Principal Subsidiaries;
- (g) a distress, attachment, execution or other legal process is levied, enforced or sued out on or against all or any material part of the assets of the relevant Issuer, the Guarantor or any of the Principal Subsidiaries and is not discharged or stayed within 21 days;
- (h) any security on or over the whole or any material part of the assets of the relevant Issuer, CIT or any of the Principal Subsidiaries becomes enforceable;
- (i)
  - (i) a petition or an originating summons is presented or an order is made or a resolution is passed with a view to the winding-up or termination or for the appointment of a liquidator (including a provisional liquidator) or a judicial manager of the relevant Issuer, CIT or any of the Principal Subsidiaries (except (only in the case of a voluntary liquidation or winding-up of a Principal Subsidiary not involving insolvency) for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (1) to another member of the Group and such event is not likely to have a material adverse effect on the relevant Issuer or the Guarantor or (2) on terms approved by the Trustee or the Noteholders by way of an Extraordinary Resolution before such petition or originating summons is presented or such order is made or such resolution is passed or actual appointment made (as the case may be)); or
  - (ii) a receiver, trustee, administrator, agent or similar officer of the relevant Issuer, CIT or any of the Principal Subsidiaries or over all or any part of the assets of the relevant Issuer, CIT or any of the Principal Subsidiaries is appointed;
- (j) the relevant Issuer, CIT or any of the Principal Subsidiaries ceases or threatens to cease to carry on all or any substantial part of its business or (save as permitted by Clause 16.27 of the Trust Deed) disposes or threatens to dispose of the whole or any part of its property or assets;
- (k) any step is taken by any person with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or a material part of the assets of the relevant Issuer, CIT or any of the Principal Subsidiaries and such seizure, compulsory acquisition, expropriation or nationalisation is likely to have a material adverse effect on the relevant Issuer or the Guarantor;



- (l) any action, condition or thing (including the obtaining of any necessary consent) at any time required to be taken, fulfilled or done for any of the purposes stated in Clause 16.7 of the Trust Deed is not taken, fulfilled or done, or any such consent ceases to be in full force and effect without modification or any condition in or relating to any such consent is not complied with (unless that consent or condition is no longer required or applicable) and, if in the opinion of the Trustee such default is capable of remedy, it is not in the reasonable opinion of the Trustee remedied within seven days after notice of such default shall have been given by the Trustee to the relevant Issuer or, as the case may be, the Guarantor;
- (m) it is or will become unlawful for the relevant Issuer or the Guarantor to perform or comply with any one or more of their obligations under any of the Issue Documents or any of the Notes;
- (n) any of the Issue Documents to which it is a party or any of the Notes ceases for any reason (or is claimed by the relevant Issuer or the Guarantor not) to be the legal and valid obligations of the relevant Issuer or the Guarantor, binding upon it in accordance with its terms;
- (o) any litigation, arbitration or administrative proceeding (other than those of a frivolous or vexatious nature or those contested in good faith and in each case, which are discharged within 21 days of its commencement) is current or pending against the relevant Issuer, the Guarantor, CIT or any of the Principal Subsidiaries (i) to restrain the exercise of any of the rights and/or the performance or enforcement of or compliance with any of the obligations of the relevant Issuer or the Guarantor under any of the Issue Documents or any of the Notes or (ii) which has or is likely to have a material adverse effect on the relevant Issuer, the Guarantor or CIT;
- (p) if (i)(1) the CIT Trustee (as defined in the Trust Deed) resigns or is removed; (2) an order is made for the winding-up of the CIT Trustee, a receiver, judicial manager, administrator, agent or similar officer of the CIT Trustee is appointed; and/or (3) there is a declaration, imposition or promulgation in Singapore or in any relevant jurisdiction of a moratorium, any form of exchange control or any law, directive or regulation of any agency or the amalgamation, reconstruction or reorganisation of the CIT Trustee which prevents or restricts the ability of the CIT Trustee to perform its obligations under any of the Issue Documents to which it is a party or any of the Notes and (ii) the replacement or substitute trustee of CIT is not appointed in accordance with the terms of the CIT Trust Deed (as defined in the Trust Deed);
- (q) Cambridge Industrial Trust Management Limited (in its capacity as manager of CIT) is removed pursuant to the terms of the CIT Trust Deed, and the replacement or substitute manager is not appointed in accordance with the terms of the CIT Trust Deed;
- (r) any event occurs which, under the law of any relevant jurisdiction, has an analogous or equivalent effect to any of the events mentioned in paragraph (f), (g), (h), (i), (j) or (k);
- (s) the relevant Issuer, the Guarantor or any of the Principal Subsidiaries is declared by the Minister of Finance to be a declared company under the provisions of Part IX of the Companies Act, Chapter 50 of Singapore;
- (t) for any reason the CIT Trustee ceases to own (directly or indirectly) the whole of the issued share capital for the time being of CMPL; or

- (u) the CIT Trustee loses its right to be indemnified out of the assets of CIT in respect of all liabilities, claims, demands and actions under or in connection with any of the Issue Documents or the Notes.

In these Conditions:

- (1) **“Principal Subsidiaries”** means any Subsidiary of CIT whose total assets, as shown by the accounts of such Subsidiary (consolidated in the case of a Subsidiary which itself has Subsidiaries), based upon which the latest audited consolidated accounts of the Group have been prepared, is at least 20 per cent. of the total assets of the Group as shown by such audited consolidated accounts, provided that if any such Subsidiary (the **“transferor”**) shall at any time transfer the whole or a substantial part of its business, undertaking or assets to another Subsidiary or CIT (the **“transferee”**) then:

- (aa) if the whole of the business, undertaking and assets of the transferor shall be so transferred, the transferor shall thereupon cease to be a Principal Subsidiary and the transferee (unless it is CIT) shall thereupon become a Principal Subsidiary; and

- (bb) if a substantial part only of the business, undertaking and assets of the transferor shall be so transferred, the transferor shall remain a Principal Subsidiary and the transferee (unless it is CIT) shall thereupon become a Principal Subsidiary.

Any Subsidiary which becomes a Principal Subsidiary by virtue of (aa) above or which remains or becomes a Principal Subsidiary by virtue of (bb) above shall continue to be a Principal Subsidiary until the date of issue of the first audited consolidated accounts of the Group prepared as at a date later than the date of the relevant transfer which show the total assets as shown by the accounts of such Subsidiary (consolidated in the case of a Subsidiary which itself has Subsidiaries) or the date of issue of a report by the Auditors described below (whichever is earlier), based upon which such audited consolidated accounts or, as the case may be, Auditor’s report have been prepared, to be less than 20 per cent. of the total assets of the Group, as shown by such audited consolidated accounts or, as the case may be, Auditor’s report. A report by the Auditors, who shall also be responsible for producing any pro-forma accounts required for the above purposes, that in their opinion a Subsidiary is or is not a Principal Subsidiary shall, in the absence of manifest error, be conclusive; and

- (2) **“Subsidiary”** or **“subsidiary”** has the meaning ascribed to it in the Trust Deed.

## 10. Enforcement of Rights

At any time after the Notes shall have become due and payable, the Trustee may, at its discretion and without further notice, institute such proceedings against the relevant Issuer or the Guarantor as it may think fit to enforce repayment of the Notes, together with accrued interest, but it shall not be bound to take any such proceedings unless (a) it shall have been so directed by an Extraordinary Resolution of the Noteholders or so requested in writing by Noteholders holding not less than 25 per cent. in principal amount of the Notes outstanding and (b) it shall have been indemnified and/or secured to its satisfaction. No Noteholder or Couponholder shall be entitled to proceed directly against the relevant Issuer or the Guarantor unless the Trustee, having become bound to do so, fails or neglects to do so within a reasonable period and such failure or neglect shall be continuing.

## 11. Meeting of Noteholders and Modifications

The Trust Deed contains provisions for convening meetings of Noteholders of a Series to consider any matter affecting their interests, including modification by Extraordinary Resolution of the Notes of such Series (including these Conditions insofar as the same may apply to such Notes) or any of the provisions of the Trust Deed.

The Trustee, the relevant Issuer or the Guarantor at any time may, and the Trustee upon the request in writing by Noteholders holding not less than one-tenth of the principal amount of the Notes of any Series for the time being outstanding and after being indemnified and/or secured to its satisfaction against all costs and expenses shall, convene a meeting of the Noteholders of that Series. An Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders of the relevant Series, whether present or not and on all relevant Couponholders, except that any Extraordinary Resolution proposed, *inter alia*, (a) to amend the dates of maturity or redemption of the Notes or any date for payment of interest or Interest Amounts on the Notes, (b) to reduce or cancel the principal amount of, or any premium payable on redemption of, the Notes, (c) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates of interest or the basis for calculating any Interest Amount in respect of the Notes, (d) to vary any method of, or basis for, calculating the Redemption Amount or the Early Redemption Amount including the method of calculating the Amortised Face Amount, (e) to vary the currency or currencies of payment or denomination of the Notes, (f) to take any steps that as specified hereon may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply, (g) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution or (h) to modify or cancel the Guarantee, will only be binding if passed at a meeting of the Noteholders of the relevant Series (or at any adjournment thereof) at which a special quorum (provided for in the Trust Deed) is present.

The Trustee may agree, without the consent of the Noteholders or Couponholders, to (i) any modification of any of the provisions of the Trust Deed or any of the other Issue Documents which in the opinion of the Trustee is of a formal, minor or technical nature, is made to correct a manifest error or to comply with mandatory provisions of Singapore law or is required by Euroclear Bank and/or Clearstream, Luxembourg and/or the Depository and/or any other clearing system in which the Notes may be held and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed or any of the other Issue Documents which is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders. Any such modification, authorisation or waiver shall be binding on the Noteholders and the Couponholders and, if the Trustee so requires, such modification shall be notified to the Noteholders as soon as practicable thereafter in accordance with Condition 15.

In connection with the exercise of its functions (including but not limited to those in relation to any proposed modification, waiver, authorisation or substitution) the Trustee shall have regard to the interests of the Noteholders as a class and shall not have regard to the consequences of such exercise for individual Noteholders or Couponholders.

These Conditions may be amended, modified, or varied in relation to any Series of Notes by the terms of the relevant Pricing Supplement in relation to such Series.

## **12. Replacement of Notes and Coupons**

If a Note or Coupon is lost, stolen, mutilated, defaced or destroyed it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Issuing and Paying Agent, or at the specified office of such other Issuing and Paying Agent as may from time to time be designated by the relevant Issuer for the purpose and notice of whose designation is given to Noteholders in accordance with Condition 15, on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, undertaking, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note or Coupon is subsequently presented for payment, there will be paid to the relevant Issuer on demand the amount payable by the relevant Issuer in respect of such Note or Coupon) and otherwise as the relevant Issuer may require. Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

## **13. Further Issues**

The relevant Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further notes having the same terms and conditions as the Notes of any Series and so that the same shall be consolidated and form a single Series with such Notes, and references in these Conditions to “**Notes**” shall be construed accordingly.

## **14. Indemnification of the Trustee**

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking proceedings to enforce repayment unless indemnified and/or secured to its satisfaction. The Trust Deed also contains a provision entitling the Trustee to enter into business transactions with the relevant Issuer, the Guarantor or any of the related corporations of the relevant Issuer and CIT without accounting to the Noteholders or Couponholders for any profit resulting from such transactions.

Each Noteholder shall be solely responsible for making and continuing to make its own independent appraisal and investigation into the financial condition, creditworthiness, condition, affairs, status and nature of the relevant Issuer and the Guarantor, and the Trustee shall not at any time have any responsibility for the same and each Noteholder shall not rely on the Trustee in respect thereof.

## **15. Notices**

Notices to the holders will be valid if published in a daily newspaper of general circulation in Singapore (or, if the holders of any Series of Notes can be identified, notices to such holders will also be valid if they are given to each of such holders). It is expected that such publication will be made in The Business Times. Notices will, if published more than once or on different dates, be deemed to have been given on the date of the first publication in such newspaper as provided above.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice to the holders in accordance with this Condition 15.

Until such time as any Definitive Securities (as defined in the Trust Deed) are issued, there may, so long as the Global Security(ies) is or are held in its or their entirety on behalf of Euroclear, Clearstream, Luxembourg and/or the Depository, be substituted for such publication in such newspapers the delivery of the relevant notice to Euroclear, Clearstream, Luxembourg and/or (subject to the agreement of the Depository) the Depository for

communication by it to the Noteholders, except that if the Notes are listed on the SGX-ST and the rules of such exchange so require, notice will in any event be published in accordance with the previous paragraph. Any such notice shall be deemed to have been given to the Noteholders on the seventh day after the day on which the said notice was given to Euroclear, Clearstream, Luxembourg and/or the Depository.

Notices to be given by any Noteholder pursuant hereto (including to the relevant Issuer) shall be in writing and given by lodging the same, together with the relative Note or Notes, with the Issuing and Paying Agent. Whilst the Notes are represented by a Global Security, such notice may be given by any Noteholder to the Issuing and Paying Agent through Euroclear, Clearstream, Luxembourg and/or the Depository in such manner as the Issuing and Paying Agent and Euroclear, Clearstream, Luxembourg and/or the Depository may approve for this purpose.

Notwithstanding the other provisions of this Condition, in any case where the identity and addresses of all the Noteholders are known to the relevant Issuer, notices to such holders may be given individually by recorded delivery mail to such addresses and will be deemed to have been given when received at such addresses.

#### **16. Contracts (Rights of Third Parties) Act**

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore.

#### **17. Acknowledgement**

- (a) Notwithstanding any provision to the contrary in the Trust Deed, the Notes and the Coupons, the Trustee, each of the Noteholders and the Couponholders acknowledges and agrees that RBC Investor Services Trust Singapore Limited (“**RBC**”) has entered into the Trust Deed only in its capacity as trustee of CIT and not in its personal capacity and all references to the CIT Trustee (whether as issuer or guarantor) in the Trust Deed, the Notes and the Coupons shall be construed accordingly. As such, notwithstanding any provision to the contrary in the Trust Deed, the Notes and the Coupons, RBC has assumed all obligations under the Trust Deed, the Notes and the Coupons only in its capacity as trustee of CIT and not in its personal capacity. Any liability of or indemnity, covenant, undertaking, representation and/or warranty given by the CIT Trustee under the Trust Deed, the Notes and the Coupons is given by RBC only in its capacity as trustee of CIT and not in its personal capacity and any power and right conferred on any receiver, attorney, agent and/or delegate under the Trust Deed, the Notes and the Coupons is limited to the assets of CIT over which the CIT Trustee has recourse and shall not extend to any assets of RBC (other than the assets of CIT), any personal assets of RBC or any assets held by RBC in its capacity as trustee of any trust (other than CIT). Any obligation, matter, act, action or thing required to be done, performed or undertaken by the CIT Trustee under the Trust Deed, the Notes and the Coupons shall only be in connection with matters relating to CIT (and shall not extend to RBC’s obligations in respect of any other trust or real estate investment trust of which it is a trustee). The foregoing shall not restrict or prejudice the rights or remedies of the Trustee, each of the Noteholders and the Couponholders under law or equity in connection with any negligence, fraud or breach of trust of RBC.

- (b) Notwithstanding any provision to the contrary in the Trust Deed, the Notes and the Coupons, it is hereby agreed that the CIT Trustee's obligations under the Trust Deed, the Notes and the Coupons will be solely the corporate obligations of the CIT Trustee and that the parties to the Trust Deed, the Notes and the Coupons shall not have any recourse against the shareholders, directors, officers or employees of RBC for any claims, losses, damages, liabilities or other obligations whatsoever in connection with any of the transactions contemplated by the provisions of the Trust Deed, the Notes and the Coupons. The foregoing shall not restrict or prejudice the rights or remedies of the Trustee, each of the Noteholders and each of the Couponholders under law or equity in connection with any negligence, fraud or breach of trust of RBC.
- (c) For the avoidance of doubt, any legal action or proceedings commenced against the CIT Trustee (whether as issuer or guarantor) whether in Singapore or elsewhere pursuant to the Trust Deed, the Notes and the Coupons shall be brought against RBC only in its capacity as trustee of CIT and not in its personal capacity. The foregoing shall not restrict or prejudice the rights or remedies of the Trustee, each of the Noteholders and each of the Couponholders under law or equity in connection with any negligence, fraud or breach of trust of RBC.

## **18. Governing Law and Jurisdiction**

### **(a) Governing Law**

The Notes and the Coupons are governed by, and shall be construed in accordance with, the laws of Singapore.

### **(b) Jurisdiction**

The courts of Singapore are to have jurisdiction to settle any disputes that may arise out of or in connection with any Notes or Coupons and accordingly any legal action or proceedings arising out of or in connection with the Notes or Coupons may be brought in such courts. The Issuer has in the Trust Deed irrevocably submitted to the jurisdiction of such courts.

### **Issuing and Paying Agent**

British and Malayan Trustees Limited  
1 Coleman Street  
#08-01 The Adelphi  
Singapore 179803

**NOTE:** These Conditions are extracted from the Trust Deed. On 21 June 2017, the ESR-REIT Manager announced that, in line with the change in the controlling shareholder of the ESR-REIT Manager, the names of ESR-REIT, the ESR-REIT Manager, the Property Manager and ESR-MTN are changed with effect from 23 June 2017. Accordingly, references in the Conditions to (i) “**CMPL**” are to ESR-MTN, (ii) “**CIT**” are to ESR-REIT, (iii) “**CIT Issuer**” are to the ESR-REIT Issuer, (iv) “**CIT Trustee**” are to the ESR-REIT Trustee, (v) “**CIT Trust Deed**” are to the ESR-REIT Trust Deed, (vi) “**Cambridge Industrial Trust Management Limited**” are to the ESR-REIT Manager and (vii) “**Cambridge Industrial Property Management Pte. Ltd.**” are to the Property Manager.

## TERMS AND CONDITIONS OF THE PERPETUAL SECURITIES

The following is the text of the terms and conditions which, subject to completion and amendment and as supplemented or varied in accordance with the provisions of the relevant Pricing Supplement, will be endorsed on the Perpetual Securities in definitive form issued in exchange for the Global Security(ies) representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of the Pricing Supplement or (ii) these terms and conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Perpetual Securities. All capitalised terms that are not defined in these Conditions will have the meanings given to them in the relevant Pricing Supplement. Those definitions will be endorsed on such Perpetual Securities. References in the Conditions to “**Perpetual Securities**” are to the Perpetual Securities of one Series only, not to all Perpetual Securities that may be issued under the Programme. Details of the relevant Series will be shown on the face of the relevant Perpetual Securities and in the relevant Pricing Supplement.

The Perpetual Securities are constituted by a trust deed dated 2 February 2012 made between (1) Cambridge-MTN Pte. Ltd. (“**CMPL**”), as issuer, (2) RBC Dexia Trust Services Singapore Limited (in its capacity as trustee of Cambridge Industrial Trust (“**CIT**”)), as guarantor, and (3) British and Malayan Trustees Limited (the “**Trustee**”, which expression shall, wherever the context so admits, include such company and all other persons for the time being the trustee or trustees of the Trust Deed), as trustee (as supplemented by a supplemental deed dated 1 March 2012 made between (1) CMPL, as issuer, (2) RBC Dexia Trust Services Singapore Limited (in its capacity as trustee of CIT), as guarantor, and (3) the Trustee, as trustee, as amended and restated by an amendment and restatement trust deed dated 30 March 2016 made between (1) CMPL and RBC Investor Services Trust Singapore Limited (in its capacity as trustee of CIT) (the “**CIT Trustee**” and, in its capacity as issuer of the Perpetual Securities, the “**Issuer**”), as issuers, (2) the CIT Trustee, as guarantor for Notes issued by CMPL (in such capacity, the “**Guarantor**”), and (3) the Trustee, as trustee, and as further amended and supplemented from time to time, the “**Trust Deed**”) and (where applicable) the Perpetual Securities are issued with the benefit of a deed of covenant (as amended and supplemented from time to time, the “**Deed of Covenant**”) dated 30 March 2016, relating to the Perpetual Securities executed by the Issuer.

These terms and conditions (the “**Conditions**”) include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Perpetual Securities and Coupons referred to below. The Issuer has entered into an agency agreement dated 2 February 2012 made between (1) CMPL, as issuer, (2) RBC Dexia Trust Services Singapore Limited (in its capacity as trustee of CIT), as guarantor, (3) British and Malayan Trustees Limited, as issuing and paying agent (in such capacity, the “**Issuing and Paying Agent**” and, together with any other paying agents that may be appointed, the “**Paying Agents**”), (4) British and Malayan Trustees Limited, as agent bank (in such capacity, the “**Agent Bank**”) and (5) the Trustee, as trustee (as amended and restated by an amendment and restatement agreement dated 30 March 2016 made between (1) CMPL and the Issuer, as issuers, (2) the Guarantor, as guarantor, (3) the Issuing and

Paying Agent, as issuing and paying agent, (4) the Agent Bank, as agent bank, and (5) the Trustee, as trustee, and as further amended and supplemented from time to time, the “**Agency Agreement**”).

The Perpetual Securityholders (as defined below) and the holders of the distribution coupons (the “**Coupons**”) appertaining to the Perpetual Securities (the “**Couponholders**”) are bound by and are deemed to have notice of all of the provisions of the Trust Deed, the Agency Agreement and the Deed of Covenant.

Perpetual Securities shall only be issued by the CIT Trustee. References in these Conditions to the Issuer shall only refer to the CIT Trustee in its capacity as issuer of the Perpetual Securities. Copies of the Trust Deed, the Agency Agreement and the Deed of Covenant are available for inspection at the principal office of the Trustee for the time being and at the specified office of the Issuing and Paying Agent for the time being.

## **1. Form, Denomination and Title**

### **(a) Form and Denomination**

- (i) The Perpetual Securities of the Series (as defined below) of which this Perpetual Security forms part (in these Conditions, the “**Perpetual Securities**”) are issued in bearer form in each case in the Denomination Amount shown hereon.
- (ii) This Perpetual Security is a Fixed Rate Perpetual Security or a Floating Rate Perpetual.
- (iii) Security (depending upon the Distribution Basis shown on its face).
- (iv) Perpetual Securities are serially numbered and issued with Coupons attached.

### **(b) Title**

- (i) Title to the Perpetual Securities and the Coupons appertaining thereto shall pass by delivery.
- (ii) Except as ordered by a court of competent jurisdiction or as required by law, the holder of any Perpetual Security or Coupon shall be deemed to be and may be treated as the absolute owner of such Perpetual Security or of such Coupon, as the case may be, for the purpose of receiving payment thereof or on account thereof and for all other purposes, whether or not such Perpetual Security or Coupon shall be overdue and notwithstanding any notice of ownership, theft, loss or forgery thereof or any writing thereon made by anyone, and no person shall be liable for so treating the holder.
- (iii) For so long as any of the Perpetual Securities is represented by a Global Security (as defined below) and such Global Security is held by a common depository for Euroclear Bank S.A./N.V. (“**Euroclear**”) and/or Clearstream Banking S.A. (“**Clearstream, Luxembourg**”) and/or The Central Depository (Pte) Limited (the “**Depository**”), each person who is for the time being shown in the records of Euroclear, Clearstream, Luxembourg and/or the Depository as the holder of a particular principal amount of such Perpetual Securities (in which regard any certificate or other document issued by Euroclear, Clearstream, Luxembourg and/or the Depository as to the principal amount of such Perpetual Securities standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Issuing and Paying Agent, the Agent Bank, all other agents of the Issuer and the Trustee as the holder of such principal amount of Perpetual Securities other than with respect to the payment of principal, premium, interest, distribution, redemption,



purchase and/or any other amounts in respect of the Perpetual Securities, for which purpose the bearer of the Global Security shall be treated by the Issuer, the Issuing and Paying Agent, the Agent Bank, all other agents of the Issuer and the Trustee as the holder of such Perpetual Securities in accordance with and subject to the terms of the Global Security (and the expressions “**Perpetual Securityholder**” and “**holder of Perpetual Securities**” and related expressions shall be construed accordingly). Perpetual Securities which are represented by the Global Security will be transferable only in accordance with the rules and procedures for the time being of Euroclear, Clearstream, Luxembourg and/or the Depository. For so long as any of the Perpetual Securities is represented by a Global Security and such Global Security is held by the Depository, the record date for the purposes of determining entitlements to any payment of principal, distribution and any other amounts in respect of the Perpetual Security shall, unless otherwise specified by the Issuer, be the date falling five business days prior to the relevant payment date (or such other date as may be prescribed by CDP).

- (iv) In these Conditions, “**Global Security**” means the relevant Temporary Global Security representing each Series or the relevant Permanent Global Security representing each Series, “**Perpetual Securityholder**” means the bearer of any Definitive Security and “**holder**” (in relation to a Definitive Security or Coupon) means the bearer of any Definitive Security or Coupon, “**Series**” means a Tranche, together with any further Tranche or Tranches, which are (a) expressed to be consolidated and forming a single series and (b) identical in all respects (including as to listing) except for their respective issue dates, issue prices and/or dates of the first payment of distribution and “**Tranche**” means Perpetual Securities which are identical in all respects (including as to listing).
- (v) Words and expressions defined in the Trust Deed or used in the applicable Pricing Supplement (as defined in the Trust Deed) shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Trust Deed and the applicable Pricing Supplement, the applicable Pricing Supplement will prevail.

## 2. Status

- (a) **Senior Perpetual Securities:** This Condition 2(a) applies to Perpetual Securities that are Senior Perpetual Securities (being the Perpetual Securities that specify their status as senior in the applicable Pricing Supplement). The Senior Perpetual Securities and Coupons relating to them constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and 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.
- (b) **Subordinated Perpetual Securities:** This Condition 2(b) applies to Perpetual Securities that are Subordinated Perpetual Securities (being the Perpetual Securities that specify their status as subordinated in the applicable Pricing Supplement).

- (i) **Status of Subordinated Perpetual Securities**

The Subordinated Perpetual Securities and Coupons relating to them constitute direct, unconditional, subordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu*, without any preference or priority among themselves and *pari passu* with any Parity Obligations of the Issuer. The rights and claims of the Perpetual Securityholders and Couponholders in respect of the Subordinated Perpetual Securities are subordinated as provided in this Condition 2(b).

In these Conditions, “**Parity Obligation**” means any instrument or security (including without limitation any preference units in CIT) issued, entered into or guaranteed by the Issuer (1) which ranks or is expressed to rank, by its terms or by operation of law, *pari passu* with a CIT Notional Preferred Unit (as defined below) and (2) the terms of which provide that the making of payments thereon or distributions in respect thereof are fully at the discretion of the Issuer and/or, in the case of an instrument or security guaranteed by the Issuer, the issuer thereof.

(ii) **Ranking of claims on Winding-Up**

Subject to the insolvency laws of Singapore and other applicable laws, in the event of the Winding-Up (as defined below) of CIT, there shall be payable by the Issuer in respect of each Subordinated Perpetual Security (in lieu of any other payment by the Issuer), such amount, if any, as would have been payable to such Perpetual Securityholder if, on the day prior to the commencement of the Winding-Up of CIT, and thereafter, such Perpetual Securityholder were the holder of one of a class of preferred units in the capital of CIT (and if more than one class of preferred units is outstanding, the most junior ranking class of such preferred units) (the “**CIT Notional Preferred Units**”) having an equal right to return of assets in the Winding-Up of CIT and so ranking *pari passu* with the holders of that class or classes of preferred units (if any) which have a preferential right to return of assets in the Winding-Up of CIT, and so rank ahead of, the holders of Junior Obligations of the Issuer, but junior to the claims of all other present and future creditors of the Issuer (other than Parity Obligations of the Issuer), on the assumption that the amount that such Perpetual Securityholder was entitled to receive in respect of each CIT Notional Preferred Unit on a return of assets in such Winding-Up of CIT were an amount equal to the principal amount (and any applicable premium outstanding) of the relevant Subordinated Perpetual Security together with distributions including any Arrears of Distribution (as defined in Condition 3(IV)(c)) and any Additional Distribution Amount (as defined in Condition 3(IV)(c)) accrued and unpaid since the immediately preceding Distribution Payment Date (as defined in Condition 3(II)(a)) or the Issue Date (as the case may be) and any unpaid Optional Distributions (as defined in Condition 3(IV)(c)) in respect of which the Issuer has given notice to the Perpetual Securityholders in accordance with these Conditions.

In these Conditions, “**Junior Obligation**” means any class of equity capital in CIT and any instrument or security issued, entered into or guaranteed by the Issuer, other than any instrument or security (including without limitation any preferred units) ranking in priority in payment and in all other respects to the ordinary units of CIT.

(iii) **No set-off**

Subject to applicable law, no holder of Subordinated Perpetual Securities or any Coupons relating to them may exercise, claim or plead any right of set-off, deduction, withholding, counterclaim, compensation or retention in respect of any amount owed to it by the Issuer in respect of, or arising under or in connection with the Subordinated Perpetual Securities or Coupons relating to them, and each holder of Subordinated Perpetual Securities or any Coupons relating to them shall, by virtue of his holding of any Subordinated Perpetual Securities or Coupons relating to them, be deemed to have waived all such rights of set-off, deduction, withholding, counterclaim, compensation or retention against the Issuer. Notwithstanding the preceding sentence, if at any time any Perpetual Securityholder receives payment or benefit of any sum in respect of, or arising under or in connection with the Subordinated Perpetual Securities or Coupons relating to them (including any benefit received pursuant to any set-off, deduction, withholding, counterclaim, compensation or retention) other than in accordance with the Conditions, the payment of such sum or receipt of such benefit shall, to the fullest extent

permitted by law, be deemed void for all purposes and such holder of Subordinated Perpetual Securities or any Coupons relating to them shall, subject to applicable law, immediately pay an amount equal to the amount of such discharge to the Issuer (or, in the event of CIT's Winding-Up, the liquidator of CIT) and, until such time as payment is made, shall hold such amount in trust for the Issuer (or the liquidator of CIT) and accordingly any such discharge shall be deemed not to have taken place.

### **3. Distribution and other Calculations**

#### **(I) Distribution on Fixed Rate Perpetual Securities**

##### **(a) Distribution Rate and Accrual**

Each Fixed Rate Perpetual Security confers a right to receive distribution on its Calculation Amount (as defined in Condition 3(II)(c)) from the Distribution Commencement Date (as defined in Condition 3(II)(c)) in respect thereof and as shown on the face of such Perpetual Security at the rate per annum (expressed as a percentage) equal to the Distribution Rate (as defined in Condition 3(II)(c)) shown on the face of such Perpetual Security payable in arrear on each Distribution Payment Date or Distribution Payment Dates shown on the face of such Perpetual Security in each year.

The first payment of distribution will be made on the Distribution Payment Date next following the Distribution Commencement Date (and if the Distribution Commencement Date is not a Distribution Payment Date, will amount to the Initial Broken Amount shown on the face of such Perpetual Security).

Distribution will cease to accrue on each Fixed Rate Perpetual Security from the due date for redemption thereof unless, upon due presentation and subject to the provisions of the Trust Deed, payment of the Redemption Amount shown on the face of the Perpetual Security is improperly withheld or refused, in which event distribution at such rate will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 3(I) to the Relevant Date (as defined in Condition 6).

##### **(b) Distribution Rate**

The Distribution Rate applicable to each Fixed Rate Perpetual Security shall be:

- (i) (if no Reset Date is specified in the applicable Pricing Supplement).
  - (1) if no Step-Up Margin is specified in the applicable Pricing Supplement, the rate shown on the face of such Perpetual Security; or
  - (2) if a Step-Up Margin is specified in the applicable Pricing Supplement, (A) for the period from (and including) the Distribution Commencement Date to (but excluding) the Step-Up Date specified in the applicable Pricing Supplement, the rate shown on the face of such Perpetual Security and (B) for the period from (and including) the Step-Up Date specified in the applicable Pricing Supplement, the rate shown on the face of such Perpetual Security plus the Step-Up Margin (as specified in the applicable Pricing Supplement); and
- (ii) (if a Reset Date is specified in the applicable Pricing Supplement) (1) for the period from (and including) the Distribution Commencement Date to (but excluding) the First Reset Date specified in the applicable Pricing Supplement, the rate shown on the face of such Perpetual Security and (2) for the period from (and including) the

First Reset Date and each Reset Date (as specified in the applicable Pricing Supplement) falling thereafter to (but excluding) the immediately following Reset Date, the Reset Distribution Rate.

For the purpose of these Conditions:

**“Reset Distribution Rate”** means the Swap Offer Rate or such other Relevant Rate to be specified in the applicable Pricing Supplement with respect to the relevant Reset Date plus the Initial Spread (as specified in the applicable Pricing Supplement) plus the Step-Up Margin (if applicable, as specified in the applicable Pricing Supplement); and

**“Swap Offer Rate”** means:

- (aa) the rate per annum (expressed as a percentage) notified by the Agent Bank to the Issuer equal to the swap offer rate published by the Association of Banks in Singapore (or such other equivalent body) for a period equal to the duration of the Reset Period specified in the applicable Pricing Supplement on the second business day prior to the relevant Reset Date (the **“Reset Determination Date”**);
- (bb) if on the Reset Determination Date, there is no swap offer rate published by the Association of Banks in Singapore (or such other equivalent body), the Agent Bank will determine the swap offer rate for such Reset Period (determined by the Agent Bank to be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) of the rates (excluding the highest and the lowest rates) which appears on Page TPIS on the monitor of the Bloomberg Agency under the caption “Tullett Prebon – Rates – Interest Rate Swaps – Asia Pac – SGD” and the column headed “Ask” (or if the Agent Bank determines that such page has ceased to be the commonly accepted page for determining the swap offer rate, such other replacement page as may be specified by the Agent Bank after taking into account the industry practice at that relevant time and the recommendations by the Association of Banks in Singapore (or such other equivalent body)) at the close of business on each of the five consecutive business days prior to and ending on the Reset Determination Date);
- (cc) if on the Reset Determination Date, rates are not available on Page TPIS on the monitor of the Bloomberg Agency under the caption “Tullett Prebon – Rates – Interest Rate Swaps – Asia Pac – SGD” and the column headed “Ask” (or if the Agent Bank determines that such page has ceased to be the commonly accepted page for determining the swap offer rate, such other replacement page as may be specified by the Agent Bank after taking into account the industry practice at that relevant time and the recommendations by the Association of Banks in Singapore (or such other equivalent body)) at the close of business on one or more of the said five consecutive business days prior to and ending on the Reset Determination Date, the swap offer rate will be the rate per annum notified by the Agent Bank to the Issuer equal to the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) of the rates which are available in such five-consecutive-business-day period or, if only one rate is available in such five-consecutive-business-day period, such rate; and

(dd) if on the Reset Determination Date, no rate is available on Page TPIS on the monitor of the Bloomberg Agency under the caption “Tullett Prebon – Rates – Interest Rate Swaps – Asia Pac – SGD” and the column headed “Ask” (or if the Agent Bank determines that such page has ceased to be the commonly accepted page for determining the swap offer rate, such other replacement page as may be specified by the Agent Bank after taking into account the industry practice at that relevant time and the recommendations by the Association of Banks in Singapore (or such other equivalent body)) at the close of business in such five-consecutive-business-day period, the Agent Bank will request the principal Singapore offices of the Reference Banks to provide the Agent Bank with quotation(s) of their swap offer rates for a period equivalent to the duration of the Reset Period at the close of business on the Reset Determination Date. The swap offer rate for such Reset Period shall be the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) of such offered quotations, as determined by the Agent Bank or, if only one of the Reference Banks provides the Agent Bank with such quotation, such rate quoted by that Reference Bank.

**(c) Calculation of Reset Distribution Rate**

The Agent Bank will, on the second business day prior to each Reset Date, determine the applicable Reset Distribution Rate payable in respect of each Perpetual Security. The Agent Bank will cause the applicable Reset Distribution Rate to be notified to the Issuing and Paying Agent, the Trustee, the Issuer and Cambridge Industrial Trust Management Limited (in its capacity as manager of CIT) (the “**CIT Manager**”) as soon as practicable after their determination but in no event later than the fourth business day thereafter. All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 3 by the Agent Bank will (in the absence of manifest error) be binding on the Issuer, the Paying Agents and the Perpetual Securityholders.

**(d) Publication of relevant Reset Distribution Rate**

The Issuer shall cause notice of the then applicable Reset Distribution Rate to be notified to the Perpetual Securityholders in accordance with Condition 13 as soon as possible after their determination.

**(e) Determination or Calculation by Trustee**

If the Agent Bank does not at any material time for any reason so determine or calculate the applicable Reset Distribution Rate, the Trustee shall do so and such determination or calculation shall be deemed to have been made by the Agent Bank. In doing so, the Trustee shall apply the provisions of this Condition 3(I), with any necessary consequential amendments, to the extent that, in its opinion, it can do so and, in all other respects, it shall do so in such manner as it shall deem fair and reasonable in all the circumstances.

**(f) Calculations**

In the case of a Fixed Rate Perpetual Security, distribution in respect of a period of less than one year will be calculated on the Day Count Fraction (as defined in Condition 3(II)(c)) specified hereon. The amount of distribution payable per Calculation Amount in respect of a Fixed Rate Distribution Period, for any Fixed Rate Perpetual Security shall

be calculated by multiplying the product of the Distribution Rate and the Calculation Amount, by the Day Count Fraction shown on the face of such Perpetual Security and rounding the resultant figure to the nearest sub-unit of the Relevant Currency.

For the purposes of these Conditions, “**Fixed Rate Distribution Period**” means the period beginning on (and including) the Distribution Commencement Date and ending on (but excluding) the first Distribution Payment Date and each successive period beginning on (and including) a Distribution Payment Date and ending on (but excluding) the next succeeding Distribution Payment Date.

**(II) Distribution on Floating Rate Perpetual Securities**

**(a) Distribution Payment Dates**

Each Floating Rate Perpetual Security confers a right to receive distribution on its Calculation Amount from the Distribution Commencement Date in respect thereof and as shown on the face of such Perpetual Security, and such distribution will be payable in arrear on each distribution payment date (“**Distribution Payment Date**”). Such Distribution Payment Date(s) is/are either shown hereon as Specified Distribution Payment Date(s) or, if no Specified Distribution Payment Date(s) is/are shown hereon, Distribution Payment Date shall mean each date which (save as mentioned in these Conditions) falls the number of months specified as the Distribution Period on the face of the Perpetual Security (the “**Specified Number of Months**”) after the preceding Distribution Payment Date or, in the case of the first Distribution Payment Date, after the Distribution Commencement Date (and which corresponds numerically with such preceding Distribution Payment Date or the Distribution Commencement Date, as the case may be). If any Distribution Payment Date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a business day (as defined in Condition 3(II)(c)), then if the Business Day Convention specified is (1) the Floating Rate Business Day Convention, such date shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month, in which event (i) such date shall be brought forward to the immediately preceding business day and (ii) each subsequent such date shall be the last business day of the month in which such date would have fallen had it not been subject to adjustment, (2) the Following Business Day Convention, such date shall be postponed to the next day that is a business day, (3) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a business day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding business day or (4) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding business day.

The period beginning on (and including) the Distribution Commencement Date and ending on (but excluding) the first Distribution Payment Date and each successive period beginning on (and including) a Distribution Payment Date and ending on (but excluding) the next succeeding Distribution Payment Date is herein called a “**Distribution Period**”.

Distribution will cease to accrue on each Floating Rate Perpetual Security from the due date for redemption thereof unless, upon due presentation and subject to the provisions of the Trust Deed, payment of the Redemption Amount is improperly withheld or refused, in which event distribution will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 3(II) to the Relevant Date.

**(b) Rate of Distribution – Floating Rate Perpetual Securities**

- (i) Each Floating Rate Perpetual Security confers a right to receive distribution on its Calculation Amount at a floating rate determined by reference to a Benchmark as stated on the face of such Floating Rate Perpetual Security, being (in the case of Perpetual Securities which are denominated in Singapore dollars) SIBOR (in which case such Perpetual Security will be a SIBOR Perpetual Security) or Swap Rate (in which case such Perpetual Security will be a Swap Rate Perpetual Security) or in any other case (or in the case of Perpetual Securities which are denominated in a currency other than Singapore dollars) such other Benchmark as is set out on the face of such Perpetual Security.

Such floating rate may be adjusted by adding or subtracting the Spread (if any) and the Step-Up Spread (if any) stated on the face of such Perpetual Security. The “Spread” and the “Step-Up Spread” are the percentage rates per annum specified on the face of such Perpetual Security as being applicable to the rate of distribution for such Perpetual Security. The rate of distribution so calculated shall be subject to Condition 3(III)(a) below.

The rate of distribution payable in respect of a Floating Rate Perpetual Security from time to time is referred to in these Conditions as the “**Rate of Distribution**”.

- (ii) The Rate of Distribution payable from time to time in respect of each Floating Rate Perpetual Security will be determined by the Agent Bank on the basis of the following provisions:

- (1) in the case of Floating Rate Perpetual Securities which are SIBOR Perpetual Securities:

(A) the Agent Bank will, at or about the Relevant Time (as defined in Condition 3(II)(c)) on the relevant Distribution Determination Date in respect of each Distribution Period, determine the Rate of Distribution for such Distribution Period which shall be the offered rate for deposits in Singapore dollars for a period equal to the duration of such Distribution Period which appears on Page ABSI on the monitor of the Bloomberg agency under the caption “ASSOCIATION OF BANKS IN SG – SWAP OFFER AND SIBOR FIXING RATES – RATES AT 11:00 AM SINGAPORE TIME” and under the column headed “SGD SIBOR” (or such other replacement page thereof for the purpose of displaying SIBOR or such other Screen Page (as defined in Condition 3(II)(c)) as may be provided hereon) and as adjusted by the Spread (if any) and the Step-Up Spread (if any);

(B) if on any Distribution Determination Date no such rate appears on Page ABSI on the monitor of the Bloomberg agency (or such other replacement page thereof), the Agent Bank will determine the Rate of Distribution for such Distribution Period which shall be the rate which appears on the Reuters Screen ABSIRFIX01 Page under the caption “ABS SIBOR FIX – SIBOR AND SWAP OFFER RATES – RATES AT 11:00 HRS SINGAPORE TIME” and under the column headed “SGD SIBOR” (or such other replacement page thereof) at or about the Relevant Time on such Distribution Determination Date and as adjusted by the Spread (if any) and the Step-Up Spread (if any);

- (C) if on any Distribution Determination Date no such rate appears on the Reuters Screen ABSIRFIX01 Page (or such other replacement page thereof or such other Screen Page as may be provided hereon) or if the Reuters Screen ABSIRFIX01 Page (or such other replacement page thereof or such other Screen Page as may be provided hereon) is unavailable for any reason, the Agent Bank will request the principal Singapore offices of each of the Reference Banks to provide the Agent Bank with the rate at which deposits in Singapore dollars are offered by it at approximately the Relevant Time on the Distribution Determination Date to prime banks in the Singapore interbank market for a period equivalent to the duration of such Distribution Period commencing on such Distribution Payment Date in an amount comparable to the aggregate principal amount of the relevant Floating Rate Perpetual Securities. The Rate of Distribution for such Distribution Period shall be the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) of such offered quotations and as adjusted by the Spread (if any) and the Step-Up Spread (if any), as determined by the Agent Bank;
  - (D) if on any Distribution Determination Date, two but not all the Reference Banks provide the Agent Bank with such quotations, the Rate of Distribution for the relevant Distribution Period shall be determined in accordance with (C) above on the basis of the quotations of those Reference Banks providing such quotations; and
  - (E) if on any Distribution Determination Date, one only or none of the Reference Banks provides the Agent Bank with such quotation, the Rate of Distribution for the relevant Distribution Period shall be the rate per annum which the Agent Bank determines to be the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) of the prime lending rates for Singapore dollars quoted by the Reference Banks at or about the Relevant Time on such Distribution Determination Date and as adjusted by the Spread (if any) and the Step-Up Spread (if any);
- (2) in the case of Floating Rate Perpetual Securities which are Swap Rate Perpetual Securities:
- (A) the Agent Bank will, at or about the Relevant Time on the relevant Distribution Determination Date in respect of each Distribution Period, determine the Rate of Distribution for such Distribution Period which shall be the Average Swap Rate for such Distribution Period (determined by the Agent Bank as being the rate which appears on Page ABSI on the monitor of the Bloomberg agency under the caption "ASSOCIATION OF BANKS IN SG – SWAP OFFER AND SIBOR FIXING RATES – RATES AT 11:00 AM London Time" and under the column headed "SGD SWAP OFFER" (or such other page as may replace Page ABSI for the purpose of displaying the swap rates of leading reference banks) at or about the Relevant Time on such Distribution Determination Date and for a period equal to the duration of such Distribution Period) and as adjusted by the Spread (if any) and the Step-Up Spread (if any);
  - (B) if on any Distribution Determination Date, no such rate appears on Page ABSI on the monitor of the Bloomberg agency (or such other replacement page thereof), the Agent Bank will determine the Rate of Distribution for such Distribution Period which shall be the Average



Swap Rate for such Distribution Period (determined by the Agent Bank as being the rate which appears on the Reuters Screen ABSFIX01 Page under the caption "SGD SOR rates as of 11:00 hrs London Time" and under the column headed "SGD SOR" (or such other page as may replace the Reuters Screen ABSFIX01 Page for the purpose of displaying the swap rates of leading reference banks) at or about the Relevant Time on such Distribution Determination Date and for a period equal to the duration of such Distribution Period) and as adjusted by the Spread (if any) and the Step-Up Spread (if any); and

(C) if on any Distribution Determination Date, the Agent Bank is otherwise unable to determine the Rate of Distribution under paragraphs (b)(ii)(2)(A) and (b)(ii)(2)(B) above, the Rate of Distribution for the relevant Distribution Period shall be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) of the prime lending rates for Singapore dollars quoted by the Reference Banks at or about the Relevant Time on such Distribution Determination Date and as adjusted by the Spread (if any) and the Step-Up Spread (if any); and

(3) in the case of Floating Rate Perpetual Securities which are not SIBOR Perpetual Securities or Swap Rate Perpetual Securities or which are denominated in a currency other than Singapore dollars, the Agent Bank will determine the Rate of Distribution in respect of any Distribution Period at or about the Relevant Time on the Distribution Determination Date in respect of such Distribution Period as follows:

(A) if the Primary Source (as defined in Condition 3(II)(c)) for the Floating Rate is a Screen Page, subject as provided below, the Rate of Distribution in respect of such Distribution Period shall be:

(aa) the Relevant Rate (as defined in Condition 3(II)(c)) (where such Relevant Rate on such Screen Page is a composite quotation or is customarily supplied by one entity); or

(bb) the arithmetic mean of the Relevant Rates of the persons whose Relevant Rates appear on that Screen Page, in each case appearing on such Screen Page at the Relevant Time on the Distribution Determination Date,

and as adjusted by the Spread (if any) and the Step-Up Spread (if any);

(B) if the Primary Source for the Floating Rate is Reference Banks or if paragraph (b)(ii)(3)(A)(aa) applies and no Relevant Rate appears on the Screen Page at the Relevant Time on the Distribution Determination Date or if paragraph (b)(ii)(3)(A)(bb) applies and fewer than two Relevant Rates appear on the Screen Page at the Relevant Time on the Distribution Determination Date, subject as provided below, the Rate of Distribution shall be the rate per annum which the Agent Bank determines to be the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) of the Relevant Rates that each of the Reference Banks is quoting to leading banks in the Relevant Financial Centre (as defined in Condition 3(II)(c)) at the Relevant Time on the Distribution Determination Date and as adjusted by the Spread (if any) and the Step-Up Spread (if any); and

- (C) if paragraph (b)(ii)(3)(B) applies and the Agent Bank determines that fewer than two Reference Banks are so quoting Relevant Rates, the Rate of Distribution shall be the Rate of Distribution determined on the previous Distribution Determination Date.
- (iii) On the last day of each Distribution Period, the Issuer will pay distribution on each Floating Rate Perpetual Security to which such Distribution Period relates at the Rate of Distribution for such Distribution Period.
- (iv) If the applicable Pricing Supplement specifies a Minimum Rate of Distribution for any Distribution Period, then, in the event that the Rate of Distribution in respect of such Distribution Period determined in accordance with this Condition 3(II)(b) is less than such Minimum Rate of Distribution, the Rate of Distribution for such Distribution Period shall be such Minimum Rate of Distribution.
- (v) For the avoidance of doubt, in the event that the Rate of Distribution in relation to any Distribution Period is less than zero, the Rate of Distribution in relation to such Distribution Period shall be equal to zero.

**(c) Definitions**

As used in these Conditions:

**“Benchmark”** means the rate specified as such in the applicable Pricing Supplement;

**“business day”** means, in respect of each Perpetual Security, (a) a day (other than a Saturday, Sunday or gazetted public holiday) on which Euroclear, Clearstream, Luxembourg and the Depository, as applicable, are operating, (b) a day (other than a Saturday, Sunday or gazetted public holiday) on which banks and foreign exchange markets are open for general business in the country of the Issuing and Paying Agent’s specified office and (c) (if a payment is to be made on that day) (i) (in the case of Perpetual Securities denominated in Singapore dollars) a day (other than a Saturday, Sunday or gazetted public holiday) on which banks and foreign exchange markets are open for general business in Singapore, (ii) (in the case of Perpetual Securities denominated in Euro) a day (other than a Saturday, Sunday or gazetted public holiday) on which the TARGET System is open for settlement in Euro and (iii) (in the case of Perpetual Securities denominated in a currency other than Singapore dollars and Euro) a day (other than a Saturday, Sunday or gazetted public holiday) on which banks and foreign exchange markets are open for general business in Singapore and in the principal financial centre for that currency;

**“Calculation Amount”** means the amount specified as such on the face of any Perpetual Security or, if no such amount is so specified, the Denomination Amount of such Perpetual Security as shown on the face thereof;

**“Day Count Fraction”** means, in respect of the calculation of an amount of distribution in accordance with Condition 3:

- (i) if “Actual/Actual” is specified in the applicable Pricing Supplement, the actual number of days in (in the case of Fixed Rate Perpetual Securities) the Fixed Rate Distribution Period or (in the case of Floating Rate Perpetual Securities) the Distribution Period divided by 365 (or, if any portion of that Fixed Rate Distribution Period or, as the case may be, Distribution Period falls in a leap year, the sum of (1) the actual number of days in that portion of the Fixed Rate Distribution Period or, as the case may be, Distribution Period falling in a leap year divided by 366 and

- (2) the actual number of days in that portion of the Fixed Rate Distribution Period or, as the case may be, Distribution Period falling in a non-leap year divided by 365);
- (ii) if “Actual/360” is specified in the applicable Pricing Supplement, the actual number of days in (in the case of Fixed Rate Perpetual Securities) the Fixed Rate Distribution Period or (in the case of Floating Rate Perpetual Securities) the Distribution Period in respect of which payment is being made divided by 360; and
- (iii) if “Actual/365 (Fixed)” is specified in the applicable Pricing Supplement, the actual number of days in (in the case of Fixed Rate Perpetual Securities) the Fixed Rate Distribution Period or (in the case of Floating Rate Perpetual Securities) the Distribution Period in respect of which payment is being made divided by 365;

“**Distribution Commencement Date**” means the Issue Date or such other date as may be specified as the Distribution Commencement Date on the face of such Perpetual Security;

“**Distribution Determination Date**” means, in respect of any Distribution Period, that number of business days prior thereto as is set out in the applicable Pricing Supplement or on the face of the relevant Perpetual Security;

“**Distribution Rate**” means the distribution rate payable from time to time in respect of this Perpetual Security and that is either specified or calculated in accordance with the provisions hereon;

“**Euro**” means the lawful currency of the member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended from time to time;

“**Primary Source**” means the Screen Page specified as such in the applicable Pricing Supplement and (in the case of any Screen Page provided by any information service other than the Bloomberg agency or the Reuters Monitor Money Rates Service (“**Reuters**”)) agreed to by the Agent Bank;

“**Reference Banks**” means the institutions specified as such in the applicable Pricing Supplement or, if none, three major banks selected by the Agent Bank (in consultation with the Issuer) in the interbank market that is most closely connected with the Benchmark;

“**Relevant Currency**” means the currency in which the Perpetual Securities are denominated;

“**Relevant Financial Centre**” means, in the case of distribution to be determined on a Distribution Determination Date with respect to any Floating Rate Perpetual Security, the financial centre with which the relevant Benchmark is most closely connected or, if none is so connected, Singapore;

“**Relevant Rate**” means the Benchmark for a Calculation Amount of the Relevant Currency for a period (if applicable or appropriate to the Benchmark) equal to the relevant Distribution Period;

**“Relevant Time”** means, with respect to any Distribution Determination Date, the local time in the Relevant Financial Centre at which it is customary to determine bid and offered rates in respect of deposits in the Relevant Currency in the inter-bank market in the Relevant Financial Centre;

**“Screen Page”** means such page, section, caption, column or other part of a particular information service (including, but not limited to, the Bloomberg agency and Reuters) as may be specified hereon for the purpose of providing the Benchmark, or such other page, section, caption, column or other part as may replace it on that information service or on such other information service, in each case as may be nominated by the person or organisation providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Benchmark; and

**“TARGET System”** means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET 2) System which was launched on 19 November 2007 or any successor thereto.

### **(III) Calculations**

#### **(a) Determination of Rate of Distribution and Calculation of Distribution Amounts**

The Agent Bank will, as soon as practicable after the Relevant Time on each Distribution Determination Date determine the Rate of Distribution and calculate the amount of distribution payable (the **“Distribution Amounts”**) in respect of each Calculation Amount of the relevant Floating Rate Perpetual Securities for the relevant Distribution Period. The amount of distribution payable per Calculation Amount in respect of any Floating Rate Perpetual Security shall be calculated by multiplying the product of the Rate of Distribution and the Calculation Amount, by the Day Count Fraction shown on the face of such Perpetual Security and rounding the resultant figure to the nearest sub-unit of the Relevant Currency. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Agent Bank shall (in the absence of manifest error) be final and binding upon all parties.

#### **(b) Notification**

The Agent Bank will cause the Rate of Distribution and the Distribution Amounts for each Distribution Period and the relevant Distribution Payment Date to be notified to the Issuing and Paying Agent, the Trustee and the Issuer as soon as possible after their determination but in no event later than the fourth business day thereafter. In the case of Floating Rate Perpetual Securities, the Agent Bank will also cause the Rate of Distribution and the Distribution Amounts for each Distribution Period and the relevant Distribution Payment Date to be notified to Perpetual Securityholders in accordance with Condition 13 as soon as possible after their determination. The Distribution Amounts and the Distribution Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Distribution Period by reason of any Distribution Payment Date not being a business day. If an Enforcement Event (as defined in Condition 8(b)) occurs in relation to the Floating Rate Perpetual Securities, the Rate of Distribution and Distribution Amounts payable in respect of the Floating Rate Perpetual Securities shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Distribution and Distribution Amounts need to be made unless the Trustee requires otherwise.

**(c) Determination or Calculation by the Trustee**

If the Agent Bank does not at any material time determine or calculate the Rate of Distribution for a Distribution Period or any Distribution Amount, the Trustee shall do so. In doing so, the Trustee shall apply the foregoing provisions of this Condition, with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and, in all other respects, it shall do so in such manner as it shall deem fair and reasonable in all the circumstances.

**(d) Agent Bank and Reference Banks**

The Issuer will procure that, so long as any Floating Rate Perpetual Security remains outstanding (as defined in the Trust Deed), there shall at all times be three Reference Banks (or such other number as may be required) and, so long as any Floating Rate Perpetual Security remains outstanding, there shall at all times be an Agent Bank. If any Reference Bank (acting through its relevant office) is unable or unwilling to continue to act as a Reference Bank or the Agent Bank is unable or unwilling to act as such or if the Agent Bank fails duly to establish the Rate of Distribution for any Distribution Period or to calculate the Distribution Amounts, the Issuer will appoint another bank with an office in the Relevant Financial Centre to act as such in its place. The Agent Bank may not resign from its duties without a successor having been appointed as aforesaid.

**(IV) Distribution Discretion**

**(a) Optional Payment**

If Optional Payment is set out hereon, the Issuer may, at its sole discretion, elect not to pay a distribution (or to pay only part of a distribution) which is scheduled to be paid on a Distribution Payment Date by giving notice (an “**Optional Payment Notice**”) to the Trustee, the Issuing and Paying Agent and the Perpetual Securityholders (in accordance with Condition 13) not more than 15 nor less than three business days (or such other notice period as may be specified hereon) prior to a scheduled Distribution Payment Date.

If Dividend Pusher is set out hereon, the Issuer may not elect to defer any distribution if during the “Reference Period” (as specified in the applicable Pricing Supplement) ending on the day before that scheduled Distribution Payment Date, either or both of the following (each such event a “**Compulsory Distribution Payment Event**”) have occurred:

- (i) a discretionary dividend, distribution or other payment has been declared or paid on or in respect of any of the Issuer’s Junior Obligations or, in relation to Subordinated Perpetual Securities only, (except on a *pro-rata* basis) any of the Issuer’s Parity Obligations; or
- (ii) any of the Issuer’s Junior Obligations has been redeemed, reduced, cancelled, bought back or acquired for any consideration or, in relation to Subordinated Perpetual Securities only, (except on a *pro-rata* basis) any of the Issuer’s Parity Obligations has been redeemed, reduced, cancelled, bought back or acquired for any consideration, and/or as otherwise specified in the applicable Pricing Supplement,

in each case, other than (1) in connection with any employee benefit plan or similar arrangements with or for the benefit of employees, officers, consultants or directors of the Group (as defined in the Trust Deed) or (2) as a result of the exchange or conversion of Parity Obligations of the Issuer for Junior Obligations of the Issuer and/or as specified in the applicable Pricing Supplement.

**(b) No obligation to pay**

If Optional Payment is set out hereon and subject to Condition 3(IV)(c) and Condition 3(IV)(d), the Issuer shall have no obligation to pay any distribution on any Distribution Payment Date and any failure to pay a distribution in whole or in part shall not constitute a default of the Issuer in respect of the Perpetual Securities.

**(c) Non-Cumulative Deferral and Cumulative Deferral**

(i) If Non-Cumulative Deferral is set out hereon, any distribution deferred pursuant to this Condition 3(IV) is non-cumulative and will not accrue interest. The Issuer is not under any obligation to pay that or any other distributions that have not been paid in whole or in part. The Issuer may, at its sole discretion (and is not obliged to), and at any time, elect to pay an amount up to the amount of distribution which is unpaid (an “**Optional Distribution**”) in whole or in part by complying with the notice requirements in Condition 3(IV)(e). There is no limit on the number of times or the extent of the amount with respect to which the Issuer can elect not to pay distributions pursuant to this Condition 3(IV).

Any partial payment of outstanding Optional Distribution by the Issuer shall be shared by the holders of all outstanding Perpetual Securities and the Coupons related to them on a *pro-rata* basis.

(ii) If Cumulative Deferral is set out hereon, any distribution deferred pursuant to this Condition 3(IV) shall constitute “**Arrears of Distribution**”. The Issuer may, at its sole discretion (and is not obliged to), elect to (in the circumstances set out in Condition 3(IV)(a)) further defer any Arrears of Distribution by complying with the foregoing notice requirement applicable to any deferral of an accrued distribution. The Issuer is not subject to any limit as to the number of times distributions and Arrears of Distribution can or shall be deferred pursuant to this Condition 3(IV) except that this Condition 3(IV)(c) shall be complied with until all outstanding Arrears of Distribution have been paid in full.

(iii) If Additional Distribution is set out hereon, each amount of Arrears of Distribution shall bear interest as if it constituted the principal of the Perpetual Securities at the Distribution Rate or Rate of Distribution (as the case may be) and the amount of such interest (the “**Additional Distribution Amount**”) with respect to Arrears of Distribution shall be due and payable pursuant to this Condition 3 and shall be calculated by applying the applicable Distribution Rate or Rate of Distribution (as the case may be) to the amount of the Arrears of Distribution and otherwise *mutatis mutandis* as provided in the foregoing provisions of this Condition 3. The Additional Distribution Amount accrued up to any Distribution Payment Date shall be added, for the purpose of calculating the Additional Distribution Amount accruing thereafter, to the amount of Arrears of Distribution remaining unpaid on such Distribution Payment Date so that it will itself become Arrears of Distribution.

**(d) Restrictions in the case of Non-Payment**

If Dividend Stopper is set out hereon and on any Distribution Payment Date, payments of all distribution scheduled to be made on such date are not made in full by reason of this Condition 3(IV), the Issuer shall not and shall procure that none of the subsidiaries of CIT shall:

- (i) declare or pay any dividends, distributions or make any other payment on, and will procure that no dividend, distribution or other payment is made on, any of the Issuer's Junior Obligations or in relation to Subordinated Perpetual Securities only, (except on a *pro-rata* basis) any of the Issuer's Parity Obligations; or
- (ii) redeem, reduce, cancel, buy-back or acquire for any consideration and will procure that no redemption, reduction, cancellation, buy-back or acquisition for any consideration is made in respect of any of the Issuer's Junior Obligations or in relation to Subordinated Perpetual Securities only, (except on a *pro-rata* basis) any of the Issuer's Parity Obligations,

in each case, other than (1) in connection with any employee benefit plan or similar arrangements with or for the benefit of employees, officers, consultants or directors of the Group (as defined in the Trust Deed) or (2) as a result of the exchange or conversion of Parity Obligations of the Issuer for Junior Obligations of the Issuer unless and until (A) (if Cumulative Deferral is specified as being applicable in the applicable Pricing Supplement) the Issuer has satisfied in full all outstanding Arrears of Distribution, (B) (if Non-Cumulative Deferral is specified as being applicable in the applicable Pricing Supplement) a redemption of all the outstanding Perpetual Securities has occurred, the next scheduled distribution has been paid in full or an Optional Distribution equal to the amount of a distribution payable with respect to the most recent Distribution Payment Date that was unpaid in full or in part, has been paid in full or (C) the Issuer is permitted to do so by an Extraordinary Resolution (as defined in the Trust Deed) of the Perpetual Securityholders and/or as otherwise specified in the applicable Pricing Supplement.

**(e) Satisfaction of Optional Distribution or Arrears of Distribution**

The Issuer:

- (i) may, at its sole discretion (and is not obliged to), satisfy an Optional Distribution or Arrears of Distribution, as the case may be (in whole or in part) at any time by giving notice of such election to the Trustee, the Issuing and Paying Agent and the Perpetual Securityholders (in accordance with Condition 13) not more than 20 nor less than 15 business days (or such other notice period as may be specified hereon) prior to the relevant payment date specified in such notice (which notice is irrevocable and shall oblige the Issuer to pay the relevant Optional Distribution or Arrears of Distribution on the payment date specified in such notice); and
- (ii) in any event shall satisfy any outstanding Arrears of Distribution (in whole but not in part) on the earliest of:
  - (1) the date of redemption of the Perpetual Securities in accordance with the redemption events set out in Condition 4 (as applicable);
  - (2) the next Distribution Payment Date following the occurrence of a breach of Condition 3(IV)(d); and

- (3) the date such amount becomes due under Condition 8 or on a Winding-Up of CIT.

Any partial payment of an Optional Distribution or Arrears of Distribution, as the case may be, by the Issuer shall be shared by the Perpetual Securityholders of all outstanding Perpetual Securities on a *pro-rata* basis.

**(f) No default**

Notwithstanding any other provision in these Conditions, the non-payment of any distribution payment in accordance with this Condition 3(IV) shall not constitute a default for any purpose (including, without limitation, pursuant to Condition 8) on the part of the Issuer under the Perpetual Securities.

**4. Redemption and Purchase**

**(a) No Fixed Redemption Date**

The Perpetual Securities are perpetual securities in respect of which there is no fixed redemption date and the Issuer shall (subject to the provisions of Condition 2 and without prejudice to Condition 8), only have the right (but not the obligation) to redeem or purchase them in accordance with the following provisions of this Condition 4.

**(b) Redemption at the Option of the Issuer**

If so provided hereon, the Issuer may, on giving irrevocable notice to the Perpetual Securityholders falling within the Issuer's Redemption Option Period shown on the face hereof, redeem all or, if so provided, some of the Perpetual Securities at their Redemption Amount or integral multiples thereof and on the date or dates so provided. Any such redemption of Perpetual Securities shall be at their Redemption Amount, together with distribution accrued (including any Arrears of Distribution and any Additional Distribution Amount) to (but excluding) the date fixed for redemption.

All Perpetual Securities in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption of the Perpetual Securities, the notice to Perpetual Securityholders shall also contain the certificate numbers of the Perpetual Securities to be redeemed, which shall have been drawn by or on behalf of the Issuer in such place and in such manner as may be agreed between the Issuer and the Trustee, subject to compliance with any applicable laws. So long as the Perpetual Securities are listed on any Stock Exchange (as defined in the Trust Deed), the Issuer shall comply with the rules of such Stock Exchange in relation to the publication of any redemption of such Perpetual Securities.

**(c) Redemption for Taxation Reasons**

If so provided hereon, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified hereon, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount, (together with distribution (including any Arrears of Distribution and any Additional Distribution Amount) accrued to (but excluding) the date fixed for redemption), if:

- (i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 6, or increase the payment of such additional amounts, as a result of any



change in, or amendment to, the laws (or any regulations, rulings or other administrative pronouncements promulgated thereunder) of Singapore or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, regulations, rulings or other administrative pronouncements, which change or amendment is made public on or after the Issue Date or any other date specified in the Pricing Supplement or as a result of a position adopted by any political subdivision or any authority of or in Singapore having power to tax, which causes the Perpetual Securities to not qualify as “qualifying debt securities” for the purposes of the Income Tax Act, Chapter 134 of Singapore (“ITA”), which position is made public on or after the Issue Date or any other date specified in the Pricing Supplement; and

- (ii) such obligations cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Perpetual Securities then due.

Prior to the publication of any notice of redemption pursuant to this Condition 4(c), the Issuer shall deliver, or procure to be delivered to the Trustee and the Issuing and Paying Agent:

- (A) a certificate signed by a duly authorised signatory of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred; and
- (B) an opinion of independent legal, tax or other professional advisers of recognised standing to the effect that the Issuer has or is likely to become obliged to pay such additional amounts as a result of such change or amendment,

and the Trustee and the Issuing and Paying Agent shall be entitled to accept such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Perpetual Securityholders.

Upon the expiry of any such notice as is referred to in this Condition 4(c), the Issuer shall be bound to redeem the Perpetual Securities in accordance with this Condition 4(c).

**(d) Redemption for Accounting Reasons**

If so provided hereon, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified hereon, at any time on giving not less than 30 nor more than 60 days’ notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distribution (including any Arrears of Distribution and any Additional Distribution Amount) accrued to (but excluding) the date fixed for redemption) if, on such Distribution Payment Date or immediately before giving such notice, as a result of any changes or amendments to the Singapore Financial Reporting Standards issued by the Singapore Accounting Standards Council (as amended from time to time, the “**SFRS**”) or any other accounting standards that may replace SFRS for the purposes of the consolidated financial statements of CIT (the “**Relevant Accounting Standard**”), the Perpetual Securities will not or will no longer be recorded as “equity” of CIT pursuant to the Relevant Accounting Standard.

Prior to the publication of any notice of redemption pursuant to this Condition 4(d), the Issuer shall deliver, or procure to be delivered, to the Trustee and the Issuing and Paying Agent:

- (A) a certificate, signed by a duly authorised signatory of the Issuer, stating that the circumstances referred to above prevail and setting out the details of such circumstances; and
- (B) an opinion of the Issuer's independent auditors stating that the circumstances referred to above prevail and the date on which the relevant change or amendment to the Relevant Accounting Standard is due to take effect,

and the Trustee and the Issuing and Paying Agent shall be entitled to accept such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Perpetual Securityholders.

Upon the expiry of any such notice as is referred to in this Condition 4(d), the Issuer shall be bound to redeem the Perpetual Securities in accordance with this Condition 4(d).

**(e) Redemption for Tax Deductibility**

If so provided hereon, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified hereon, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distribution (including any Arrears of Distribution and any Additional Distribution Amount) accrued to (but excluding) the date fixed for redemption), if the Issuer satisfies the Trustee immediately before giving such notice that, as a result of:

- (i) any amendment to, or change in, the laws (or any rules or regulations thereunder) of Singapore or any political subdivision or any taxing authority thereof or therein which is enacted, promulgated, issued otherwise on or after the Issue Date;
- (ii) any amendment to, or change in, an official and binding interpretation of any such laws, rules or regulations by any legislative body, court, governmental agency or regulatory authority (including the enactment of any legislation and the publication of any judicial decision or regulatory determination) which is enacted, promulgated, issued otherwise on or after the Issue Date; or
- (iii) any applicable official interpretation or pronouncement (which, for the avoidance of doubt, includes any ruling) which is issued or announced on or after the Issue Date that provides for a position with respect to such laws or regulations that differs from the previously generally accepted position which is announced on or after the Issue Date,

payments of distributions (including any Arrears of Distribution and any Additional Distribution Amount) by the Issuer which would otherwise have been regarded as sums "payable by way of interest upon any money borrowed" for the purpose of Section 14(1)(a) of the ITA, are no longer, or would in the Distribution Period immediately following that Distribution Payment Date no longer be so regarded.

Prior to the publication of any notice of redemption pursuant to this Condition 4(e), the Issuer shall deliver or procure that there is delivered to the Trustee and the Issuing and Paying Agent:

- (A) a certificate, signed by a duly authorised signatory of the Issuer stating that the circumstances referred to above prevail and setting out the details of such circumstances; and

- (B) an opinion of the Issuer's independent tax or legal adviser of recognised standing stating that the circumstances referred to above prevail and the date on which the relevant change or amendment to the tax regime is due to take effect,

and the Trustee and the Issuing and Paying Agent shall be entitled to accept such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Perpetual Securityholders.

Upon the expiry of any such notice as is referred to in this Condition 4(e), the Issuer shall be bound to redeem all the Perpetual Securities in accordance with this Condition 4(e).

**(f) Redemption in the case of Minimal Outstanding Amount**

If so provided hereon, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified hereon, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distribution (including any Arrears of Distribution and any Additional Distribution Amount) accrued to (but excluding) the date fixed for redemption) if, immediately before giving such notice, the aggregate principal amount of the Perpetual Securities outstanding is less than 10 per cent. of the aggregate principal amount originally issued.

Upon the expiry of any such notice as is referred to in this Condition 4(f), the Issuer shall be bound to redeem the Perpetual Securities in accordance with this Condition 4(f).

**(g) Redemption upon a Regulatory Event**

If so provided hereon, the Issuer may, at its option, redeem the Perpetual Securities in whole, but not in part, at any time at their principal amount, together with distributions (including any Arrears of Distribution and any Additional Distribution Amount) accrued from the immediately preceding Distribution Payment Date to (but excluding) the date fixed for redemption, on the Issuer giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders and the Trustee (which notice shall be irrevocable), if the Issuer satisfies the Trustee immediately prior to the giving of such notice that as a result of any change in, or amendment to, the Property Funds Appendix, or any change in the application or official interpretation of the Property Funds Appendix, the Perpetual Securities count or will count towards the Aggregate Leverage under the Property Funds Appendix (a "**Regulatory Event**"), provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Perpetual Securities will count towards the Aggregate Leverage.

Prior to the publication of any notice of redemption pursuant to this Condition 4(g), the Issuer shall deliver, or procure that there is delivered to the Trustee and the Issuing and Paying Agent:

- (i) a certificate, signed by a duly authorised signatory of the Issuer stating that the circumstances referred to above prevail and setting out the details of such circumstances; and
- (ii) an opinion of the Issuer's independent legal adviser of recognised standing stating that the circumstances referred to above prevail and the date on which the relevant change or amendment to, or change in application or interpretation of, the Property Funds Appendix, took, or is due to take, effect,

and the Trustee and the Issuing and Paying Agent shall be entitled to accept such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Perpetual Securityholders.

Upon the expiry of any such notice as is referred to in this Condition 4(g), the Issuer shall be bound to redeem the Perpetual Securities in accordance with this Condition 4(g).

For the purposes of this Condition 4(g):

- (1) **“Aggregate Leverage”** means, as defined under the Property Funds Appendix, the total borrowings and deferred payments of a real estate investment trust, or such other definition as may from time to time be provided for under the Property Funds Appendix;
- (2) **“Property Funds Appendix”** means Appendix 6 of the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore.

#### **(h) Redemption upon a Ratings Event**

If so provided hereon, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified hereon, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distribution (including any Arrears of Distribution and any Additional Distribution Amount) accrued to (but excluding) the date fixed for redemption) if, on such Distribution Payment Date or immediately before giving such notice, an amendment, clarification or change has occurred, or will occur, in the equity credit criteria, guidelines or methodology of any Rating Agency (as defined in the Trust Deed) or any other rating agency of equivalent recognised standard requested from time to time by the Issuer to grant an equity classification to the Perpetual Securities and in each case, any of their respective successors to the rating business thereof, which amendment, clarification or change results in a lower equity credit for the Perpetual Securities than the equity credit assigned on the Issue Date or, if equity credit is not assigned on the Issue Date, at the date when equity credit is assigned for the first time (a **“Ratings Event”**).

Prior to the publication of any notice of redemption pursuant to this Condition 4(h), the Issuer shall deliver, or procure to be delivered, to the Trustee and the Issuing and Paying Agent a certificate, signed by a duly authorised signatory of the Issuer, stating that the circumstances referred to above prevail and setting out the details of such circumstances.

Upon the expiry of any such notice as is referred to in this Condition 4(h), the Issuer shall be bound to redeem the Perpetual Securities in accordance with this Condition 4(h).

#### **(i) Purchases**

The Issuer or any of the related corporations of CIT may at any time purchase Perpetual Securities at any price (provided that they are purchased together with all unmatured Coupons relating to them) in the open market or otherwise, provided that in any such case such purchase or purchases is in compliance with all relevant laws, regulations and directives.

Perpetual Securities purchased by the Issuer or any of the related corporations of CIT may be surrendered by the purchaser through the Issuer to the Issuing and Paying Agent for cancellation or may, at the option of the Issuer or relevant related corporation, be held or resold.

For the purposes of these Conditions, “**directive**” includes any present or future directive, regulation, request, requirement, rule or credit restraint programme of any relevant agency, authority, central bank department, government, legislative, minister, ministry, official public or statutory corporation, self-regulating organisation or stock exchange.

**(j) Cancellation**

All Perpetual Securities purchased by or on behalf of the Issuer or any of the related corporations of CIT may be surrendered for cancellation by surrendering each such Perpetual Security together with all unmatured Coupons to the Issuing and Paying Agent at its specified office and, if so surrendered, shall, together with all Perpetual Securities redeemed by the Issuer, be cancelled forthwith (together with all unmatured Coupons attached thereto or surrendered therewith). Any Perpetual Securities so surrendered for cancellation may not be reissued or resold.

**5. Payments**

**(a) Principal and Distribution**

Payments of principal (or as the case may be, Redemption Amounts) and distribution in respect of Perpetual Securities will, subject as mentioned below, be made against presentation and surrender of the relevant Perpetual Securities or Coupons, as the case may be, at the specified office of the Issuing and Paying Agent by a cheque drawn in the currency in which payment is due on, or, at the option of the holders, by transfer to an account maintained by the payee in that currency with, a bank in the principal financial centre for that currency.

**(b) Payments subject to law etc.**

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives, but without prejudice to the provisions of Condition 6. No commission or expenses shall be charged to the Perpetual Securityholders or Couponholders in respect of such payments.

**(c) Appointment of Agents**

The Issuing and Paying Agent initially appointed by the Issuer and its specified office is listed below. The Issuer reserves the right at any time to vary or terminate the appointment of the Issuing and Paying Agent and to appoint additional or other Issuing and Paying Agents provided that it will at all times maintain an Issuing and Paying Agent having a specified office in Singapore.

Notice of any such change or any change of any specified office will promptly be given to the Perpetual Securityholders in accordance with Condition 13, within the period specified in the Agency Agreement.

The Agency Agreement may be amended by the Issuers, the Guarantor, the Issuing and Paying Agent and the Trustee, without the consent of any holder, for the purpose of curing any ambiguity or of curing, correcting or supplementing any defective provision contained herein, or where such amendment is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of Singapore law or is required by Euroclear, Clearstream, Luxembourg, the Depository and/or any other clearing system in which the Securities may be held, or in any manner which the Issuers, the

Guarantor, the Issuing and Paying Agent and the Trustee may mutually deem necessary or desirable and which does not, in the reasonable opinion of the Issuers, the Guarantor, the Issuing and Paying Agent and the Trustee, materially prejudice the interests of the holders.

**(d) Unmatured Coupons**

- (i) Fixed Rate Perpetual Securities should be surrendered for payment together with all unmaturing Coupons (if any) relating to such Fixed Rate Perpetual Securities, failing which an amount equal to the face value of each missing unmaturing Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmaturing Coupon which the sum of principal so paid bears to the total principal due) will be deducted from the Redemption Amount due for payment. Any amount so deducted will be paid in the manner mentioned above against surrender of such missing Coupon within a period of three years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 7).
- (ii) Subject to the provisions of the relevant Pricing Supplement upon the due date for redemption of any Floating Rate Perpetual Security, unmaturing Coupons relating to such Floating Rate Perpetual Security (whether or not attached) shall become void and no payment shall be made in respect of them.
- (iii) Where any Floating Rate Perpetual Security is presented for redemption without all unmaturing Coupons relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.
- (iv) If the due date for redemption or repayment of any Perpetual Security is not a due date for payment of distribution, distribution accrued from the preceding due date for payment of distribution or the Distribution Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Perpetual Security.

**(e) Non-business days**

Subject as provided in the relevant Pricing Supplement or subject as otherwise provided in these Conditions, if any date for the payment in respect of any Perpetual Security or Coupon is not a business day, the Perpetual Securityholder shall not be entitled to payment until the next following business day and shall not be entitled to any further distribution or other payment in respect of any such delay.

**6. Taxation**

Where the Perpetual Securities are recognised as debt securities for Singapore income tax purposes, all payments in respect of the Perpetual Securities and the Coupons by the Issuer shall be made free and clear of, and without deduction or withholding for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Singapore or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In such event, the Issuer shall pay such additional amounts as will result in the receipt by the Perpetual Securityholders and the Couponholders of such amounts as would have been received by them had no such deduction or withholding been required, except that no such additional amounts shall be payable in respect of any Perpetual Security or Coupon presented for payment:

- (a) by or on behalf of a holder who is subject to such taxes, duties, assessments or governmental charges by reason of his being connected with Singapore otherwise than

by reason only of the holding of such Perpetual Security or Coupon or the receipt of any sums due in respect of such Perpetual Security or Coupon (including, without limitation, the holder being a resident of, or a permanent establishment in, Singapore);

- (b) more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to such additional amounts on presenting the same for payment on the last day of such period of 30 days; or
- (c) by or on behalf of a holder who could lawfully avoid (but has not so avoided) such deduction or withholding by complying or procuring compliance with any statutory requirements or by making or procuring that any third party makes a declaration of non residence or other similar claim for exemption to any tax authority in the place where the relevant Perpetual Security or Coupon is presented for payment.

Where the Perpetual Securities are not recognised as debt securities for Singapore income tax purposes, all payments in respect of the Perpetual Securities and the Coupons by or on behalf of the Issuer may be subject to any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by within Singapore or any authority thereof or therein having power to tax in the same manner as distributions on ordinary units of CIT, and CIT may be obliged (in certain circumstances) to withhold or deduct tax at the prevailing rate (currently 10% or 17%) under Section 45G of the ITA. In that event, the Issuer will not pay any additional amounts in respect of any such withholding or deduction from payments in respect of the Perpetual Securities and the Coupons for or on account of any such taxes or duties.

As used in these Conditions, “**Relevant Date**” in respect of any Perpetual Security or Coupon means the date on which payment in respect thereof first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date falling seven days after that on which notice is duly given to the Perpetual Securityholders in accordance with Condition 13 that, upon further presentation of the Perpetual Security or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon presentation, and references to “**principal**” shall be deemed to include any premium payable in respect of the Perpetual Securities, all Redemption Amounts and all other amounts in the nature of principal payable pursuant to Condition 4, “**distribution**” shall be deemed to include all Distribution Amounts and all other amounts payable pursuant to Condition 3 and any reference to “**principal**” and/or “**premium**” and/or “**Redemption Amounts**” and/or “**distribution**” shall be deemed to include any additional amounts, principal, premium, Redemption Amount or distribution (as the case may be) which may be payable under these Conditions.

## 7. Prescription

The Perpetual Securities and Coupons shall become void unless presented for payment within three years from the appropriate Relevant Date for payment.

## 8. Non-payment

### (a) Non-payment when due

Notwithstanding any of the provisions below in this Condition 8, the right to institute proceedings for the bankruptcy, termination, winding-up, liquidation or similar proceedings in respect of CIT (the “**Winding-Up**”) is limited to circumstances where payment has become due. In the case of any distribution, such distribution will not be due if the Issuer has elected not to pay that distribution in accordance with Condition 3(IV). In addition, nothing in this

Condition 8, including any restriction on commencing proceedings, shall in any way restrict or limit the rights of the Trustee or any of its directors, officers, employees or agents to claim from or to otherwise take any action against the Issuer in respect of any costs, charges, fees, expenses or liabilities incurred by such party pursuant to or in connection with the Perpetual Securities or the Trust Deed.

**(b) Proceedings for Winding-Up**

If (i) a final and effective order is made or an effective resolution is passed for the Winding-Up of CIT or (ii) the Issuer fails to make payment in respect of the Perpetual Securities when due and such default continues for a period of three business days after the due date (together, the “**Enforcement Events**”), the Issuer shall be deemed to be in default under the Trust Deed and the Perpetual Securities and the Trustee may, subject to the provisions of Condition 8(d), institute proceedings for the Winding-Up of CIT and/or prove in the Winding-Up of CIT and/or claim in the liquidation of CIT for such payment.

**(c) Enforcement**

Without prejudice to Condition 8(b) but subject to the provisions of Condition 8(d), the Trustee may, at its discretion and without further notice to the Issuer, institute such proceedings against the Issuer as it may think fit to enforce any term or condition binding on the Issuer under the Perpetual Securities or the Trust Deed, as the case may be, (other than any payment obligation of the Issuer under or arising from the Perpetual Securities, including, without limitation, payment of any principal or premium or satisfaction of any distributions (including any damages awarded for breach of any obligations)) and in no event shall the Issuer, by virtue of the institution of any such proceedings, be obliged to pay any sum or sums, in cash or otherwise, sooner than the same would otherwise have been payable by it.

**(d) Entitlement of Trustee**

The Trustee shall not and shall not be obliged to take any of the actions referred to in Condition 8(b) or Condition 8(c) against the Issuer to enforce the terms of the Trust Deed or the Perpetual Securities unless (i) it shall have been so directed by an Extraordinary Resolution of the Perpetual Securityholders or so requested in writing by Perpetual Securityholders holding not less than 25 per cent. in principal amount of the Perpetual Securities outstanding and (ii) it shall have been indemnified and/or secured to its satisfaction against all actions, proceedings, claims, demands and liabilities to which it may thereby become liable and all costs, charges, damages and expenses which may be incurred by it in connection therewith.

**(e) Rights of Perpetual Securityholders or Couponholder**

No Perpetual Securityholder or Couponholder shall be entitled to proceed directly against the Issuer or to institute proceedings for the Winding-Up or claim in the liquidation of CIT or to prove in such Winding-Up unless the Trustee, having become so bound to proceed or being able to prove in such Winding-Up or claim in such liquidation, fails or neglects to do so within a reasonable period and such failure or neglect shall be continuing, in which case the Perpetual Securityholder or Couponholder shall have only such rights against the Issuer as those which the Trustee is entitled to exercise as set out in this Condition 8.



**(f) Extent of Perpetual Securityholders' remedy**

No remedy against the Issuer, other than as referred to in this Condition 8, shall be available to the Trustee or the Perpetual Securityholders or Couponholders, whether for the recovery of amounts owing in respect of the Trust Deed or the Perpetual Securities or in respect of any breach by the Issuer of any of its other obligations under or in respect of the Trust Deed or the Perpetual Securities (as applicable).

**(g) Damages subject to Subordination**

If any court awards money, damages or other restitution for any default with respect to the performance by the Issuer of its obligation contained in the Trust Deed and the Perpetual Securities, the payment of such money, damages or other restitution shall be subject to the subordination provisions set out in these Conditions and in Clause 9.3 of the Trust Deed.

**9. Meetings of Perpetual Securityholders and Modifications**

The Trust Deed contains provisions for convening meetings of Perpetual Securityholders of a Series to consider any matter affecting their interests, including modification by Extraordinary Resolution of the Perpetual Securities of such Series (including these Conditions insofar as the same may apply to such Perpetual Securities) or any of the provisions of the Trust Deed.

The Trustee or the Issuer at any time may, and the Trustee upon the request in writing by Perpetual Securityholders holding not less than one-tenth of the principal amount of the Perpetual Securities of any Series for the time being outstanding and after being indemnified and/or secured to its satisfaction against all costs and expenses shall, convene a meeting of the Perpetual Securityholders of that Series. An Extraordinary Resolution duly passed at any such meeting shall be binding on all the Perpetual Securityholders of the relevant Series, whether present or not and on all relevant Couponholders, except that any Extraordinary Resolution proposed, *inter alia*, (a) to amend the dates of redemption of the Perpetual Securities or any date for payment of distribution or Distribution Amounts on the Perpetual Securities, (b) to reduce or cancel the principal amount of, or any premium payable on redemption of, the Perpetual Securities, (c) to reduce the rate or rates of distribution in respect of the Perpetual Securities or to vary the method or basis of calculating the rate or rates of distribution or the basis for calculating any Distribution Amount in respect of the Perpetual Securities, (d) to vary any method of, or basis for, calculating the Redemption Amount, (e) to vary the currency or currencies of payment or denomination of the Perpetual Securities, (f) to take any steps that as specified hereon may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply or (g) to amend the subordination provisions of the Perpetual Securities or (h) to modify the provisions concerning the quorum required at any meeting of Perpetual Securityholders or the majority required to pass the Extraordinary Resolution, will only be binding if passed at a meeting of the Perpetual Securityholders of the relevant Series (or at any adjournment thereof) at which a special quorum (provided for in the Trust Deed) is present.

The Trustee may agree, without the consent of the Perpetual Securityholders or Couponholders, to (i) any modification of any of the provisions of the Trust Deed or any of the other Issue Documents (as defined in the Trust Deed) which in the opinion of the Trustee is of a formal, minor or technical nature, is made to correct a manifest error or to comply with mandatory provisions of Singapore law or is required by Euroclear, Clearstream, Luxembourg, the Depository and/or any other clearing system in which the Perpetual Securities may be held and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed or any of the other Issue Documents which is in the opinion of

the Trustee not materially prejudicial to the interests of the Perpetual Securityholders. Any such modification, authorisation or waiver shall be binding on the Perpetual Securityholders and the Couponholders and, if the Trustee so requires, such modification, authorisation or waiver shall be notified to the Perpetual Securityholders as soon as practicable thereafter in accordance with Condition 13.

In connection with the exercise of its functions (including but not limited to those in relation to any proposed modification, waiver, authorisation or substitution) the Trustee shall have regard to the interests of the Perpetual Securityholders as a class and shall not have regard to the consequences of such exercise for individual Perpetual Securityholders or Couponholders.

These Conditions may be amended, modified, or varied in relation to any Series of Perpetual Securities by the terms of the relevant Pricing Supplement in relation to such Series.

#### **10. Replacement of Perpetual Securities and Coupons**

If a Perpetual Security or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Issuing and Paying Agent, or at the specified office of such other Issuing and Paying Agent as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Perpetual Securityholders in accordance with Condition 13, on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, undertaking, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Perpetual Security or Coupon is subsequently presented for payment, there will be paid to the Issuer on demand the amount payable by the Issuer in respect of such Perpetual Security or Coupon) and otherwise as the Issuer may require. Mutilated or defaced Perpetual Securities or Coupons must be surrendered before replacements will be issued.

#### **11. Further Issues**

The Issuer may from time to time without the consent of the Perpetual Securityholders or Couponholders create and issue further perpetual securities having the same terms and conditions as the Perpetual Securities of any Series and so that the same shall be consolidated and form a single Series with such Perpetual Securities, and references in these Conditions to “**Perpetual Securities**” shall be construed accordingly.

#### **12. Indemnification of the Trustee**

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking proceedings to enforce repayment unless indemnified and/or secured to its satisfaction. The Trust Deed also contains a provision entitling the Trustee to enter into business transactions with the Issuer or any of the related corporations of CIT without accounting to the Perpetual Securityholders or Couponholders for any profit resulting from such transactions.

Each Perpetual Securityholder shall be solely responsible for making and continuing to make its own independent appraisal and investigation into the financial condition, creditworthiness, condition, affairs, status and nature of the Issuer, and the Trustee shall not at any time have any responsibility for the same and each Perpetual Securityholder shall not rely on the Trustee in respect thereof.

### **13. Notices**

Notices to the holders will be valid if published in a daily newspaper of general circulation in Singapore (or, if the holders of any Series of Perpetual Securities can be identified, notices to such holders will also be valid if they are given to each of such holders). It is expected that such publication will be made in The Business Times. Notices will, if published more than once or on different dates, be deemed to have been given on the date of the first publication in such newspaper as provided above. Couponholders shall be deemed for all purposes to have notice of the contents of any notice to the holders in accordance with this Condition 13.

Until such time as any Definitive Securities (as defined in the Trust Deed) are issued, there may, so long as the Global Security(ies) is or are held in its or their entirety on behalf of Euroclear, Clearstream, Luxembourg and/or the Depository, be substituted for such publication in such newspapers the delivery of the relevant notice to Euroclear, Clearstream, Luxembourg and/or (subject to the agreement of the Depository) the Depository for communication by it to the Perpetual Securityholders, except that if the Perpetual Securities are listed on the SGX-ST and the rules of such exchange so require, notice will in any event be published in accordance with the previous paragraph. Any such notice shall be deemed to have been given to the Perpetual Securityholders on the seventh day after the day on which the said notice was given to Euroclear, Clearstream, Luxembourg and/or the Depository.

Notices to be given by any Perpetual Securityholder pursuant hereto (including to the Issuer) shall be in writing and given by lodging the same, together with the relative Perpetual Security or Perpetual Securities, with the Issuing and Paying Agent. Whilst the Perpetual Securities are represented by a Global Security, such notice may be given by any Perpetual Securityholder to the Issuing and Paying Agent through Euroclear, Clearstream, Luxembourg and/or the Depository in such manner as the Issuing and Paying Agent and Euroclear, Clearstream, Luxembourg and/or the Depository may approve for this purpose.

Notwithstanding the other provisions of this Condition 13, in any case where the identity and addresses of all the Perpetual Securityholders are known to the Issuer, notices to such holders may be given individually by recorded delivery mail to such addresses and will be deemed to have been given when received at such addresses.

### **14. Contracts (Rights of Third Parties) Act**

No person shall have any right to enforce any term or condition of the Perpetual Securities under the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore.

### **15. Acknowledgment**

(a) Notwithstanding any provision to the contrary in the Trust Deed, the Perpetual Securities and the Coupons, the Trustee, each of the Perpetual Securityholders and the Couponholders acknowledges and agrees that RBC Investor Services Trust Singapore Limited (“**RBC**”) has entered into the Trust Deed only in its capacity as trustee of CIT and not in its personal capacity and all references to the Issuer in the Trust Deed, the Perpetual Securities and the Coupons shall be construed accordingly. As such, notwithstanding any provision to the contrary in the Trust Deed, the Perpetual Securities and the Coupons, RBC has assumed all obligations under the Trust Deed, the Perpetual Securities and the Coupons only in its capacity as trustee of CIT and not in its personal capacity. Any liability of or indemnity, covenant, undertaking, representation and/or warranty given by the Issuer under the Trust Deed, the Perpetual Securities and the Coupons is given by RBC only in its capacity as trustee of CIT and not in its personal capacity and any power and right conferred on any receiver, attorney,

agent and/or delegate under the Trust Deed, the Perpetual Securities and the Coupons is limited to the assets of CIT over which the Issuer has recourse and shall not extend to any assets of RBC (other than the assets of CIT), any personal assets of RBC or any assets held by RBC in its capacity as trustee of any trust (other than CIT). Any obligation, matter, act, action or thing required to be done, performed or undertaken by the Issuer under the Trust Deed, the Perpetual Securities and the Coupons shall only be in connection with matters relating to CIT (and shall not extend to RBC's obligations in respect of any other trust or real estate investment trust of which it is a trustee). The foregoing shall not restrict or prejudice the rights or remedies of the Trustee, each of the Perpetual Securityholders and each of the Couponholders under law or equity in connection with any negligence, fraud or breach of trust of RBC.

- (b) Notwithstanding any provision to the contrary in the Trust Deed, the Perpetual Securities and the Coupons, it is hereby agreed that the Issuer's obligations under the Trust Deed, the Perpetual Securities and the Coupons will be solely the corporate obligations of the CIT Trustee and that the parties to the Trust Deed, the Perpetual Securities and the Coupons shall not have any recourse against the shareholders, directors, officers or employees of RBC for any claims, losses, damages, liabilities or other obligations whatsoever in connection with any of the transactions contemplated by the provisions of the Trust Deed, the Perpetual Securities and the Coupons. The foregoing shall not restrict or prejudice the rights or remedies of the Trustee, each of the Perpetual Securityholders and each of the Couponholders under law or equity in connection with any negligence, fraud or breach of trust of RBC.
- (c) For the avoidance of doubt, any legal action or proceedings commenced against the Issuer whether in Singapore or elsewhere pursuant to the Trust Deed, the Perpetual Securities and the Coupons shall be brought against RBC only in its capacity as trustee of CIT and not in its personal capacity. The foregoing shall not restrict or prejudice the rights or remedies of the Trustee, each of the Perpetual Securityholders and each of the Couponholders under law or equity in connection with any negligence, fraud or breach of trust of RBC.

## **16. Governing Law and Jurisdiction**

### **(a) Governing Law**

The Perpetual Securities and the Coupons are governed by, and shall be construed in accordance with, the laws of Singapore.

### **(b) Jurisdiction**

The courts of Singapore are to have jurisdiction to settle any disputes that may arise out of or in connection with any Perpetual Securities or Coupons and accordingly any legal action or proceedings arising out of or in connection with the Perpetual Securities or Coupons may be brought in such courts. The Issuer has in the Trust Deed irrevocably submitted to the jurisdiction of such courts.

**Issuing and Paying Agent**  
British and Malayan Trustees Limited  
1 Coleman Street  
#08-01 The Adelphi  
Singapore 179803

## **RISK FACTORS**

*Prior to making an investment or divestment decision, prospective investors in or existing Securityholders should carefully consider all the information set forth in this Information Memorandum and any documents incorporated by reference herein, including the risk factors set out below. The risk factors set out below do not purport to be complete or comprehensive of all the risks that may be involved in the business, assets, property, financial condition, performance, results of operations or prospects of the Issuers, the Guarantor, ESR-REIT or the Group or any of their respective properties or any decision to purchase, own or dispose of the Securities. Additional risks which the Issuers or the Guarantor is currently unaware of may also impair the business, assets, property, financial condition, performance, results of operations or prospects of ESR-REIT or the Group.*

*If any of the following risk factors develops into actual events, the business, assets, property, financial condition, performance, results of operations and/or prospects of the Issuers, the Guarantor, ESR-REIT or the Group could be materially and adversely affected. In such cases, the ability of the Issuers and the Guarantor to comply with their respective obligations under the Trust Deed and the Securities may be adversely affected and investors may lose all or part of their investment in the Securities.*

### **LIMITATIONS OF THIS INFORMATION MEMORANDUM**

This Information Memorandum does not purport to nor does it contain all information that a prospective investor in or existing holder of the Securities may require in investigating the Issuers, the Guarantor, ESR-REIT or the Group, prior to making an investment or divestment decision in relation to the Securities issued under the Programme.

Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the Programme or the Securities (or any part thereof) is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuers, the Guarantor, the Arranger or any of the Dealers that any recipient of this Information Memorandum or any such other document or information (or such part thereof) should subscribe for or purchase or sell any of the Securities. This Information Memorandum is not, and does not purport to be, investment advice. A prospective investor should make an investment in the Securities only after it has determined that such investment is suitable for its investment objectives. Determining whether an investment in the Securities is suitable is a prospective investor's responsibility. Each person receiving this Information Memorandum acknowledges that such person has not relied on the Issuers, the Guarantor, ESR-REIT, their respective subsidiaries (if any) or associated companies (if any), the Arranger, any of the Dealers or any person affiliated with each of them in connection with its investigation of the accuracy or completeness of the information contained herein or of any additional information considered by it to be necessary in connection with its investment or divestment decision. Any recipient of this Information Memorandum contemplating subscribing for or purchasing or selling any of the Securities should determine for itself the relevance of the information contained in this Information Memorandum and any such other document or information (or any part thereof) and its investment or divestment should be, and shall be deemed to be, based solely upon its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuers, the Guarantor, ESR-REIT, their respective subsidiaries (if any) and associated companies (if any), the terms and conditions of the Securities and any other factors relevant to its decision, including the merits and risks involved. A prospective investor should consult with its legal, tax and financial advisers prior to deciding to make an investment in the Securities.

This Information Memorandum contains forward-looking statements. These forward-looking statements are based on a number of assumptions which are subject to uncertainties and contingencies, many of which are outside of the Issuers' and/or the Guarantor's control. The forward-looking information in this Information Memorandum may prove inaccurate. Please see the section on "Forward-Looking Statements" on page 5 of this Information Memorandum.

## **INVESTMENT CONSIDERATIONS ASSOCIATED WITH INVESTMENT IN THE SECURITIES**

### ***The regulation and reform of "benchmark" rates of interest and indices may adversely affect the value of Securities linked to or referencing such "benchmarks"***

Interest rates and indices which are deemed to be or used as "benchmarks", are the subject of recent international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past or to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Security linked to or referencing such a benchmark.

More broadly, any of the international reforms or the general increased regulatory scrutiny of benchmarks, could increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such regulations or requirements. For example, the sustainability of the London interbank offered rate ("**LIBOR**") has been questioned as a result of the absence of relevant active underlying markets and possible disincentives (including as a result of regulatory reforms) for market participants to continue contributing to such benchmarks. On 27 July 2017, the United Kingdom Financial Conduct Authority announced that it will no longer persuade or compel banks to submit rates for the calculation of the LIBOR benchmark after 2021 (the "**FCA Announcement**"). The FCA Announcement indicated that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021. The potential elimination of the LIBOR benchmark or any other benchmark, or changes in the manner of administration of any benchmark, could require an adjustment to the terms and conditions, or result in other consequences, in respect of any Securities linked to such benchmark. Such factors may have the following effects on certain benchmarks: (i) discourage market participants from continuing to administer or contribute to the benchmark; (ii) trigger changes in the rules or methodologies used in the benchmark or (iii) lead to the disappearance of the "benchmark". Any of the above changes or any other consequential changes as a result of international reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Securities linked to or referencing a benchmark.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by any international reforms in making any investment decision with respect to any Security linked to or referencing a benchmark.

### ***Limited liquidity of the Securities issued under the Programme***

There can be no assurance regarding the future development of the market for the Securities issued under the Programme, the ability of the Securityholders, or the price at which the Securityholders may be able, to sell their Securities. The Securities may have no established trading market when issued, and one may never develop. Even if a market for the Securities does develop, there can be no assurance as to the liquidity or sustainability of any such market. Therefore, investors may not be able to sell their Securities easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Securities that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been

structured to meet the investment requirements of limited categories of investors. These types of Securities generally would have a more limited secondary market and more price volatility than conventional debt securities.

The lack of liquidity may have a severely adverse effect on the market value of the Securities. Although the issue of additional Securities may increase the liquidity of the Securities, there can be no assurance that the price of such Securities will not be adversely affected by the issue in the market of such additional Securities.

#### ***Fluctuation of market value of Securities issued under the Programme***

Trading prices of the Securities are influenced by numerous factors, including the operating results, financial condition and/or future prospects of any of the Issuers, the Guarantor, ESR-REIT and/or their respective subsidiaries and/or associated companies (if any), political, economic, financial and any other factors that can affect the capital markets, the industry, the Issuers, the Guarantor, ESR-REIT, their respective subsidiaries and/or associated companies (if any) generally. Adverse economic developments, in Singapore as well as countries in which the Issuers, the Guarantor, ESR-REIT, their respective subsidiaries and/or associated companies (if any) operate or have business dealings, could have a material adverse effect on the Singapore economy and the operating results and/or the financial condition of the Issuers, the Guarantor, ESR-REIT, their respective subsidiaries and/or associated companies (if any).

Further, recent global financial turmoil has resulted in substantial and continuing volatility in international capital markets. Any further deterioration in global financial conditions could have a material adverse effect on worldwide financial markets or may adversely affect the market price of any Series or Tranche of Securities.

#### ***Interest rate risk***

Securityholders may suffer unforeseen losses due to fluctuation in interest rates. Generally, a rise in interest rates may cause a fall in note and/or perpetual security prices, resulting in a capital loss for the Securityholders. However, the Securityholders may reinvest the interest or distribution payments at higher prevailing interest rates. Conversely, when interest rates fall, note and/or perpetual security prices may rise. The Securityholders may enjoy a capital gain but interest or distribution payments received may be reinvested at lower prevailing interest rates.

#### ***Inflation risk***

Securityholders may suffer erosion on the return of their investments due to inflation. Securityholders would have an anticipated rate of return based on expected inflation rates on the purchase of the Securities. An unexpected increase in inflation could reduce the actual returns.

#### ***Currency risk associated with Securities denominated in foreign currencies***

ESR-REIT's revenue is generally denominated in Singapore dollars and the majority of ESR-REIT's operating expenses are generally incurred in Singapore dollars as well. As the Securities can be denominated in currencies other than Singapore dollars, ESR-REIT may be affected by fluctuations between the Singapore dollar and such foreign currencies in meeting the payment obligations under such Securities and there is no assurance that ESR-REIT may be able to fully hedge the currency risks associated with such Securities denominated in foreign currencies.

### ***Rating of the Securities***

Any rating assigned by Fitch, Moody's or Standard & Poor's to a particular Series or Tranche of Securities is based on the views of the relevant rating agency only. A rating is not a recommendation to buy, sell or hold securities. Future events may have a negative impact on the rating of such Securities and prospective investors should be aware that there is no assurance that ratings given will continue or that the ratings will not be reviewed, revised, suspended, downgraded or withdrawn as a result of future events, unavailability of information or if, in the judgment of the relevant rating agency, circumstances so warrant. Any rating changes that may occur may have a negative impact on the market value of such Securities.

### ***The Securities may be subject to optional redemption by the Relevant Issuer***

An optional redemption feature is likely to limit the market value of Securities. During any period when the Relevant Issuer may elect to redeem Securities, the market value of such Securities generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period. The Relevant Issuer may be expected to redeem Securities when its cost of borrowing is lower than the interest or distribution rate on the Securities. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest or distribution rate on the Securities being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

### ***Securities may be issued at a substantial discount or premium***

The market values of securities issued at a substantial discount or premium to their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

### ***The Securities and the Guarantee are not secured***

The Notes, Senior Perpetual Securities and Coupons relating thereto constitute direct, unconditional, unsubordinated and unsecured obligations of the Relevant Issuer and 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 Relevant Issuer. The Subordinated Perpetual Securities and Coupons relating thereto constitute direct, unconditional, subordinated and unsecured obligations of the ESR-REIT Issuer and shall at all times rank *pari passu* without any preference or priority among themselves, and *pari passu* with any Parity Obligations (as defined in the Trust Deed) of the ESR-REIT Issuer. The payment obligations of the Guarantor under the Guarantee and the Trust Deed constitute direct, unconditional, unsubordinated and unsecured obligations of the Guarantor and shall rank *pari passu* with all other unsecured obligations (other than subordinated obligations and priorities created by law) of the Guarantor.

Accordingly, on a winding-up or termination of the Relevant Issuer, (where applicable) the Guarantor and/or ESR-REIT at any time prior to maturity of any Securities, the Securityholders will not have recourse to any specific assets of the Relevant Issuer, (where applicable) the Guarantor, ESR-REIT or their respective subsidiaries and/or associated companies (if any) as security for outstanding payment or other obligations under the Securities and/or Coupons owed to the Securityholders and there can be no assurance that there would be sufficient value in the assets of the Relevant Issuer, (where applicable) the Guarantor and/or ESR-REIT, after meeting all claims ranking ahead of the Securities, to discharge all outstanding payment and other obligations under the Securities and/or Coupons owed to the Securityholders.



### ***Meeting of Securityholders and Modifications***

The Conditions contain provisions for calling meetings of Securityholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Securityholders including Securityholders who did not attend and vote at the relevant meeting and Securityholders who voted in a manner contrary to the majority.

### ***The Trustee may request the Securityholders to provide an indemnity and/or security to its satisfaction before taking action on behalf of Securityholders***

In certain circumstances (pursuant to Condition 10 of the Notes or Condition 8 of the Perpetual Securities), the Trustee may (at its sole discretion) request Securityholders to provide an indemnity and/or security to its satisfaction before it takes action on behalf of Securityholders. The Trustee shall not be obliged to take any such action if not indemnified and/or secured to its satisfaction. Negotiating and agreeing to an indemnity and/or security can be a lengthy process and may impact on when such actions can be taken.

The Trustee may not be able to take action, notwithstanding the provision of an indemnity or security to it, in breach of the terms of the Trust Deed and in circumstances where there is uncertainty or dispute as to the applicable laws or regulations and, to the extent permitted by the agreements and the applicable law, it will be for the Securityholders to take such actions directly.

### ***Performance of contractual obligations by the Relevant Issuer is dependent on other parties***

The ability of the Relevant Issuer to make payments in respect of the Securities may depend upon the due performance by the other parties to the Trust Deed and the Agency Agreement of their obligations thereunder including the performance by the Trustee, the Issuing and Paying Agent and/or the Agent Bank of their respective obligations. Whilst the non-performance of any relevant parties will not relieve the Relevant Issuer of its obligations to make payments in respect of the Securities, the Relevant Issuer may not, in such circumstances, be able to fulfil its obligations to the Securityholders and the Couponholders.

### ***Enforcement of the Securities and the Guarantee***

Potential investors in the Securities should note that the Securities are issued by the Relevant Issuer and (in the case of Notes issued by ESR-MTN) the Guarantee is issued by the Guarantor, and not ESR-REIT, since ESR-REIT is not a legal entity. Securityholders should note that under the terms of the Securities issued by the ESR-REIT Issuer or, as the case may be, the Guarantee, Securityholders shall only have recourse in respect of such Securities or, as the case may be, the Guarantee to the assets of ESR-REIT which the ESR-REIT Trustee has recourse to under the ESR-REIT Trust Deed and not to RBC Investor Services Trust Singapore Limited ("**RBC**") personally nor any other assets held by RBC as trustee of any trust (other than ESR-REIT). Further, Securityholders do not have direct access to the assets of ESR-REIT but can only gain access to such assets through the ESR-REIT Trustee and if necessary seek to subrogate to the ESR-REIT Trustee's right of indemnity out of such assets, and accordingly, any claim of the Securityholders to the assets of ESR-REIT is derivative in nature. A Securityholder's right of subrogation therefore could be limited by the ESR-REIT Trustee's right of indemnity under the ESR-REIT Trust Deed. Securityholders should also note that such right of indemnity of the ESR-REIT Trustee may be limited or lost through gross negligence, wilful default, fraud, breach of trust or breach of the ESR-REIT Trust Deed by the ESR-REIT Trustee.

### ***The Securities may not be a suitable investment for all investors***

Each potential investor in the Securities must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Securities, the merits and risks of investing in the Securities and the information contained or incorporated by reference in this Information Memorandum or any applicable supplement;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Securities and the impact the Securities will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Securities, including Securities with principal, distribution or interest payable in one or more currencies, or where the currency for principal, distribution or interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the Securities and be familiar with the behaviour of any relevant indices and financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Securities are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Securities which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Securities will perform under changing conditions, the resulting effects on the value of the Securities and the impact this investment will have on the potential investor's overall investment portfolio.

### ***Legal risk factors may restrict certain investments***

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) the Securities are legal investments for it, (2) the Securities can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Securities. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Securities under any applicable risk-based capital or similar rules.

### ***Exchange rate risks and exchange controls may result in Securityholders receiving less principal, interest or distribution than expected***

The Relevant Issuer will pay principal, interest and distribution on the Securities in the currency specified. This presents certain risks relating to currency conversions if a Securityholder's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the currency in which the Securities are denominated. These include the risk that exchange rates may significantly change (including changes due to devaluation of the currency in which the Securities are denominated or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the currency

in which the Securities are denominated would decrease (i) the Investor's Currency equivalent yield on the Securities, (ii) the Investor's Currency equivalent value of the principal payable on the Securities and (iii) the Investor's Currency equivalent market value of the Securities.

***A change in Singapore law which governs the Securities may adversely affect Securityholders***

The Securities are governed by Singapore law in effect as at the date of issue of the Securities. No assurance can be given as to the impact of any possible judicial decision or change to Singapore law or administrative practice after the date of issue of the Securities.

The Securities may be represented by Global Securities and holders of a beneficial interest in a Global Security must rely on the procedures of the relevant Clearing System (as defined below).

Securities issued under the Programme may be represented by one or more Global Securities. Such Global Securities will be deposited with a common depositary for Euroclear and Clearstream, Luxembourg, or lodged with CDP (each of Euroclear, Clearstream, Luxembourg and CDP, a "**Clearing System**"). Except in the circumstances described in the relevant Global Security, investors will not be entitled to receive Definitive Securities. The relevant Clearing System will maintain records of their accountholders in relation to the Global Securities. While the Securities are represented by one or more Global Securities, investors will be able to trade their beneficial interests only through the relevant Clearing System.

While the Securities are represented by one or more Global Securities, the Relevant Issuer will discharge its payment obligations under the Securities by making payments to or to the order of the common depositary for Euroclear and Clearstream, Luxembourg or, as the case may be, to CDP, for distribution to their accountholders or, as the case may be, to the Issuing and Paying Agent for distribution to the holders as appearing in the records of the relevant Clearing System. A holder of a beneficial interest in a Global Security must rely on the procedures of the relevant Clearing System to receive payments under the relevant Securities. The Relevant Issuer bears no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Securities.

Holders of beneficial interests in the Global Securities will not have a direct right to vote in respect of the relevant Securities. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant Clearing System to appoint appropriate proxies. Similarly, holders of beneficial interests in the Global Securities will not have a direct right under the respective Global Securities to take enforcement action against the Relevant Issuer following an Event of Default or, as the case may be, Enforcement Event (each as defined in the Trust Deed) under the relevant Securities but will have to rely upon their rights under the Trust Deed.

**RISK RELATING TO THE NOTES**

***The Notes are subject to mandatory redemption in the event of termination of ESR-REIT***

In the event that ESR-REIT is terminated in accordance with the provisions of the ESR-REIT Trust Deed, the Relevant Issuer shall redeem all of the Notes at their redemption amount together with interest accrued to the date fixed for redemption. In that event, an investor may not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate.

***The Notes are subject to mandatory redemption in the event of cessation of trading of the Units***

Should the Units cease to be listed and/or traded on the SGX-ST, the Relevant Issuer shall redeem all (and not some only) of the Notes at their redemption amount together with interest accrued to the date fixed for redemption. In that event, an investor may not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate.

***Failure by an investor to pay a subsequent instalment of partly-paid Notes may result in an investor losing all of its investment***

The Relevant Issuer may issue Notes where the issue price is payable in more than one instalment. Failure to pay any subsequent instalments could result in an investor losing all of its investment.

***Variable Rate Notes may have a multiplier or other leverage factor***

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

***Singapore Tax Risk***

The Notes to be issued from time to time under the Programme during the period from the date of this Information Memorandum to 31 December 2018 are intended to be “qualifying debt securities” for the purposes of the ITA, subject to the fulfilment of certain conditions more particularly described in the section on “Singapore Taxation” herein.

However, there is no assurance that the conditions for “qualifying debt securities” will be met or that such Notes will continue to enjoy the tax concessions for “qualifying debt securities” should the relevant tax laws be amended or revoked at any time or should the required conditions cease to be fulfilled.

**RISKS RELATING TO THE PERPETUAL SECURITIES**

***Perpetual Securities may be issued for which investors have no right to require redemption***

The Perpetual Securities are perpetual and have no fixed final maturity date. Perpetual Securityholders have no right to require the ESR-REIT Issuer to redeem Perpetual Securities at any time, and an investor who acquires Perpetual Securities may only dispose of such Perpetual Securities by sale. Perpetual Securityholders who wish to sell their Perpetual Securities may be unable to do so at a price at or above the amount they have paid for them, or at all. Therefore, Perpetual Securityholders should be aware that they may be required to bear the financial risks of an investment in Perpetual Securities for an indefinite period of time.

***If so specified in the relevant Pricing Supplement, Perpetual Securityholders may not receive distribution payments if the ESR-REIT Issuer elects to not pay all or a part of a distribution under the Conditions of the Perpetual Securities***

If Optional Payment is specified in the relevant Pricing Supplement, the ESR-REIT Issuer may, at its sole discretion, elect not to pay any scheduled distribution on the Perpetual Securities in whole or in part for any period of time. The ESR-REIT Issuer is subject to certain restrictions in relation to the declaration or payment of distributions on its Junior Obligations (as defined in the Trust

Deed) and (except on a *pro-rata* basis) its Parity Obligations and the redemption and repurchase of its Junior Obligations and (except on a *pro-rata* basis) its Parity Obligations in the event that it does not pay a distribution in whole or in part. The ESR-REIT Issuer is not subject to any limit as to the number of times or the extent of the amount with respect to which the ESR-REIT Issuer can elect not to pay distributions under the Perpetual Securities. While the ESR-REIT Issuer may, at its sole discretion, and at any time, elect to pay an Optional Distribution, being an optional amount equal to the amount of distribution which is unpaid in whole or in part, there is no assurance that the ESR-REIT Issuer will do so, and distributions which are not paid in whole or in part may remain unpaid for an indefinite period of time. Any non-payment of a distribution in whole or in part shall not constitute a default for any purpose. Any election by the ESR-REIT Issuer not to pay a distribution in whole or in part will likely have an adverse effect on the market price of the Perpetual Securities. In addition, as a result of the potential non-cumulative distribution feature of the Perpetual Securities and the ESR-REIT Issuer's ability to elect not to pay a distribution in whole or in part, the market price of the Perpetual Securities may be more volatile than the market prices of other debt securities on which original issue discount or interest accrues that are not subject to such election not to pay and may be more sensitive generally to adverse changes in the ESR-REIT Issuer's, ESR-REIT's and/or the Group's financial condition.

***If so specified in the relevant Pricing Supplement, Perpetual Securityholders may not receive distribution payments if the ESR-REIT Issuer elects to defer distribution payments***

If Cumulative or Non-Cumulative Deferral is specified in the relevant Pricing Supplement, the ESR-REIT Issuer may, at its sole discretion, elect to defer any scheduled Distribution on the Perpetual Securities for any period of time. The ESR-REIT Issuer may be subject to certain restrictions in relation to the payment of dividends on its Junior Obligations and the redemption and repurchase of its Junior Obligations until any Arrears of Distribution and any Additional Distribution Amounts (each as defined in the Trust Deed) are satisfied. The ESR-REIT Issuer is not subject to any limits as to the number of times distributions can be deferred pursuant to the Conditions of the Perpetual Securities subject to compliance with the foregoing restrictions. Where distributions are cumulative, the ESR-REIT Issuer may defer their payment for an indefinite period of time by delivering the relevant deferral notices to the holders, and holders have no rights to claim any distribution, Arrears of Distribution or Additional Distribution Amount if there is such deferral. Investors should be aware that the interests of the ESR-REIT Issuer may be different from the interests of the Securityholders.

***If so specified in the relevant Pricing Supplement, the Perpetual Securities may be redeemed at the ESR-REIT Issuer's option at date(s) specified in the relevant Pricing Supplement or on the occurrence of certain other events***

The Perpetual Securities are perpetual securities and have no fixed final redemption date. If specified in the relevant Pricing Supplement, the Perpetual Securities may be redeemed at the option of the ESR-REIT Issuer on certain date(s) specified in the relevant Pricing Supplement at their principal amount (or such other redemption amount stated in the relevant Pricing Supplement) together with all outstanding Arrears of Distribution, Additional Distribution Amounts and distribution accrued to the date fixed for redemption. In addition, if specified on the relevant Pricing Supplement, the ESR-REIT Issuer may, at its option, redeem the Perpetual Securities in whole, but not in part, on any Distribution Payment Date, or any time after such Distribution Payment Date, upon the occurrence of certain other events. Please refer to the section on "Terms and Conditions of the Perpetual Securities – Redemption and Purchase" herein.

The date on which the ESR-REIT Issuer elects to redeem the Perpetual Securities may not accord with the preference of individual Perpetual Securityholders. This may be disadvantageous to Perpetual Securityholders in light of market conditions or the individual circumstances of the

Perpetual Securityholders. In addition, an investor may not be able to reinvest the redemption proceeds in comparable securities at an effective distribution rate at the same level as that of the Perpetual Securities.

***There are limited remedies for non-payment under the Perpetual Securities***

Any scheduled distribution will not be due if the ESR-REIT Issuer elects not to pay all or a part of that distribution pursuant to the Conditions of the Perpetual Securities. Notwithstanding any of the provisions relating to non-payment defaults, the right to institute proceedings for the winding-up of ESR-REIT is limited to circumstances where payment has become due and the ESR-REIT Issuer fails to make the payment when due. The only remedy against the ESR-REIT Issuer available to any Perpetual Securityholder for recovery of amounts in respect of the Perpetual Securities following the occurrence of a payment default after any sum becomes due in respect of the Perpetual Securities will be proving in such winding-up and/or claiming in the liquidation of ESR-REIT in respect of any payment obligations of the ESR-REIT Issuer arising from the Perpetual Securities.

***The Issuers may raise or redeem other capital which affects the price of the Perpetual Securities***

The Issuers may raise additional capital through the issue of other securities or other means. There is no restriction, contractual or otherwise, on the amount of securities or other liabilities which the Issuers may issue or incur and which rank senior to, or *pari passu* with, the Perpetual Securities. Similarly, subject to compliance with the Conditions of the Perpetual Securities, the ESR-REIT Issuer may redeem securities that rank junior to, *pari passu* with, or senior to the Perpetual Securities. The issue of any such securities or the incurrence of any such other liabilities or the redemption of any such securities may reduce the amount (if any) recoverable by Perpetual Securityholders on a winding-up of ESR-REIT, and may increase the likelihood of a deferral of distribution under the Perpetual Securities. The issue of any such securities or the incurrence of any such other liabilities or the redemption of any such securities might also have an adverse impact on the trading price of the Perpetual Securities and/or the ability of Perpetual Securityholders to sell their Perpetual Securities.

***The Subordinated Perpetual Securities are subordinated obligations***

The obligations of the ESR-REIT Issuer under the Subordinated Perpetual Securities will constitute unsecured and subordinated obligations of the ESR-REIT Issuer. In the event of the winding-up of ESR-REIT, the rights of the holders of Subordinated Perpetual Securities to receive payments in respect of the Subordinated Perpetual Securities will rank senior to the holders of all Junior Obligations of the ESR-REIT Issuer and *pari passu* with the holders of all Parity Obligations of the ESR-REIT Issuer, but junior to the claims of all other present and future creditors, including, for the avoidance of doubt, the holders of Senior Perpetual Securities and/or Notes. In the event of a shortfall of funds or a winding-up of the ESR-REIT Issuer and/or ESR-REIT, there is a real risk that an investor in the Subordinated Perpetual Securities will lose all or some of its investment and will not receive a full return of the principal amount or any unpaid Arrears of Distribution, Additional Distribution Amounts or accrued distribution.

In addition, subject to the limit on the aggregate principal amount of Securities that can be issued under the Programme (which can be amended from time to time by the Issuers without the consent of the Securityholders), there is no restriction on the amount of unsubordinated securities or other liabilities which the Issuers may issue or incur and which rank senior to, or *pari passu* with, the Subordinated Perpetual Securities. The issue of any such securities or the incurrence of any such other liabilities may reduce the amount (if any) recoverable by holders of Subordinated Perpetual Securities on a winding-up of ESR-REIT and/or may increase the likelihood of a non-payment of distribution under the Subordinated Perpetual Securities.

### ***Tax treatment of the Perpetual Securities is unclear***

It is not clear whether any tranche of the Perpetual Securities (the “**Relevant Tranche of Perpetual Securities**”) issued by the ESR-REIT Issuer will be regarded as “debt securities” by the IRAS for the purposes of the ITA and whether the tax exemptions or tax concessions available for qualifying debt securities under the qualifying debt securities scheme (as set out in the section “Singapore Taxation”) would apply to the Relevant Tranche of Perpetual Securities.

In the event that the IRAS regards the Relevant Tranche of Perpetual Securities issued by the ESR-REIT Issuer to be “debt securities” for Singapore income tax purposes, that Relevant Tranche of Perpetual Securities are intended to be “qualifying debt securities” for the purposes of the ITA subject to the fulfilment of certain conditions more particularly described in the section “Singapore Taxation”. However, there is no assurance that the conditions for “qualifying debt securities” will be met or that that Relevant Tranche of Perpetual Securities will continue to enjoy the tax concessions for “qualifying debt securities” should the relevant tax laws be amended or revoked at any time, or should the required conditions cease to be fulfilled.

In the event that the IRAS does not regard a Relevant Tranche of Perpetual Securities issued by the ESR-REIT Issuer as “debt securities” for Singapore income tax purposes, all payments, or part thereof, of Distributions, Optional Distributions, Arrears of Distribution and Additional Distribution Amounts (if applicable) in respect of the Relevant Tranche of Perpetual Securities may be subject to Singapore income tax in the same manner as distributions on ordinary units of ESR-REIT or interest payments made by ESR-REIT, and the ESR-REIT Issuer may be obliged (in certain circumstances) to withhold tax under Section 45G or Section 45 of the ITA on such payments. In that event, the ESR-REIT Issuer will not pay any additional amounts in respect of any such withholding or deduction from payments in respect of the Relevant Tranche of Perpetual Securities in connection therewith for or on account of any such taxes or duties. Perpetual Securityholders are thus advised to consult their own professional advisers regarding the tax treatment of the Distributions, Optional Distributions and Arrears of Distribution and Additional Distribution Amounts (if applicable) under the Relevant Tranche of Perpetual Securities received by them, including the risk of such payments being subject to Singapore withholding tax.

For further details of the tax treatment of the Perpetual Securities, please see the section on “Singapore Taxation” herein.

### ***A change in the law governing the subordination provisions of the Perpetual Securities may adversely affect Securityholders***

The provisions of the Conditions of the Perpetual Securities that relate to subordination are governed by Singapore law. No assurance can be given as to the impact of any possible judicial decision or change to such law or administrative practice after the date of issue of the relevant Perpetual Securities.

### **RISKS RELATING TO THE BUSINESS, FINANCIAL CONDITION AND/OR RESULTS OF OPERATIONS OF ESR-REIT**

#### ***Uncertainties and instability in global market conditions could adversely affect the business, financial condition and results of operations of ESR-REIT***

The global credit markets have experienced, and in light of, inter alia, the concerns about the outlook for the economy in China, the Greek debt crisis, falling oil prices and the expectations of an interest rate hike in the United States may continue to experience, volatility and liquidity disruptions. Such events could have an adverse impact on the overall business environment and could adversely affect ESR-REIT insofar as they result in:

- (i) a negative impact on the ability of its tenants to pay their rents in a timely manner or continuing their leases, thus reducing ESR-REIT's cash flow;
- (ii) an increase in counterparty risk; and/or
- (iii) an increased likelihood that one or more of (a) ESR-REIT's banking syndicate, (b) banks providing bankers' guarantees for ESR-REIT's rental deposits, or (c) ESR-REIT's insurers, may be unable to honour their commitments to ESR-REIT.

***The properties held by ESR-REIT may be revalued downwards***

Property valuations generally include a subjective evaluation of certain factors relating to the relevant properties, such as their relative market positions, their financial and competitive strengths and their physical conditions. General property prices, including that of industrial properties, are subject to the volatilities of the property market and there can be no assurance that ESR-REIT will not be required to make downward revaluation of the properties owned by it in the future. Any fall in the gross revenue or net property income earned from ESR-REIT's properties will result in downward revaluation of such properties. Downward revaluations could negatively impact ESR-REIT's gearing, which could in turn trigger a default under certain loan covenants and/or impact ESR-REIT's ability to refinance its existing borrowings or secure additional borrowings.

In addition, ESR-REIT is required to measure investment properties at fair value at each balance sheet date and any change in the fair value of the investment properties is recognised in the statements of total return. Changes in fair value may have an adverse effect on ESR-REIT's financial results for the financial year if there is a significant decrease in the valuation of ESR-REIT's investment properties which results in revaluation losses that are recognised in its statements of total return.

***ESR-REIT's borrowing limit may be exceeded if there is a downward revaluation of the Properties***

Under the Property Funds Appendix, ESR-REIT is permitted to borrow up to 45.0% of the value of the Deposited Property at the time the borrowing is incurred, taking into account deferred payments (including deferred payments for assets whether to be settled in cash or in Units).

As at 31 December 2016, the Group's Aggregate Leverage (as defined in the Property Funds Appendix) is approximately 37.5%.

ESR-REIT may, from time to time, require further debt financing to achieve its investment strategy. A substantial decline in the value of the Deposited Property may affect ESR-REIT's ability to make further borrowings due to the aggregate leverage limit under the Property Funds Appendix.

Adverse business consequences of this limit on borrowings may include:

- (i) an inability to fund acquisitions by ESR-REIT of further properties or to fund capital expenditure requirements, refurbishments, renovation and improvements, AEs and development works in relation to the Properties;
- (ii) an inability to fund working capital requirements which may further constrain ESR-REIT's operational flexibility; and
- (iii) cash flow shortage which may have an adverse impact on ESR-REIT's ability to satisfy its obligations in respect of the Securities.



***There is no assurance that credit ratings given to ESR-REIT (if any) by any rating agency will be maintained or that such ratings will not be reviewed, downgraded, suspended or withdrawn in the future***

Where credit ratings are assigned to ESR-REIT by a rating agency, such ratings are based solely on the views of that rating agency. Future events could have a negative impact on the ratings of ESR-REIT and prospective investors should be aware that there is no assurance that the ratings given will continue or that the ratings would not be reviewed, downgraded, suspended or withdrawn as a result of future events or based on the judgment of the relevant rating agency. A downgrade or withdrawal of the credit ratings assigned by a rating agency may have a negative impact on the market value of the Securities and lead to ESR-REIT being unable to obtain future credit on terms which are as favourable as those of its existing borrowings, resulting in loans at higher interest rates.

***ESR-REIT may experience limited availability of funds***

ESR-REIT may require additional financing to fund working capital requirements, to support the future growth of its business and/or to refinance existing debt obligations. There can be no assurance that additional financing, either on a short-term or long-term basis, will be made available or, if available, that such financing will be obtained on terms favourable to ESR-REIT. Factors that could affect ESR-REIT's ability to procure financing include the cyclicity of the property market and market disruption risks which could adversely affect the liquidity, interest rates and the availability of funding sources. ESR-REIT may experience increased difficulties in obtaining funding amidst uncertainties in the global economy, whether from financial institutions or the capital markets. ESR-REIT's plans for expansion will require significant additional investments and capital and if ESR-REIT is unable to procure sufficient funds, its growth strategy may be materially and adversely affected.

***ESR-REIT may have a higher level of gearing than certain other types of unit trusts***

ESR-REIT may, from time to time, require additional debt financing to achieve its investment strategies and to fund working capital requirements and/or to refinance existing debt obligations.

ESR-REIT's level of borrowings may represent a higher level of gearing as compared to certain other types of unit trusts, such as non-specialised collective investment schemes which invest in equities and/or fixed income instruments. This could affect ESR-REIT's ability to make timely interest payments or otherwise comply with applicable debt covenants, and this may in turn affect the Relevant Issuer's ability to fulfil its payment obligations under the Securities.

***ESR-REIT faces risks associated with its existing debt financing arrangements***

ESR-REIT is subject to risks associated with debt financing, including the risk that its cash flow will be insufficient to make the required principal and interest payments under such financing.

As at the Latest Practicable Date, 100% of ESR-REIT's Properties are unencumbered. However, ESR-REIT may in future mortgage any or any number of the Properties are mortgaged to secure payment of ESR-REIT's bank borrowings. If ESR-REIT is unable to meet interest or principal payments in respect of such borrowings, such Properties may be foreclosed by the lender or the lender may require a force sale of such Properties. This may result in a loss of income and asset value to ESR-REIT. There is no assurance that the lender will be able to realise the original purchase price or the current market value of such Properties if they are divested under any enforcement action in the future. If the ESR-REIT Manager wishes to dispose of any of the Properties, it would (for so long as such Properties are mortgaged) require the approval of the lender. The need for such approval may restrict ESR-REIT's ability to freely dispose of the Properties as there is no assurance that the approval would be obtained in time or at all.

ESR-REIT's borrowings are also subject to covenants, representations and warranties in favour of the lenders, relating to, among other things, ESR-REIT, the ESR-REIT Manager, the ESR-REIT Trustee and the Properties. Certain of these borrowings also require ESR-REIT to indemnify the lenders in relation to any breach of such covenants, representations and warranties. In the event that the lenders, or any party entitled to enforce the covenants, representations, warranties and indemnities make a claim in respect of any of them, the assets of ESR-REIT may be used to satisfy such a claim and this could have a material adverse effect on ESR-REIT.

ESR-REIT may seek to repay maturing debt with funds from additional debt or equity financings or both. There can be no assurance that such financing will be available on acceptable terms, or at all.

ESR-REIT is also subject to the risk that its existing borrowings may have their repayment accelerated or be terminated by the lenders upon the occurrence of certain events. Even if ESR-REIT is able to refinance part of such existing debt, it remains subject to the risk that the terms of such refinancing will not be as favourable as the terms of its existing debt. In addition, ESR-REIT may be subject to certain covenants in connection with any future borrowings that may limit or otherwise adversely affect its operations. Such covenants may also restrict ESR-REIT's ability to acquire future properties or to undertake other capital expenditures or may require it to set aside funds for maintenance or repayment of security deposits.

In addition to the risks set out above, if prevailing interest rates or other factors at the time of refinancing its debt (such as the possible reluctance of lenders to make loans in relation to industrial properties) result in ESR-REIT having to bear higher interest rates upon refinancing its debt, the interest expense relating to such refinanced borrowings would increase, and this may adversely affect ESR-REIT's cash flow. The occurrence of such events may adversely affect the financial condition of ESR-REIT, which may in turn affect the Relevant Issuer's ability to fulfil its payment obligations under the Securities.

Additionally, a proportion of ESR-REIT's expected cash flow may be required to be dedicated to the payment of interest on its borrowings, thereby reducing the funds available to ESR-REIT for use in its general business operations. Such indebtedness may also restrict ESR-REIT's ability to obtain additional financing for capital expenditure, acquisitions or general corporate purposes and may cause it to be vulnerable in the event of a general economic downturn.

***ESR-REIT is subject to interest rate fluctuations***

ESR-REIT maintains part of its debts on a floating rate basis. Consequently, the interest cost to ESR-REIT for the floating interest rate debts will be subject to fluctuations in interest rates. ESR-REIT has entered into some hedging transactions to partially mitigate the risk of interest rate fluctuations. However, its hedging policy may not adequately cover ESR-REIT's exposure to interest rate fluctuations. As a result, ESR-REIT's operations or financial condition could potentially be adversely affected by interest rate fluctuations.

***ESR-REIT may be adversely affected by the illiquidity of real estate investments***

ESR-REIT invests primarily in industrial real estate which entails a higher level of risk than a portfolio which has a diverse range of investments. Real estate investments are relatively illiquid. Such illiquidity may affect ESR-REIT's ability to vary its investment portfolio or dispose of part of its assets in response to changes in economic, real estate market or other conditions. For example, ESR-REIT may be unable to dispose of its assets on short notice or may be forced to give a substantial reduction in the price that may otherwise be sought for such assets in order to ensure a quick sale. Moreover, ESR-REIT may face difficulties in securing timely and commercially favourable financing in asset-based lending transactions secured by real estate due

to the illiquid nature of real estate assets. This could have an adverse effect on ESR-REIT's financial condition and results of operations, which may in turn affect the Relevant Issuer's ability to fulfil its payment obligations under the Securities.

***ESR-REIT's strategy of investing in industrial properties may entail a higher level of risk compared to other types of trusts that have a more diverse range of permitted investments and that are spread over more diverse geographical locations***

All of the Properties are used predominantly for industrial purposes and are located in Singapore. This concentration of investments in a portfolio of industrial real estate assets in Singapore may cause ESR-REIT to be susceptible to a downturn in the industrial real estate market in Singapore. A downturn in the industrial real estate market may lead to a decline in the rental income in the Properties and/or a decline in the capital value of such Properties, either of which will have an adverse impact on the results of operations and the financial condition of ESR-REIT, and this may in turn affect the Relevant Issuer's ability to fulfil its payment obligations under the Securities.

***The ESR-REIT Manager may not be able to implement its investment strategy***

The ESR-REIT Manager's investment strategy includes expanding ESR-REIT's portfolio of industrial properties in Singapore and expanding its portfolio to include industrial properties in overseas markets. There can be no assurance that the ESR-REIT Manager will be able to expand ESR-REIT's portfolio further, or at any specified rate or to any specified size. The ESR-REIT Manager may not be able to make investments or acquisitions on favourable terms in a desired time frame.

ESR-REIT relies on external sources of funding to expand its portfolio, and there is no assurance that such funding will be available on favourable terms, or at all. Even if ESR-REIT were able to complete additional property investments successfully, there is no assurance that ESR-REIT will achieve its intended return on such investments. As the amount of debt ESR-REIT can incur to finance acquisitions is limited (for example, by the Property Funds Appendix and various financial and restrictive covenants in ESR-REIT's loan facilities), such acquisitions may be dependent on ESR-REIT's ability to raise equity capital. Potential vendors may also view the necessity of raising equity capital to fund any such purchase negatively and may prefer other potential purchasers.

Furthermore, there has been significant competition from other real estate investors for attractive investment opportunities, particularly for industrial properties both in Singapore and regionally. These real estate investors include other industrial REITs, commercial property development companies and private investment funds, both foreign and domestic, which may be larger in terms of assets and revenue or have greater financial resources, better quality of assets and stronger relationships with potential vendors and tenants compared to ESR-REIT. There can be no assurance that ESR-REIT will be able to compete effectively against such entities. This is particularly so for the acquisition of properties in Singapore, where the stamp duty concession previously enjoyed by REITs has been removed with effect from 31 March 2015. The removal of such concession means that REITs could experience an increase in their acquisition costs and a reduction in their level of competitiveness against other property development companies. There is therefore no assurance that ESR-REIT's acquisition growth strategy can be successfully implemented as increased competition may adversely affect its ability to acquire properties in Singapore. ESR-REIT's failure to effectively compete against its competitors may in turn adversely affect the ability of the Relevant Issuer to fulfil its payment obligations under the Securities.

***The ESR-REIT Manager may invest overseas and may be subject to associated risks***

The ESR-REIT Manager may venture to invest in yield accretive properties overseas to enhance ESR-REIT's value. There may be operational and currency risks involved in expanding the business overseas.

Furthermore, real estate laws differ from country to country and ESR-REIT's business in these countries may not always enjoy the same level of legal rights or protection that it is afforded in Singapore. More stringent or onerous real estate laws may be adopted in the future in the countries where ESR-REIT may operate its business, and that may restrict ESR-REIT's ability to operate its business. The risk profile of ESR-REIT may therefore encompass the risks involved in each of the countries or businesses that ESR-REIT operates. The business, financial condition, performance or prospects of ESR-REIT may be adversely affected by any of such risks. Adverse economic and/or property and property-related developments in the countries where ESR-REIT operates its business may also have a material adverse effect on performance of ESR-REIT.

***The ESR-REIT Manager's strategy to initiate asset enhancement and/or development works on the properties held by ESR-REIT from time to time may not materialise***

The ESR-REIT Manager may from time to time initiate asset enhancement and/or development works on some of the properties held by ESR-REIT at the request of existing or pre-committed tenants or to attract new tenants. There is no assurance that such plans for asset enhancement and/or development works will materialise, or in the event that they do materialise and are completed, that they will be able to achieve their desired results. The proposed AEl's are also subject to ESR-REIT obtaining the approvals of the relevant authorities. Furthermore, the ESR-REIT Manager may not be able to carry out the proposed AEl's within a desired timeframe, and any benefit or return which may arise from such AEl's may be reduced or lost. Despite the significant costs that may have been incurred by ESR-REIT in the course of such asset enhancement and/or development works, such properties may still be unable to attract new tenants or retain existing tenants and pre-committed tenants may default on their pre-commitment obligations. This may adversely affect the financial condition of ESR-REIT, which may in turn affect the Relevant Issuer's ability to fulfil its payment obligations under the Securities.

***ESR-REIT may not be able to control or exercise any influence over entities in which it has minority interests or over the management of strata sub-divided properties in which it owns strata lots***

ESR-REIT may, in the course of future acquisitions, acquire minority interests in real estate-related investment entities ("**Other Investment Entities**"). ESR-REIT may also acquire strata lots in strata sub-divided properties ("**Strata Sub-divided Properties**") in the future. There can be no assurance that ESR-REIT will be able to (i) control such Other Investment Entities or exercise any influence over the assets of such entities or their distributions to ESR-REIT or (ii) control or exercise any influence over the management of the Strata Sub-divided Properties, depending on the share value of the strata lots owned by ESR-REIT. Furthermore, the Other Investment Entities may also develop objectives which are different from those of ESR-REIT and not be able to make distributions. The management of such Other Investment Entities and Strata Sub-divided Properties may make decisions regarding such entities or properties they control which adversely affect the operations of ESR-REIT, and this may in turn affect the Relevant Issuer's ability to fulfil its payment obligations under the Securities.

***ESR-REIT may be involved in legal and other proceedings from time to time***

ESR-REIT may be involved from time to time in disputes with various parties such as tenants, contractors, sub-contractors, consultants, suppliers, construction companies, purchasers and other partners involved in the asset enhancement, operation and purchase of the properties held

by ESR-REIT. These disputes may lead to legal and other proceedings, and may cause ESR-REIT to suffer additional costs and delays. In the event that such proceedings are resolved in favour of other parties against ESR-REIT, there may be an adverse impact on ESR-REIT's financial condition and results of operations. Additionally, ESR-REIT may have disputes with regulatory bodies in the course of its operations and may be subject to administrative proceedings and unfavourable orders, directives or decrees. This may in turn result in financial losses and delays in the completion of works and/or the construction of properties. Should any of the above circumstances develop into actual events, the Relevant Issuer's ability to fulfil its payment obligations under the Securities may be adversely affected.

***ESR-REIT depends on certain key personnel and the loss of any key personnel may adversely affect its operations***

ESR-REIT's success depends, in part, upon the continued service and performance of members of the ESR-REIT Manager's senior management team and certain key senior personnel. These key personnel may leave the ESR-REIT Manager or compete with it and ESR-REIT. The loss of any of these individuals, or of one or more of the ESR-REIT Manager's other key employees, without suitable and timely replacement, could have a material adverse effect on ESR-REIT's results of operations and financial condition, which may in turn affect the Relevant Issuer's ability to fulfil its payment obligations under the Securities.

***ESR-REIT's properties and operation may be affected or damaged by acts of terrorism and other acts of violence or war and adverse political developments***

The presence of terrorist activities, acts of violence or war and adverse political developments could materially and adversely affect international financial markets and the Singapore economy. Acts of terrorism and other acts of violence and war could also cause physical damage to the properties held by ESR-REIT. Such developments may lead to a significant disruption to the business or operation of the relevant properties and result in an adverse impact on the financial condition and results of operations of ESR-REIT.

***Outbreak of infectious disease or any other serious public health concerns in Singapore and elsewhere could adversely impact ESR-REIT's financial condition, business and results of operation***

The outbreak of infectious disease such as Influenza A (H1N1-2009), the avian influenza, severe acute respiratory syndrome, Middle East Respiratory Syndrome and the Zika virus in Singapore and elsewhere, together with any resulting restrictions on travel and/or imposition of quarantines, could have a negative impact on the economy and business activities in Singapore and could thereby adversely impact the revenues and results of operations of ESR-REIT. A future outbreak of an infectious disease or any other serious public health concern in Singapore could seriously harm ESR-REIT's business.

***If the Capital Markets Services Licence of the ESR-REIT Manager is cancelled or not renewed by MAS, the operations of ESR-REIT may be adversely affected***

The Capital Markets Services Licence issued to the ESR-REIT Manager is subject to certain conditions. If the Capital Markets Services Licence of the ESR-REIT Manager is cancelled or revoked by MAS, ESR-REIT will need to expend time and resources searching for a replacement manager. This could adversely affect the operations of ESR-REIT and hence the Relevant Issuer's ability to fulfil its payment obligations under the Securities.

## **RISKS RELATING TO THE PROPERTIES OF ESR-REIT**

### ***ESR-REIT is exposed to general risks associated with the ownership and management of real estate***

Property investment is subject to risks incidental to the ownership and management of industrial properties including, among other things, competition for tenants, changes in market rent, inability to renew leases or re-let space as existing leases expire, inability to collect rent from tenants due to bankruptcy or insolvency of tenants or otherwise, inability to dispose of major investment properties for the values at which they are recorded in ESR-REIT's financial statements, increased operating costs, the need to renovate, repair and re-let space periodically, wars, terrorist attacks, riots, civil commotions, natural disasters and other events beyond ESR-REIT's control. The activities of ESR-REIT may also be impacted by changes in laws and governmental regulations in relation to real estate, including those governing usage, zoning, taxes and government charges. Such revisions may lead to an increase in management expenses or unforeseen capital expenditure to ensure compliance. Rights related to the relevant properties may also be restricted by legislative actions, such as revisions to the laws relating to building standards or town planning laws, or the enactment of new laws relating to government appropriation, condemnation and redevelopment.

### ***The Properties are located in Singapore and are therefore exposed to the economic and real estate conditions in Singapore***

As at the date of this Information Memorandum, all of ESR-REIT's Properties are located in Singapore. This concentration of ESR-REIT's business in Singapore may entail a higher level of risk as compared to some other REITs which have properties spread over different countries or have a more diverse range of investments. ESR-REIT is exposed to the risk of a prolonged downturn in economic and real estate conditions in Singapore. A decline in Singapore's economy could adversely affect ESR-REIT's results of operations and future growth. The performance of ESR-REIT may also be adversely affected by local real estate market conditions, such as the competitiveness of competing industrial properties or an oversupply of industrial properties or reduced demand for industrial properties. The occurrence of any such adverse events may adversely affect the financial condition of ESR-REIT, which may in turn affect the Relevant Issuer's ability to fulfil its payment obligations under the Securities.

### ***The properties held by ESR-REIT may face competition from other properties***

There are many existing and new industrial properties in Singapore that compete with ESR-REIT's properties in attracting and retaining tenants. Whenever competing properties in the vicinity of properties held by ESR-REIT are developed or substantially upgraded and refurbished, the attractiveness of such properties may be affected. The properties held by ESR-REIT will also compete with properties that may be developed in the future. The development of such properties may adversely affect the demand and rental rates for ESR-REIT's properties and consequently the financial condition and results of operations of ESR-REIT. This may in turn affect the availability of cash flows and the Relevant Issuer's ability to fulfil its payment obligations under the Securities.

Factors that affect the ability of industrial properties to attract or retain tenants include connectivity through proximity to strategic infrastructure amenities and major highways, the attractiveness of the relevant building and the surrounding area to prospective tenants and their customers, the quality of the building's existing tenants as well as the performance of the relevant building's property manager. The income from, and market value of, ESR-REIT's properties will be largely dependent on the ability of ESR-REIT's properties to compete with other industrial properties in

the relevant localities in attracting and retaining tenants. Historical operating results and the market values of the Properties may not be indicative of future operating results and market values of ESR-REIT's properties.

***The ESR-REIT Manager and the Property Manager are indirectly owned by ESR Cayman Limited ("ESR"). There are potential conflicts of interest amongst ESR, the Manager and the Guarantor***

On 18 January 2017, ESR (through its wholly-owned subsidiary) completed its acquisition of c. 80% interest in the ESR-REIT Manager and c. 100% interest in the Property Manager. ESR is engaged in, and/or may engage in, among other things, the development, operation, portfolio management and investment of real estate specifically in Asia, with a focus on logistics and industrial warehouses.

As a result, the strategy and activities of ESR-REIT may be influenced by the overall interests of ESR. There can be no assurance that conflicts of interest will not arise between the ESR and ESR-REIT in the future. Furthermore, there can be no assurance that ESR will not favour properties retained in its own property portfolio or which it manages or operates over those owned by ESR-REIT. This could lead to lower occupancy rates and/or lower revenue for ESR-REIT's properties, which may in turn result in a material adverse effect on ESR-REIT's gross revenue and this may indirectly affect the Relevant Issuer's ability to fulfil its payment obligations under the Securities.

***The revenue stream and the value of the Properties may be adversely affected by a number of factors***

The revenue stream and the value of the Properties may be adversely affected by a number of factors which include:

- (i) vacancies following expiry or termination of leases or licences that lead to lower occupancy rates which in turn reduce ESR-REIT's revenue and its ability to recover certain operating costs such as government rates (including property and other taxes), government rents, utility charges and other charges payable by the tenants and licensees;
- (ii) the ESR-REIT Manager's ability to collect rent or licence fees from tenants and licensees on a timely basis or at all;
- (iii) the amount and extent to which ESR-REIT grants waivers of interest on late payment of rent;
- (iv) the amount and extent to which ESR-REIT is required to grant rebates to tenants, due to market pressure;
- (v) tenants seeking the protection of bankruptcy laws which could result in delays in the receipt of rent payments, inability to collect rental income or delays in the termination of the tenant's lease, or which could hinder or delay the sale of a property or the re-letting of the premises in question;
- (vi) the amount of rent payable by tenants and the terms on which lease renewals and new leases are agreed being less favourable than current leases;
- (vii) the national and international economic climate and real estate market conditions (such as oversupply of, or reduced demand for, industrial space, compulsory acquisitions or release of land by the Government of Singapore, general downturns in market rental rates and increases in operating expenses for the Properties);

- (viii) the ESR-REIT Manager's ability to provide adequate management and maintenance services and insurance;
- (ix) tenants or sub-tenants failing to comply with the terms of their leases or sub-leases;
- (x) bankruptcy, insolvency or downturn in the business of tenants or sub-tenants which may result in the non-renewal of their leases or sub-leases or the termination of their leases or sub-leases before they expire;
- (xi) competition for tenants from other similar properties which may affect rental or occupancy rates of the Properties;
- (xii) changes in laws and governmental regulations in relation to real estate, including those governing usage, zoning, taxes and governmental charges. Such revisions may lead to an increase in management expenses or unforeseen capital expenditure to ensure compliance. Rights relating to the relevant properties may also be restricted by legislative actions, such as revisions to the building standards laws or the town planning laws, or the enactment of new laws relating to government appropriation, condemnation and redevelopment;
- (xiii) acts of God, wars, terrorist attacks, riots, civil commotions, widespread communicable diseases, natural disasters and other events beyond the control of the ESR-REIT Manager; and
- (xiv) defects affecting any of the Properties which could affect the operations of tenants resulting in the inability of such tenants to make payments of rent in a timely manner, if at all.

***The Properties may be subject to increases in operating and other expenses***

ESR-REIT's net income could be adversely affected if operating and other expenses of the Properties increase without a corresponding increase in revenues. Factors which could increase operating and other expenses include, among others:

- (i) increases in property taxes and other statutory charges;
- (ii) changes in direct or indirect tax policies;
- (iii) changes in statutory laws, regulations or government policies which increase the cost of compliance with such laws, regulations or policies;
- (iv) increases in sub-contracted service costs;
- (v) increases in agent commission expenses for procuring new tenants;
- (vi) increases in the rate of inflation;
- (vii) costs arising from litigation claims;
- (viii) increases in insurance premiums;
- (ix) increases in the amount of maintenance and sinking fund contributions payable to the management corporations of its properties;
- (x) increases in repair and maintenance costs;



- (xi) damage or defects affecting any of the Properties which need to be rectified, leading to unforeseen capital expenditure; and
- (xii) increases in costs of utilities.

***The Properties may be subject to risks associated with the acquisition of properties***

While the ESR-REIT Manager believes that reasonable due diligence investigations have been conducted with respect to the Properties prior to their acquisition, there can be no assurance that such properties will not have certain defects or deficiencies requiring repair or maintenance (including design, construction or other latent property or equipment defects in the Properties which may require additional capital expenditure, special repair or maintenance expenses) other than those which have been previously disclosed or disclosed in this Information Memorandum. Such undisclosed defects or deficiencies may require significant capital expenditures or obligations to third parties and involve significant and unpredictable patterns and levels of expenditure which may have a material adverse effect on ESR-REIT's earnings and cash flows. This may in turn affect the Relevant Issuer's ability to fulfil its payment obligations under the Securities.

Any expert report that the ESR-REIT Manager relies on as part of its due diligence investigations of the Properties and for any future acquisitions may be subject to inaccuracies and deficiencies. This may be because certain building defects and deficiencies are difficult or impossible to ascertain due to limitations inherent in the scope of the inspections, the technologies or techniques used and other factors.

Notwithstanding the due diligence investigations which have been carried out on the Properties, some of the Properties may still not be in compliance with certain laws and regulations. ESR-REIT may incur financial or other obligations in relation to such breaches or non-compliance, and this may in turn affect the Relevant Issuer's ability to fulfil its payment obligations under the Securities.

The representations, warranties and indemnities granted in favour of ESR-REIT by the vendors of the Properties may be subject to limitations as to their scope and as to the amount and timing of claims which can be made. Additionally, the time frame for such claims to be made may have expired. There is no assurance that ESR-REIT will be entitled to be reimbursed under such representations, warranties and indemnities for any losses or liabilities suffered or incurred by it as a result of its acquisition of these properties, and this may in turn affect the Relevant Issuer's ability to fulfil its payment obligations under the Securities.

***The Properties are industrial properties and have limited uses***

The Properties are located on sites zone for industrial purposes in the Master Plan Zoning (2014 edition). As a result, the Properties located on such designated lands may only be used for a specific purpose. If ESR-REIT or the tenants in the STBs terminates any of the lease agreements, or if the tenant loses its licence to operate, ESR-REIT may not be able to find a replacement tenant to lease those industrial facilities in a timely manner or on terms acceptable to ESR-REIT or at all. In the event that ESR-REIT is unable to find a tenant to lease the affected Property for industrial purposes, ESR-REIT may need to change the use of the affected Property in order to be able to lease it and to generate income. There can be no assurance that ESR-REIT will be able to obtain the requisite approval to change the zoning of the sites on which its Properties are located, and even if such approvals are obtained, ESR-REIT may be required to incur significant time and expenditure to alter the existing Properties to make them suitable for other uses. If any of the above events were to occur, ESR-REIT's financial condition and results of operation may be materially and adversely affected, and this may indirectly affect the Relevant Issuer's ability to fulfil its payment obligations under the Securities.

***The loss of anchor tenants, sub-tenants and licencees of the Properties could directly or indirectly reduce the cash flow of ESR-REIT***

ESR-REIT is directly dependent upon the anchor tenants, sub-tenants and licensees of its Properties for the revenue from such Properties. ESR-REIT is therefore subject to the risk of default on rental payments and negotiation of reduced rent by the anchor tenants, sub-tenants and licensees. It is also subject to the risk of non-renewal, non-replacement or early termination of the underlying tenancies in the event that these anchor tenants, subtenants and licensees become bankrupt or insolvent, suffer a downturn in business, prematurely terminate their leases, do not renew their leases at expiry, or reduce their leased space in the Properties. The business of anchor tenants, sub-tenants and licensees may be adversely affected by external factors such as acts of God, terrorist attacks, riots, civil commotions, widespread communicable diseases or other events beyond the control of the ESR-REIT Manager in Singapore or in other countries where the anchor tenants, sub-tenants and licensees may have business dealings in. In the event that the tenancies are terminated, there is no guarantee that replacement anchor tenants, sub-tenants and licensees may be found in a timely manner and on satisfactory terms, if at all.

The loss of one or more of the anchor tenants, sub-tenants and licensees of the Properties could result in periods of vacancy which could adversely affect ESR-REIT's income. In addition, the amount of rent and the terms of new leases entered into with replacement anchor tenants, sub-tenants and licensees or renewal leases entered into with current tenants and licensees may be less favourable than the existing leases. This would adversely affect ESR-REIT's operating results and its ability to generate revenue, which may in turn affect the Relevant Issuer's ability to fulfil its payment obligations under the Securities.

***The Properties are held pursuant to leases from JTC and HDB and/or the President of Singapore, and these land leases contain certain provisions that may have an adverse effect on ESR-REIT's financial condition and results of operations***

The ESR-REIT Trustee, on behalf of ESR-REIT, owns the Properties pursuant to land leases from JTC, HDB and/or the President of Singapore. Each of the Properties which is held under a lease from JTC contains certain standard terms and conditions ordinarily found in building agreements or agreements for lease entered into or leases granted by JTC requiring the lessee:

- (i) to pay a yearly rent to JTC;
- (ii) not to demise, assign, mortgage, let, sublet, underlet or grant a licence or part with or share the possession or occupation of the whole or part of the relevant Property without first obtaining JTC's prior written consent; and
- (iii) not to use or permit the relevant Property to be used other than for such purposes as approved by JTC.

Each of the Properties which is held under a lease from HDB contains certain standard terms and conditions requiring the lessee:

- (i) to pay yearly rent to HDB;
- (ii) not to demise, transfer, assign, mortgage, let, sublet or underlet or licence or part with possession of the relevant Property or any part thereof and not to effect any form of reconstruction including any form of amalgamation or merger with or take-over by another company or body without first obtaining the consent of HDB in writing; and
- (iii) not to use or permit the relevant Property to be used other than for such purposes as approved by HDB.

Each of the Properties which is held under a lease from the President of Singapore contains certain terms and conditions, several of the more material and pertinent ones of which include:

- (i) preventing the lessee, without the written approval of the lessor, from using or permitting the relevant Property to be used otherwise than as permitted by the terms of the lease from the President of Singapore or in accordance with the approval obtained from the lessor and the competent planning authority;
- (ii) granting the lessor the right of re-entry if the lessee fails to perform or observe any of the terms and conditions of the lease from the President of Singapore. Upon re-entry, the term of the lease from the President of Singapore will cease without prejudice to any right of action or other remedy that the lessor may have; and
- (iii) requiring the lessee to surrender to the Government of Singapore, without compensation, such portions of the relevant Property which may be required from time to time for roads, drainage, or any other public purpose as may be declared or notified to the lessee.

Compliance with the terms of such leases may restrict ESR-REIT's ability to respond to changing real estate market conditions, re-let a Property to different tenants or perform asset enhancements. In addition, any current or future breaches of its land leases may require rectification. These restrictions may have an adverse effect on ESR-REIT's financial condition and results of operations, which may in turn affect the ability of the Relevant Issuer to fulfil its payment obligations under the Securities.

***JTC has announced that all new leases from JTC as well as transfers of JTC properties by owners should give JTC the right to buy the relevant property should the owner decide to sell the property in the future***

In order to facilitate overall land use planning and development needs in Singapore, JTC has announced that all new leases from JTC as well as transfers/assignments and lease renewals of JTC properties by owners should give JTC the right to buy the relevant property should the owner decide to sell the property in the future (excluding sale and lease-back transactions and mortgagee sales). According to the announcement, the reason behind this policy is that land in Singapore is scarce and the constant rejuvenation of land use is essential to optimise land use in Singapore. This policy may have an impact on ESR-REIT's ability to acquire properties to be leased under JTC or to dispose of its properties which are held under JTC leases.

***ESR-REIT may not be able to extend the terms of the underlying land leases of certain of the Properties which contain options to renew***

The underlying leases of certain of the Properties contain a covenant by the relevant lessor thereof to grant a further term following the expiry of the current lease term subject to the satisfaction of certain conditions, such as there being no breach of any terms and conditions of the underlying leases and certain fixed investment criteria in respect of these Properties being fulfilled.

While ESR-REIT had, where applicable, required the vendors, at the time of the acquisition of such Properties, to provide written confirmation of the relevant head lessor (namely, JTC or HDB, as the case may be) that the pertinent fixed investment criteria had been fulfilled, there can be no assurance that such conditions for extension have been or will be satisfied or that ESR-REIT's tenants, while in occupation of the premises, have not been or will not be in breach of the terms and conditions of the underlying leases or that any such breach has been or will be rectified in time, or at all.

If ESR-REIT, for whatever reason, is not able to extend the lease term of the underlying leases of any of such Properties, ESR-REIT may have to surrender such Property to its lessor upon expiry of the original lease term. The value of the Properties may be substantially reduced upon such surrender. Any potential income expected after the expiry of the original lease term will not be realised. In addition, ESR-REIT may be required to incur substantial amounts of money to reinstate a Property to a state and condition acceptable to the relevant lessor.

***The Properties or parts thereof may be acquired compulsorily***

The Land Acquisition Act, Chapter 152 of Singapore gives the Government of Singapore the power to acquire any land in Singapore:

- (i) for any public purpose;
- (ii) where the acquisition is of public benefit or of public utility or in the public interest; or
- (iii) for any residential, commercial or industrial purposes.

The compensation to be awarded pursuant to any compulsory acquisition would be based on, among other factors:

- (a) the market value of the Property as at the date of the publication in the Government Gazette of the notification of the likely acquisition of the land (provided that within six months from the date of publication, a declaration of intention to acquire is made by publication in the Government Gazette); or
- (b) the market value of the Property as at the date of publication in the Government Gazette of the declaration of intention to acquire.

Accordingly, if the market value of a Property (or part thereof) is greater than the market values referred to above, the compensation paid in respect of the Property would be less than its market value. In such cases, compulsory acquisitions would have an adverse effect on the revenue of ESR-REIT and the value of the Properties.

Further, ESR-REIT may, in the future, acquire properties that are located in other countries. The laws of these countries may also provide for a right by the governments of these countries to compulsorily acquire any land or property with no compensation to the owner or with compensation which is below market value. Such compulsory acquisitions would have an adverse effect on the revenue of ESR-REIT and the value of such properties.

***The sub-tenancies in respect of the Properties with existing sub-tenants may not have been properly approved by or notified to JTC and/or HDB***

Some of the Properties are sub-tenanted by ESR-REIT's anchor tenants. These anchor tenants may sub-let parts of the Properties to third parties. Some of such sub-tenancies in respect of these Properties may not have been approved by or notified to, as the case may be, JTC under the relevant JTC lease or HDB under the relevant HDB lease or any other head lessor. Where approval is necessary and has been obtained, the terms of the approval may not reflect the actual terms of the relevant sub-tenancy (for example, in relation to the duration and term of the sub-tenancy or the permitted use under such sub-tenancy). This may constitute a breach of the relevant JTC lease or HDB lease or lease with any head lessor which may give rise, *inter alia*, to a right of re-entry by the head lessor.

JTC has tightened its subletting policy applicable to third-party facility providers. With effect from 1 October 2015, JTC requires at least 70% of the GFA to be occupied by approved anchor tenant(s) with a minimum requirement of 1,000 sqm per anchor tenant and a minimum occupation period of 3 years per term. HDB has also recently implemented the same anchor tenant subletting requirement with effect from 1 January 2016 with a 3 year grace period till 31 December 2018. JTC on the other hand, has given till 31 December 2017 for compliance as the policy was implemented a year earlier. In view of the aforementioned changes, there may be a potential risk of the sub-tenancies in respect of the Properties with existing anchor tenant(s) and/or subtenants not being in compliance.

Any breach of JTC leases, HDB leases or any other head lease or non-compliance with JTC sub-letting polices could result in significant financial loss and adversely affect ESR-REIT's financial condition and results of operations. This may in turn affect the Relevant Issuer's ability to fulfil its payment obligations under the Securities.

***Amenities and transportation infrastructure near the the Properties may be closed, relocated or terminated, or the commencement of their operations may be delayed***

The proximity of amenities and transportation infrastructure such as train stations and bus interchanges to the Properties influence the demand for and hence the occupancy of the Properties.

There is no assurance that the amenities, transportation infrastructure and shuttle services near the Properties will not be closed, relocated or terminated in the future, or that the commencement of their operations will not be delayed. If such an event were to occur, it would adversely impact the accessibility of the affected Properties and their attractiveness and marketability to tenants. This may have a negative impact on their occupancy rates and may consequently affect ESR-REIT's financial condition and results of operations.

***ESR-REIT may be involved in boundary disputes and there may be encroachment by, or affecting, the Properties***

ESR-REIT may be involved in boundary disputes which may cause difficulties in future dispositions of the land or unexpected costs or losses including, but not limited to, the loss of part of the land area or liability for damages arising in relation to such Properties. Some of the Properties are encroaching on, or being encroached upon, by the adjoining properties. Such encroachment by, or affecting, the Properties may restrict the use of the land or lead to claims from neighbours. This may adversely affect ESR-REIT's rental income and cause additional expense to be incurred by ESR-REIT in the removal of the encroachment or reinstatement of the affected land. These risks may have an adverse effect on ESR-REIT's financial condition and results of operations, which may in turn affect the Relevant Issuer's ability to fulfil its payment obligations under the Securities.

***ESR-REIT is exposed to general risks associated with the development and asset enhancement works on the Properties***

From time to time, ESR-REIT carries out development and asset enhancement works on some of its Properties, including building and property fitting-out works, alterations and additions, interior decoration, installation of air-conditioning units and lifts, and gardening and landscaping works. These projects may be subject to delays in completion or cost overruns beyond project estimates due to several factors, including disputes with the contractors and suppliers, industrial accidents, work stoppages arising from accidents at the worksite, and shortage of labour, equipment and construction materials. Such delays and cost overruns could have an adverse effect on ESR-REIT's financial condition and results of operations.

ESR-REIT has previously entered into, and may in the future enter into, arrangements to develop BTS facilities. Construction of new developments entails significant risks, including shortage of materials or skilled labour, unforeseen engineering, environmental or geological problems, work stoppages, litigation, weather interference, floods and unforeseen cost increases, any of which could give rise to delayed completions or cost overruns. Difficulties in obtaining any requisite licenses, permits, allocations or authorisations from regulatory authorities could also increase the cost, or delay the construction or opening of, new developments. All of these factors may affect ESR-REIT's business, financial condition and results of operations.

***ESR-REIT relies on third parties to provide various services***

ESR-REIT engages and relies on third-party contractors to carry out its development and asset enhancement works, in addition to providing various services in connection with the day-to-day operation of the Properties, ESR-REIT is exposed to the risk that a third-party contractor may cause a delay in project completion or incur costs in excess of project estimates. This may in turn result in excess costs which may have to be borne by ESR-REIT in order to complete the project in a timely manner.

Major third-party contractors may experience financial or other difficulties which may affect their ability to carry out construction or related works, thus increasing the risk of delays in the completion of development projects, or the inability to continue with the project. This may result in additional costs to ESR-REIT as ESR-REIT will need to engage other third-party contractors to complete the remaining works.

There can also be no assurance that the services rendered by the third-party contractors will always be satisfactory, be adequately covered by insurances or match ESR-REIT's targeted quality levels. All of these factors could adversely affect ESR-REIT's business, financial condition and results of operations.

***Renovation or redevelopment works or physical damage to the Properties may disrupt the operations of such Properties and the collection of rental income or otherwise have an adverse effect on the financial condition of ESR-REIT***

The quality and design of the Properties have a direct influence on the demand for space in, and the rental rates of such Properties. The Properties may need to undergo renovation or redevelopment works from time to time to retain their competitiveness and may also require unforeseen *ad hoc* maintenance or repairs in respect of faults or problems that may develop from time to time or as a result of new planning laws, regulations or building codes. The costs of maintaining industrial properties and the risk of unforeseen maintenance or repair requirements tend to increase over time as the building ages. In addition, some of the older Properties may be required to undergo regularisation exercises to comply with updated building codes. The business and operations of the Properties may suffer some disruption and it may not be possible to collect the full or any rental income on space affected by such renovation, rectification, redevelopment works, maintenance or repairs. This may adversely affect the financial condition of ESR-REIT, and in turn affect the Relevant Issuer's ability to fulfil its payment obligations under the Securities.

In addition, physical damage to any of the Properties resulting from fire or other causes may lead to a significant disruption to the business and operation of such Properties and, together with the foregoing, may cause significant losses of rental income and result in an adverse impact on the financial condition and results of operations of ESR-REIT. This may in turn affect the Relevant Issuer's ability to fulfil its payment obligations under the Securities.

***Potential liability for environmental problems could result in unanticipated costs***

The Properties may contain, or their operations may utilise certain material, processes or installations which are regulated pursuant to various environmental laws, including those relating to air pollution control, water pollution control, waste disposal and noise pollution control, or may require environmental permits from regulatory authorities. These laws often impose liability without regard to whether the owner or operator knew of, or was responsible for, the release or presence of the hazardous substances. The costs of removal or remediation of such substances could be substantial. There can be no assurance that potential environmental liability do not exist or will not arise in the future. The presence of contamination or hazardous substances on the Properties could adversely affect ESR-REIT's ability to lease or sell such Properties or to borrow using these Properties as collateral, and ESR-REIT may be required to incur unbudgeted capital expenditure to remedy the issues, which could have a material adverse effect on ESR-REIT's business, financial condition, results of operations, and prospects. This may in turn affect the Relevant Issuer's ability to fulfil its payment obligations under the Securities.

***ESR-REIT may suffer material losses in excess of insurance proceeds***

ESR-REIT maintains insurance policies covering its real properties in line with general business practices in the real estate industry, with policy specifications and insured limits which ESR-REIT believes are adequate. Risks insured against include industrial special risk which covers buildings from physical loss, damage and destruction and consequential loss arising from business interruption, terrorism and public liability. The Properties may suffer physical damage caused by fire, natural disaster or other causes, and ESR-REIT may suffer public liability claims and loss of rent from the inability to use such Properties, resulting in losses which may not be fully compensated by insurance proceeds.

In addition, certain types of risk (such as the risk of war and losses caused by contamination or other environmental breaches) may be uninsurable or the cost of insurance may be prohibitive when compared to the risk. Should an uninsured loss or a loss in excess of insured limits occur, ESR-REIT could be required to pay compensation and/or may lose capital invested in the affected Property as well as anticipated future revenue from that Property. ESR-REIT would also remain liable for any debt or other financial obligation related to that Property. No assurance can be given that material losses in excess of insurance proceeds will not occur in the future.

In the event that an uninsured loss or a loss in excess of insured limits occurs, ESR-REIT may not be able to rent out such affected Property for a period of time until the Property is fit for occupation and this would have an adverse effect on the revenue of ESR-REIT and the value of the Properties. This may in turn affect the Relevant Issuer's ability to fulfil its payment obligations under the Securities.

***Major natural catastrophes may materially disrupt and adversely affect the business and operations of the Properties***

Severe weather conditions and natural disasters such as earthquakes and floods may affect the operations of the Properties. These events may cause substantial structural and physical damage to the Properties, resulting in expenses to repair the damage caused. The environmental conditions may also cause disruptions, affect investments and result in various other adverse effects on the relevant economies in general. This could materially and adversely affect ESR-REIT's business, financial condition and results of operations, which may in turn affect the Relevant Issuer's ability to fulfil its payment obligations under the Securities.

The Properties are subject to environmental regulations and may be affected by contamination and other environmental issues.

The Properties may from time to time be affected by contamination or other environmental issues which may not previously have been identified and/or rectified. This gives rise to a number of risks including:

- (i) the risk of prosecution by relevant authorities;
- (ii) the requirement for unbudgeted additional expenditure to remedy such issues; and
- (iii) the adverse impact on the business operations and financial position of tenants arising from the above, affecting their ability to trade and meet their tenancy obligations.

The factors above could have an adverse impact on ESR-REIT's financial condition and results of operations, which may in turn affect the Relevant Issuer's ability to fulfil its payment obligations under the Securities.

***The Properties might be adversely affected if the ESR-REIT Manager or the Property Manager do not provide adequate management and maintenance services***

Should the ESR-REIT Manager or the Property Manager fail to provide adequate management and maintenance services, the value of the Properties might be adversely affected and this may result in a loss of end-users. This may in turn affect the tenants' ability to pay their rent, and hence have an adverse effect on the financial condition, business, results of operations and cash flow of ESR-REIT and the Relevant Issuer's ability to make payments under the Securities.

***ESR-REIT may be affected by the introduction of new or revised legislation, regulations, guidelines or directions affecting REITs***

ESR-REIT may be affected by the introduction of new or revised legislation, regulations, guidelines or directions affecting REITs. There is no assurance that MAS or any other relevant authority will not introduce new legislation, regulations, guidelines or directions which would adversely affect REITs generally or ESR-REIT specifically.



## ESR-MTN PTE. LTD.

### 1. HISTORY AND BUSINESS

ESR-MTN Pte. Ltd. (formerly known as Cambridge-MTN Pte. Ltd.) was incorporated under the Companies Act on 2 February 2012. It is a wholly-owned subsidiary of ESR-REIT (formerly known as Cambridge Industrial Trust) and its principal activity is the provision of financial and treasury services for and on behalf of ESR-REIT.

Since its incorporation, ESR-MTN Pte. Ltd. has not engaged in any material activities other than the establishment of the Programme, the issue of certain Notes under the Programme and the authorisation of documents and agreements in connection with the Programme.

The registered office of ESR-MTN Pte. Ltd. is at 138 Market Street, #26-03/04 CapitaGreen, Singapore 048946.

### 2. SHAREHOLDING AND CAPITAL

As at the date of this Information Memorandum, the issued share capital of ESR-MTN Pte. Ltd. is S\$1.00 comprising one ordinary share. The issued share capital of ESR-MTN Pte. Ltd. is held by RBC Investor Services Trust Singapore Limited (the trustee of ESR-REIT).

Save as disclosed below, ESR-MTN Pte. Ltd. has no borrowings, indebtedness in the nature of borrowings, loan capital outstanding or created but unissued (including term loans), guarantees or material contingent liabilities as at the date of this Information Memorandum.

The following series of Notes were issued by ESR-MTN Pte. Ltd. pursuant to the Programme and are outstanding as at the date of this Information Memorandum:

Notes	Amount issued and outstanding	Coupon per annum
Series 2 Notes due 2020	S\$30,000,000	4.10%
Series 3 Notes due 2018	S\$155,000,000	3.50%
Series 4 Notes due 2020	S\$130,000,000	3.95%

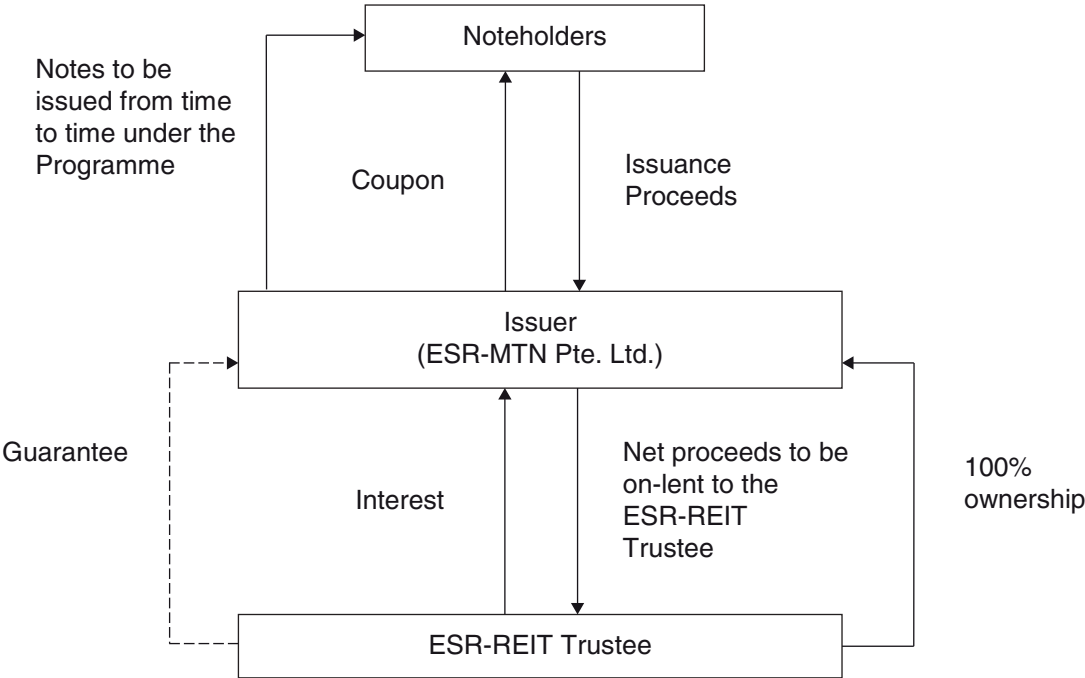
The above Notes are unconditionally and irrevocably guaranteed by the ESR-REIT Trustee.

### 3. DIRECTORS

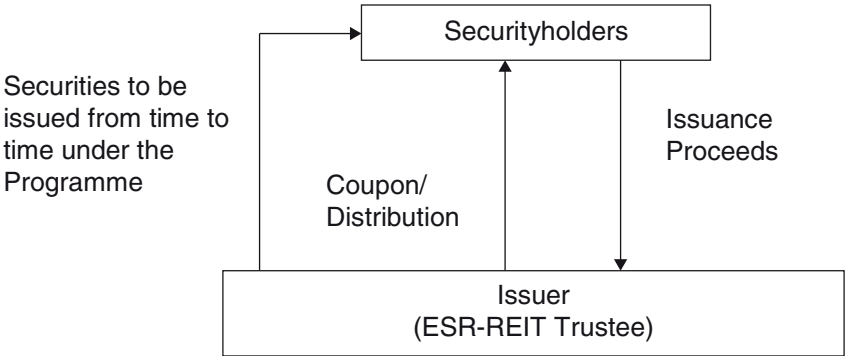
The Directors of ESR-MTN Pte. Ltd. as at the date of this Information Memorandum comprise the following:

Name	Designation in the ESR-REIT Manager
Adrian Chui	CEO and Executive Director
Ooi Eng Peng	Independent Chairman

**4. ISSUANCE STRUCTURE UNDER THE PROGRAMME WHERE NOTES ARE ISSUED BY ESR-MTN PTE. LTD.**



**5. ISSUANCE STRUCTURE UNDER THE PROGRAMME WHERE SECURITIES ARE ISSUED BY ESR-REIT TRUSTEE**



The following series of Notes were issued by the ESR-REIT Trustee pursuant to the Programme and are outstanding as at the date of this Information Memorandum:

Notes	Amount issued and outstanding	Coupon per annum
Series 5 Notes due 2023	S\$50,000,000	3.95%

## **ESR-REIT**

### **(FORMERLY KNOWN AS CAMBRIDGE INDUSTRIAL TRUST)**

#### **1. HISTORY AND BACKGROUND**

ESR-REIT is a Singapore-based industrial REIT, principally investing directly or indirectly in income-producing real estate and real estate related assets in Singapore used primarily for industrial, warehousing and logistics purposes.

ESR-REIT was constituted on 31 March 2006 by way of a trust deed (as amended) entered into between the ESR-REIT Manager and the ESR-REIT Trustee. ESR-REIT was officially listed on the Main Board of the SGX-ST on 25 July 2006 and has a market capitalisation of approximately S\$758.8 million as at the Latest Practicable Date.

As at 30 June 2017, the Group has a diversified portfolio of 49 properties located across Singapore with a diversified tenant base of over 200 tenants across the following business sectors: general industrial, logistics and warehouse, light industrial, hi-specs industrial and business park. The Group's portfolio has a carrying value of approximately S\$1.37 billion, a total GFA of approximately 8.2 million sq ft and a total net lettable area of approximately 7.6 million sq ft.

On 18 January 2017, the ESR-REIT Manager announced a change in its majority shareholders. ESR Cayman Limited ("**ESR**"), through its subsidiary, e-Shang Infinity Cayman Limited ("**Infinity**"), acquired c. 80% indirect interest in the ESR-REIT Manager and c.100% indirect interest in the Property Manager from wholly-owned subsidiaries of National Australia Bank Group and Oxley Global Limited.

On 7 February 2017, ESR acquired approximately 10.65%<sup>1</sup> of the outstanding Units, and together with the Units which were held directly by the ESR-REIT Manager (in which ESR holds indirectly 80% of the issued share capital), ESR was deemed to be interested in 144,026,600 Units and became the second largest unitholder of ESR-REIT. As at the Latest Practicable Date, ESR was deemed to be interested in 160,077,272 Units.

On 21 June 2017, the ESR-REIT Manager announced that the name of the REIT would be changed from "Cambridge Industrial Trust" to "ESR-REIT" with effect from 23 June 2017.

Headquartered in Hong Kong, ESR is one of the leading "pure-play" pan-Asia logistics real estate platforms, focusing on developing and managing institutional-quality logistics facilities that cater to third-party logistics providers, e-commerce companies, bricks-and-mortar retailers, cold-chain logistics providers and industrial companies. Co-founded by Warburg Pincus and backed by some of the world's preeminent investors including APG, CPPIB, Goldman Sachs, Morgan Stanley AIP, PGGM, Ping An and SK Holdings, ESR's platform represents one of the largest in the Asia-Pacific region managing approximately nine million square metres of projects owned and under development across China, Japan, Singapore, South Korea and India, with capital and funds management offices in Hong Kong and Singapore.

With ESR as the new majority shareholder of the ESR-REIT Manager, the ESR-REIT Manager believes that they will be able to assist ESR-REIT to grow into a top-tier Singapore-based regionally diversified industrial REIT. The ESR-REIT Manager will continue to remain focused on its mission of providing Unitholders with a stable and secure income stream through, *inter alia*, prudent capital and risk management and proactive asset management with the intention of delivering long-term capital growth to Unitholders.

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<sup>(1)</sup> Based on 1,304,434,416 issued units in ESR-REIT as at 18 January 2017.

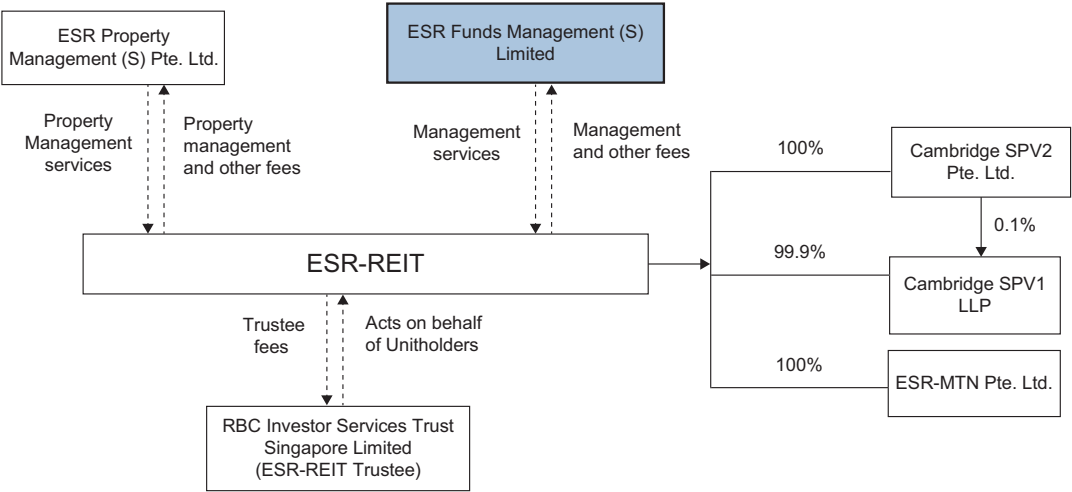
**2. STRUCTURE OF ESR-REIT**

As the manager of ESR-REIT, the ESR-REIT Manager has general powers of management over the real estate and real estate related assets of ESR-REIT. The ESR-REIT Manager’s main responsibility is to manage ESR-REIT’s assets and liabilities for the benefit of the Unitholders. The ESR-REIT Manager will set the strategic direction of ESR-REIT and give recommendations to the ESR-REIT Trustee on the acquisition, property development, divestment and/or enhancement of assets of ESR-REIT in accordance with its stated investment strategy.

The Property Manager is responsible for providing property management, lease management, project management, marketing and administration of property tax services for the properties held by ESR-REIT.

The following diagram illustrates the relationships between ESR-REIT, the ESR-REIT Manager, the Property Manager, the ESR-REIT Trustee and the Unitholders as at the Latest Practicable Date:

**ESR-REIT Group Structure**



1 As at the Latest Practicable Date, the shareholders of the ESR-REIT Manager are Mitsui & Co., Ltd (holding 20% direct interest in the ESR-REIT Manager) and ESR (holding the remaining c. 80% indirect interest in the ESR-REIT Manager through its subsidiary, ESR Investment Management Pte. Ltd. (“**ESR-IM**”) (formerly known as Cambridge Real Estate Investment Management Pte. Ltd.))

**Management of the ESR-REIT Manager**

The key management of the ESR-REIT Manager as at date of this Information Memorandum comprises the following:

Name	Designation
Mr Adrian Chui	CEO and Executive Director
Mr Shane Hagan	COO and CFO
Ms Nancy Tan	Head of Real Estate
Ms Charlene-Jayne Chang	Head of Capital Markets
Ms Loy York Ying	Head of Compliance

## Experience and Expertise of the ESR-REIT Manager's Management

The ESR-REIT Manager's management team has extensive experience and a proven track record in fund, asset and property management in Singapore and the region. A number of the management members are real estate specialists and industry professionals with strong credentials and investment experience. Information on the working experience of the key management team as at the date of this Information Memorandum is set out below:

### **Mr Adrian Chui**

*CEO and Executive Director*

Please see section titled "The ESR-REIT Manager – Experience and Expertise of the Board of Directors" for details.

### **Mr Shane Hagan**

*COO and CFO*

Mr Hagan joined the ESR-REIT Manager in January 2016 as COO and CFO. He reports to the CEO and works alongside the Board of the ESR-REIT Manager. He is responsible for the operational and financial performance of ESR-REIT and the ESR-REIT Manager. Mr Hagan has over 20 years' experience in the real estate industry across New Zealand, Australia and Singapore.

Prior to joining the ESR-REIT Manager, Mr Hagan was the CEO of Soilbuild REIT, where he led the team to list the industrial REIT on the SGX-ST in 2013. He also held a number of positions at Mapletree Investments, including CFO of Mapletree Commercial Trust ("**MCT**") and CFO of Lippo Mapletree Indonesia Retail Trust. Mr Hagan was also the CFO of the manager of Ascendas REIT where he was involved in growing the asset base from \$500 million to approximately \$3.5 billion within four years.

Mr Hagan holds a Bachelor's degree in Commerce and Administration from Victoria University. He is a Chartered Accountant of the Institute of Chartered Accountants of New Zealand (now known as Chartered Accountants Australia and New Zealand).

### **Ms Nancy Tan**

*Head of Real Estate*

Ms Tan joined the ESR-REIT Manager in February 2009 as Asset Manager and was appointed as the Head of Real Estate in February 2011. She reports to the CEO and formulates strategic plans to maximise the returns of ESR-REIT's assets. She oversees the investments, asset management, property management and leasing departments of ESR-REIT. She has over 20 years of experience in the real estate and asset management industry in Singapore.

Prior to joining the ESR-REIT Manager, Ms Tan was the Fund Manager of MacarthurCook Industrial REIT. She also held management positions in a number of established real estate firms, including Far East Organisation and City Developments Limited.

Ms Tan holds a Bachelor of Science (Estate Management) from the National University of Singapore and a Graduate Diploma in Marketing from the Marketing Institute of Singapore.

**Ms Charlene-Jayne Chang**

*Head of Capital Markets*

Ms Chang joined the ESR-REIT Manager in April 2017 as Head of Capital Markets. She reports to the CEO and manages the capital markets, treasury and investor relations functions of the Manager, including the provision of insights on originating and executing capital markets and treasury strategies.

Prior to joining the Manager, Ms Chang was the Director of the Commercial Real Estate division at Standard Chartered Bank and has originated and executed major real estate transactions in Singapore and Southeast Asia, and was involved in the structuring and listing of REITs, fund raising across equity and debt capital markets and mergers and acquisitions advisory. She also has an extensive background in executing corporate finance transactions for companies based in Southeast Asia and Hong Kong/China while working at the Royal Bank of Scotland in both Hong Kong and Singapore.

Ms Chang holds a Bachelor of Business Administration (Honours) with double majors in Finance and Management from the National University of Singapore.

**Ms Loy York Ying**

*Head of Compliance*

Ms Loy joined the ESR-REIT Manager in June 2014 as Head of Compliance. She reports to the Audit, Risk Management and Compliance Committee and CEO and is responsible for all internal and external compliance requirements of ESR-REIT, the ESR-REIT Manager and all other related companies of the ESR-REIT Manager. She has over 15 years of experience in the financial services industry, including more than 10 years in regulatory and compliance functions.

Prior to joining the ESR-REIT Manager, Ms Loy was the Head of Regulatory Advisory and Policy, Compliance in Maybank Singapore and was responsible for the oversight and management of all compliance-related requirements of the Singapore branch. She also managed the portfolio of and provided financial advisory services to high net-worth individuals with DBS Bank Ltd. and United Overseas Bank Limited.

Ms Loy holds a Bachelor of Business (Banking) from Nanyang Technological University. She also holds the Institute of Banking and Finance Advanced, Compliance (Banking) Certification.

Roles and Responsibilities of the ESR-REIT Manager

The ESR-REIT Manager has general powers of management over the real estate and real estate related assets of ESR-REIT. The ESR-REIT Manager's main responsibility is to manage ESR-REIT's assets and liabilities for the benefit of Unitholders.

The main functions and responsibilities of the ESR-REIT Manager are as follows:

- *Principal investment strategy.* Formulate and execute ESR-REIT's principal investment strategy, including determining the location, sub-sector type and other characteristics of ESR-REIT's property portfolio;
- *Acquisitions and sales.* Make recommendations to the ESR-REIT Trustee on the acquisition or sale of properties;

- *Planning and reporting.* Make periodic property business plans, including budgets and reports, relating to the performance of ESR-REIT's properties;
- *Financing.* Provide advisory services for ESR-REIT's property acquisitions, distribution payments, expense payments, capital expenditure payments and property maintenance payments;
- *Administrative and advisory services.* Perform day-to-day administrative services as ESR-REIT's representative, including providing administrative services relating to meetings of Unitholders when such meetings are convened;
- *Investor relations.* Communicate and liaise with Unitholders and potential investors;
- *Compliance management.* Make requisite regulatory filings on behalf of ESR-REIT and ensure that ESR-REIT is in compliance with the applicable provisions of the SFA and all other relevant legislation, including the Listing Manual, the CIS Code (including the Property Funds Appendix), the ESR-REIT Trust Deed and the Capital Markets Services Licence;
- *Accounting.* Maintain financial records and prepare or cause to be prepared financial accounts and annual reports; and
- *Property management supervision.* Supervising the execution of works by the Property Manager.

The ESR-REIT Manager will set the strategic direction of ESR-REIT and give recommendations to the ESR-REIT Trustee on the acquisition, property development, divestment and/or enhancement of the assets of ESR-REIT in accordance with its stated principal investment strategy.

The ESR-REIT Manager has covenanted in the ESR-REIT Trust Deed to use its best endeavours to carry on and conduct its own business and the business of ESR-REIT in a proper and efficient manner and to conduct all transactions with or for ESR-REIT at arm's length.

The ESR-REIT Manager may require the ESR-REIT Trustee to borrow on behalf of ESR-REIT (upon such terms and conditions as the ESR-REIT Manager deems fit, including the charging or mortgaging of all or any part of the Deposited Properties) whenever the ESR-REIT Manager considers, among other things, that such borrowings are necessary or desirable in order to enable ESR-REIT to meet any liabilities or to finance the acquisition of any property. However, the ESR-REIT Manager must not direct the ESR-REIT Trustee to incur a borrowing if to do so would cause ESR-REIT's total borrowings and deferred payments (including deferred payments for assets whether to be settled in cash or in Units) to exceed the limit stipulated by MAS based on the value of its Deposited Property at the time the borrowing is incurred.

In the absence of fraud, gross negligence, wilful default or breach of the ESR-REIT Trust Deed by the ESR-REIT Manager, the ESR-REIT Manager shall not incur any liability by reason of any error of law or any matter or thing done or suffered to be done or omitted to be done by it in good faith under the ESR-REIT Trust Deed. In addition, the ESR-REIT Manager shall be entitled, for the purpose of indemnity against any actions, costs, claims, damages, expenses or demands to which it may be put as the ESR-REIT Manager, to have recourse to the Deposited Property or any part thereof save where such action, cost, claim, damage, expense or demand is occasioned by the fraud, gross negligence, wilful default or breach of the ESR-REIT Trust Deed by the ESR-REIT Manager.

The ESR-REIT Manager manages ESR-REIT and performs its duties and obligations under the ESR-REIT Trust Deed.

#### Retirement and Removal of the ESR-REIT Manager

The ESR-REIT Manager shall have the power to retire in favour of a corporation approved by the ESR-REIT Trustee to act as the manager of ESR-REIT.

The ESR-REIT Manager may also be removed by notice given in writing by the ESR-REIT Trustee if:

- the ESR-REIT Manager goes into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the ESR-REIT Trustee) or a receiver is appointed over its assets or a judicial manager is appointed in respect of the ESR-REIT Manager;
- the ESR-REIT Manager ceases to carry on business;
- the ESR-REIT Manager fails or neglects after reasonable notice from the ESR-REIT Trustee to carry out or satisfy any material obligation imposed on the ESR-REIT Manager by the ESR-REIT Trust Deed;
- the Unitholders, by a resolution duly passed by 50.0% or more of the total number of votes represented by all the Units in issue entitled to vote on the matter at a Unitholders' meeting duly convened and held in accordance with the provisions of the ESR-REIT Trust Deed, shall so decide;
- for good and sufficient reason, the ESR-REIT Trustee is of the opinion, and states so in writing, that a change of the ESR-REIT Manager is desirable in the interests of the Unitholders;
- MAS directs the ESR-REIT Trustee to remove the ESR-REIT Manager; or
- MAS revokes its authorisation of ESR-REIT as an authorised scheme under Section 286 of the SFA or revokes its authorisation of the ESR-REIT Manager under the Property Funds Appendix.

Where the ESR-REIT Manager is removed on the basis that a change of the ESR-REIT Manager is desirable in the interests of the Unitholders, the ESR-REIT Manager has a right under the ESR-REIT Trust Deed to refer the matter to arbitration. Any decision made pursuant to such arbitration proceedings is binding upon the ESR-REIT Manager, the ESR-REIT Trustee and all Unitholders.

#### Management of the Property Manager

The key management of the Property Manager as at the date of this Information Memorandum comprises the following:

<b>Name</b>	<b>Designation</b>
Mr Sim Thiam Meng	General Manager



## Experience and Expertise of the Property Manager's Management

Information on the working experience of the key management team as at the date of this Information Memorandum is set out below:

### **Mr Sim Thiam Meng**

*General Manager*

Mr Sim joined the Property Manager in July 2007 as Senior Property Manager and was appointed as General Manager in January 2016. He reports to the Property Manager's Board of Directors and is responsible in leading the property management team in fulfilling its responsibilities to ESR-REIT. He works closely with ESR-REIT Manager's CEO, COO and CFO and Head of Real Estate in developing and implementing effective business plans to improve the operational efficiency of the Property Manager. Mr Sim has over 15 years of experience in property and project management in Singapore.

Prior to joining the Property Manager, Mr Sim was a Senior Property Management Officer in JTC Corporation and a Trainee Engineer in Chicago Bridge and Iron LLC.

Mr Sim holds a Bachelor of Science in Real Estate (Property Management) from the National University of Singapore and a Diploma in Building Services Engineering from Ngee Ann Polytechnic.

## Services provided by the Property Manager

The ESR-REIT Manager, the ESR-REIT Trustee and the Property Manager have entered into the Property Management Agreement under which the Property Manager will provide the following services for the properties of ESR-REIT, subject to the overall management and supervision of the ESR-REIT Manager:

- *Property management services.* These include co-ordinating tenants' fitting out requirements, recommending third party contracts for the provision of property management services (including parking facilities management), maintenance services, supervising the performance of service providers and contractors and ensuring compliance with building and safety regulations;
- *Lease management services.* These include administrating rental collection, managing rental arrears, initiating lease renewals and negotiating the terms of leases;
- *Property tax services.* These include advising on property tax and submitting property tax returns to the tax authorities where necessary;
- *Marketing services.* These include providing marketing services for leases; and
- *Project management services.* These include the development, redevelopment, refurbishment, retrofitting and renovation of the properties of ESR-REIT.

## Removal of the Property Manager

The ESR-REIT Trustee or the ESR-REIT Manager may terminate the appointment of the Property Manager in relation to all the properties of ESR-REIT under the management of the Property Manager on the occurrence of certain specified events, which include the liquidation or cessation of business of the Property Manager.

The ESR-REIT Trustee or the ESR-REIT Manager may also terminate the appointment of the Property Manager specifically in relation to a property under its management in the event of the sale of such property, but the Property Management Agreement will continue to apply with respect to the remaining properties managed by the Property Manager under the terms of the Property Management Agreement.

In addition, if the Property Manager, within 90 days of receipt of written notice, fails to remedy any breach (which is capable of remedy) of its obligations in relation to a property, the party (whether the ESR-REIT Trustee or the ESR-REIT Manager) who is not in breach may terminate the appointment of the Property Manager in relation only to such property in respect of which the breach relates, upon giving 30 days' written notice.

On the termination of the appointment of the Property Manager, the ESR-REIT Manager shall, as soon as practicable, procure the appointment of a replacement property manager for the affected property.

### **3. ESR-REIT STRATEGIES**

The key objectives of the ESR-REIT Manager are to deliver secure and stable distributions to Unitholders and to achieve long-term growth in net asset value per Unit in order to provide Unitholders with a competitive rate of return for their investment.

The ESR-REIT Manager's strategies to achieve these objectives include:

- Acquisition of value-enhancing properties that meet its investment criteria;
- Proactive management of ESR-REIT's property portfolio to maximise returns;
- Divestment of non-core properties; and
- Prudent capital and risk management strategies. These strategies are elaborated upon below.

The ESR-REIT Manager intends to implement the investment strategy of ESR-REIT in accordance with the following guidelines:

- Investment portfolio will primarily comprise real estate used mainly for industrial purposes (including investments in real estate related assets and/or other related value enhancing assets or instruments);
- Investments will be made in Singapore and Asian markets and will be for the long-term, with the current focus on the countries where ESR has an established footprint, depending on investment opportunities and market conditions; and
- To manage the impact of economic uncertainties, the ESR-REIT Manager monitors economic development as well as any policies that have an impact on the daily operations within the portfolio.

#### **(i) Acquisition and Property Development Strategy**

The ESR-REIT Manager will pursue strategic acquisitions of industrial assets and explore development opportunities designed to consistently improve the quality of ESR-REIT's properties.

## Acquisitions

In evaluating acquisition and development opportunities, the ESR-REIT Manager will focus primarily on the following investment criteria:

- Impact on distributions – properties with income yields that will deliver short to medium term accretion to ESR-REIT’s distribution.
- Choice of location – properties which are located in close proximity to, and have convenient access to major expressways and roads, train stations and established industrial precincts/zones.
- Building and facilities specifications – properties with building and facilities specifications that can be used by a wide range of tenants so as to enhance the tenant mix and occupancy levels. Some of these specifications may include but are not limited to floor load capacity, clear usable ceiling heights, regular floor plates and power provision.
- Tenant credit quality and diversification – properties which have (a) tenants with good credit quality, (b) diversified tenant mix for multi-tenanted properties and (c) established and reputable tenants. The ESR-REIT Manager will evaluate the credit quality of tenants and, when considered prudent, carry out relevant enquiries. The ESR-REIT Manager will aim to have a diversified tenant base in order to diminish tenant concentration risk.
- Land lease tenure expiry profile – properties with longer underlying land lease tenure.
- Lease expiry profile – properties that improve the weighted average lease to expiry profile of the properties held by ESR-REIT and/or provide added diversification to the lease expiry profile to minimise ESR-REIT’s exposure to lease expiry in any one year.
- Asset enhancement and repositioning potential – properties with potential for adding value through capital expenditure especially through unused available plot ratio and/or repositioning potential.

## Acquisition with Regional Diversification

The ESR-REIT Manager’s medium and longer term strategy is to pursue acquisition opportunities in Asia in order to enhance the geographical spread and improve profile of land lease expiries and tenant base of properties held by ESR-REIT.

However, in assessing overseas acquisitions, the ESR-REIT Manager will consider a number of additional factors in its acquisition criteria, including:

- Ownership risks (e.g. form of land title, requirement for local partner);
- Country risks (e.g. political stability, business environment, law and order);
- Currency and tax risks (e.g. currency volatility and difference in tax regime);
- Market risks (e.g. property price and rental yield volatility, industry regulation and infrastructure); and
- Asset-specific risks.

## Property Development

On a selective basis, the ESR-REIT Manager may undertake developments. The ESR-REIT Manager will give specific focus to BTS developments which can cater to prospective tenants' operational requirements and specifications as such developments are usually associated with long-term leases which will help to extend the lease expiry profile of the properties held by ESR-REIT. In carrying out any development activities, the ESR-REIT Manager will consider, among other things, development risks, construction risks, and other financial and general risk criteria.

### **(ii) Active Asset Management Strategy**

The ESR-REIT Manager, together with the Property Manager, actively manages ESR-REIT's properties to maximise returns through prudent control of property outgoings, active marketing and leasing of any vacant tenancies or tenancies whose leases are expiring and asset enhancement projects to maintain competitive positioning of the assets.

In addition, the ESR-REIT Manager, together with the Property Manager, work closely with the tenants of ESR-REIT's properties to establish strong relationships necessary for maintaining high tenant retention levels and minimising vacancy levels.

The ESR-REIT Manager, together with the Property Manager, proactively seeks to maximise returns on ESR-REIT's properties through the following strategies:

#### Implement Asset Enhancements

The ESR-REIT Manager will aim to enhance the value of its properties by implementing a proactive asset management strategy, which includes selective renovations or other asset enhancement work, subject to compliance with prevailing planning and other relevant regulations.

#### Employ Proactive Leasing and Marketing Initiatives

The ESR-REIT Manager aims to maintain a high occupancy rate by actively working with the Property Manager in managing lease renewals through proactive negotiations with tenants and sub-tenants or pursuing new leasing opportunities well in advance of the expiry of the respective leases and sub-leases. The ESR-REIT Manager's leasing and sub-leasing strategy will target new and existing anchor tenants, sub-tenants and licencees that can enhance the quality of the tenant base and overall yield of the properties held by ESR-REIT.

#### Improve Operational Efficiency to Reduce Operating Cost

The ESR-REIT Manager will seek to control expenses at each of ESR-REIT's properties without compromising the quality of services to tenants. The ESR-REIT Manager intends to leverage on the size of ESR-REIT's portfolio of properties to achieve economies of scale and cost savings in providing services to tenants.

### **(iii) Capital and Risk Management Strategy**

The ESR-REIT Manager aims to optimise ESR-REIT's capital structure and cost of capital within the borrowing limits set out in the Property Funds Appendix and intends to use a combination of debt and equity instruments including perpetual securities to fund acquisitions, developments and refurbishments of its property portfolio.

#### Capital Management

The objectives of the ESR-REIT Manager in relation to ESR-REIT's capital management strategy are to:

- maintain a strong balance sheet;
- employ an appropriate mix of debt and equity instruments in financing acquisitions, developments and asset enhancement initiatives;
- diversify funding sources from both financial institutions and capital markets;
- diversify ESR-REIT's debt expiry profile;
- achieve a balanced overall cost of debt financing commensurate with the overall debt tenor; and
- manage the exposure arising from adverse market movements in interest rates through appropriate use of hedging instruments.

The ESR-REIT Manager will seek to diversify ESR-REIT's sources of debt financing to facilitate access to funds for acquisitions, development and refurbishment of its properties and the refinancing of existing loans.

#### Interest rate hedging strategy

ESR-REIT's exposure to changes in interest rates relate primarily to its interest-bearing financial liabilities. Interest rate risk is managed by the ESR-REIT Manager on an ongoing basis with the primary objective of limiting the extent to which net interest expense could be affected by adverse movements in interest rates. The ESR-REIT Manager adopts a policy of ensuring that the majority of ESR-REIT's exposure to changes in interest rates on borrowings is on a fixed rate basis. This is achieved by entering into fixed rate borrowings and/or interest rate swaps.

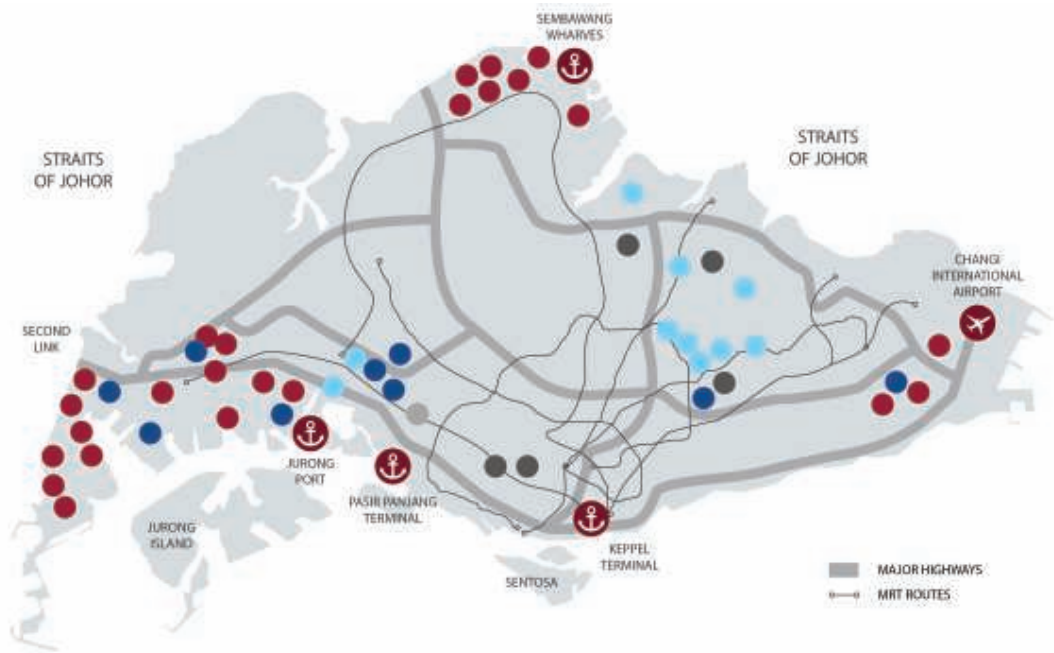
**4. COMPETITIVE STRENGTHS OF ESR-REIT**

The ESR-REIT Manager believes that ESR-REIT and the Properties enjoy the following competitive strengths:

- Strategically Located Properties

Most of the Properties are strategically located in close proximity to amenities, major highways, major transportation hubs and key industrial zones across Singapore.

The map below depicts the locations of the Properties in Singapore as at 31 December 2016:



\* Includes 55 Ubi Avenue 3 which was divested on 29 August 2017.

- Diverse Property Portfolio

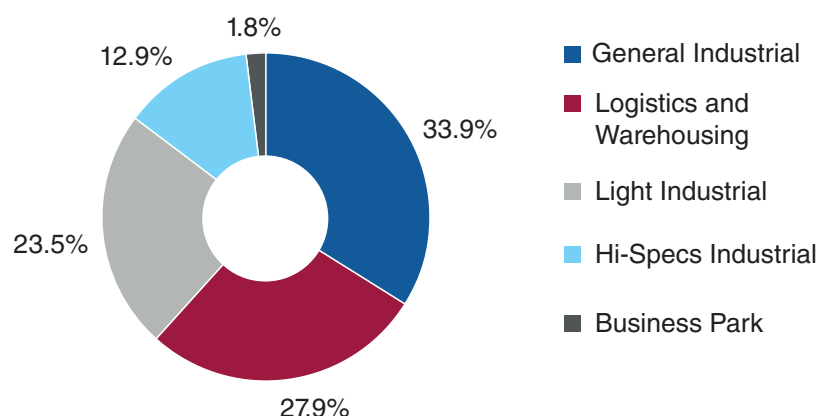
ESR-REIT has four major types of properties in its portfolio. A brief description of the property types is set out below:

- Logistics and Warehousing: Single or multi-storey distribution, logistics and warehouse facilities catering to tenants that are third-party logistics/supply chain management providers or trading companies with predominant use of storage space for raw material, semi-finished or finished goods. Such properties come with vehicular ramp access and/or heavy-duty cargo lift access.
- Light industrial: Single or multi-storey facilities that can be used for light industrial and manufacturing activities, with a low percentage of the facility’s usable space set aside for office use.
- General industrial: Single or multi-storey facilities dedicated to general and heavy manufacturing or factory activities. Such spaces also have a low percentage of the usable space which can be set aside for office use.

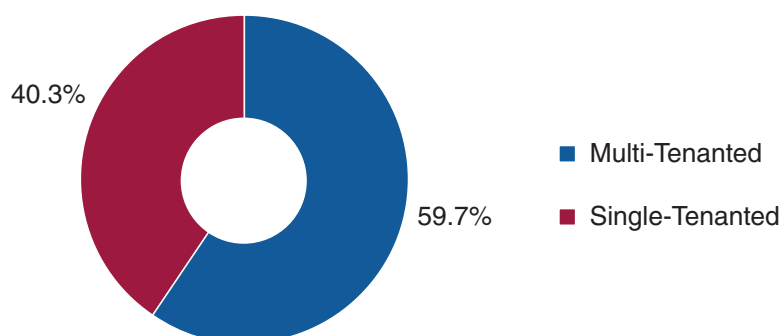
- Business Park: Buildings and offices typically dedicated to business activities relating to high-technology, research and development value-added and knowledge-intensive sectors. Companies that take up space in Business Parks can engage in a range of light and clean uses such as technical support, information-communications, healthcare devices, product design, development and testing, service centres and back-end office functions.
- Hi-Specs Industrial: High-specs Industrial facilities are mixed-use industrial buildings with a high proportion of space that can be allocated for office use. These building typically have facilities such air-conditioned units and sufficient floorboard, ceiling height and electrical power capacities to enable both office and manufacturing functions to be carried out concurrently.

The pie charts below provide a breakdown of the property types, tenant, occupancy and portfolio rent profiles, each as at 31 December 2016\*.

Profile of ESR-REIT's Properties by Rental Income



Profile of Single-Tenanted Properties vs Multi-Tenanted Properties (as a percentage of Rental Income)



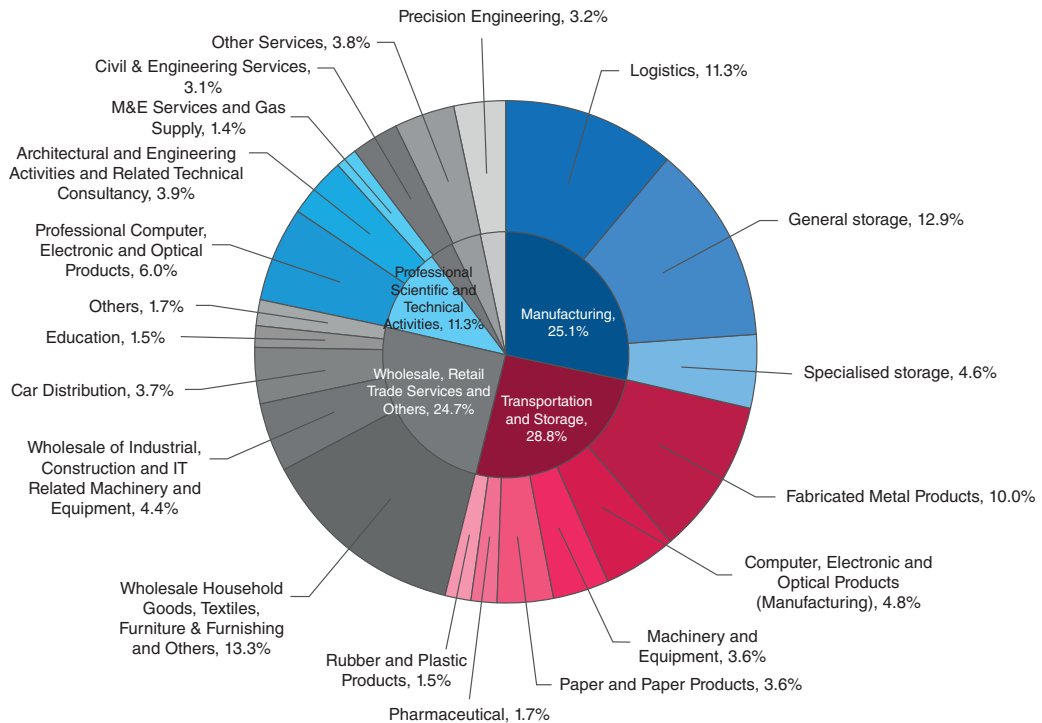
- Diversified Tenant Base

The tenants of the Properties are engaged in diverse trade sectors which include, on a broad basis, manufacturing and construction, engineering, services, logistics and warehousing. This acts as a built-in hedge against any one sector.

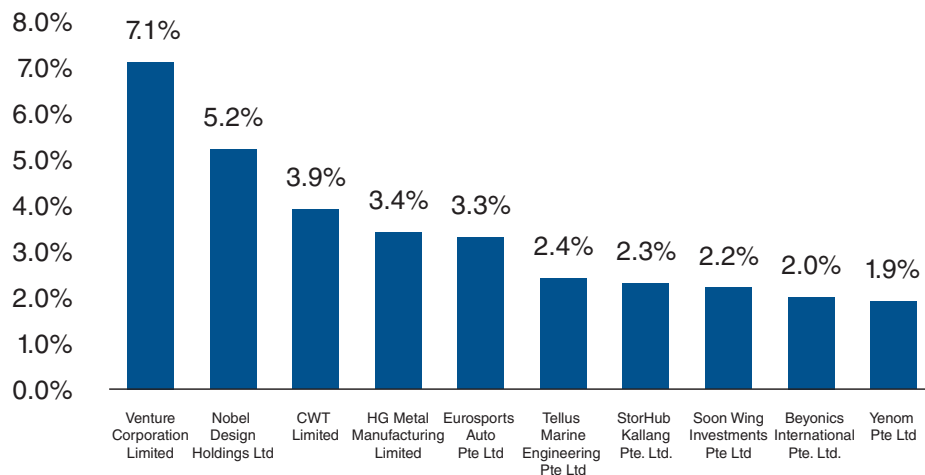
\* Investors should note that figures and charts which are presented as at 31 December 2016. Include 55 Ubi Avenue 3, which was divested on 29 August 2017.

Consistent with the ESR-REIT Manager’s strategy of maintaining a diversified tenancy portfolio to spread income risk, the tenant trade sector mix as at 31 December 2016 and the top ten tenants by gross rent contribution as at 31 December 2016 are illustrated in the charts below:

Trade Sector Analysis of ESR-REIT’s Properties



Top Ten Tenants by Rental Income Contribution



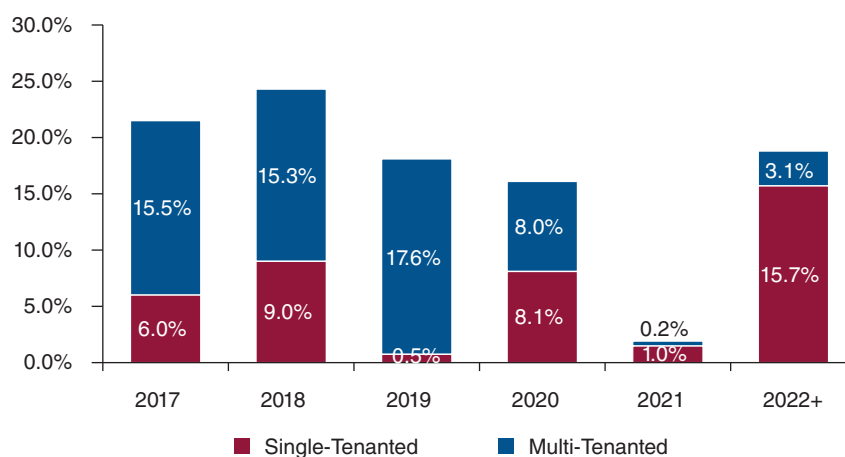
Based on the monthly rental income for the month of December 2016, the top ten tenants together accounted for approximately 33.7% of the total Gross Rental Income.



- Mixture of Medium and Long Leases

As at 31 December 2016, the weighted average lease to expiry for the Properties was 3.7 years. The weighted average lease term reflects a good mix of medium and long-term leases. The long term leases provide certainty while the leases expiring in short to medium term offer potentially positive rental reversions and growth potential. The chart below shows the weighted average lease to expiry profile of the Properties as at 31 December 2016.

Lease Expiry Profile (expiring leases as a percentage of rental income)



- Generic Assets with High Building Specifications

The majority of the Properties have building technical specifications which feature high floor loading, good ceiling height and wide column span. These specifications translate to more flexibility in space planning, better storage capacity and a wide range of usage, thus making the Properties potentially attractive to a wide range of tenants.

- High Levels of Security Deposits

On a weighted average basis by Gross Rental Income, the rents and lessee obligations are backed by security deposits of about 8.2 months as at 31 December 2016. This not only creates stability in the Properties in cases of payment default or the early termination of a lease, but allows the ESR-REIT Manager more time to find replacement tenants, thus minimising risks of rental disruption to ESR-REIT.

- Robust Occupancy

The ESR-REIT Manager has a proven track record of maintaining near full occupancy rates in all of ESR-REIT's Properties. The following table shows ESR-REIT's portfolio occupancy rate over the last five years:

As at end	Portfolio Occupancy
2016	94.7%
2015	94.3%
2014	96.0%
2013	97.0%
2012	99.2%

The near full occupancy rates are indicators of the consistent demand for industrial space in each of the Properties, attributable to their strategic locations as well as proactive lease management policies with respect to the renewal and replacement of tenants.

- Proactive Asset Management Resulting in Maximisation of Unitholder’s Return and Capital Growth

Proactive asset management through prudent control of property outgoings, active marketing and leasing of any vacant properties or properties whose leases are expiring and asset enhancement projects has contributed to return and capital growth for Unitholders.

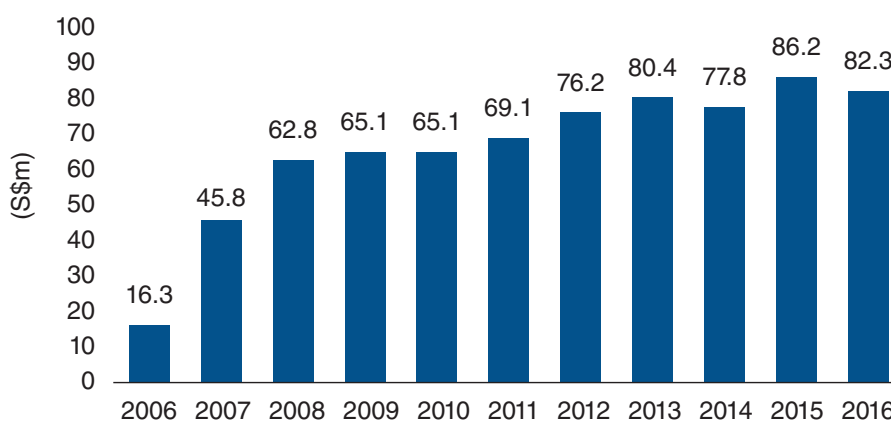
- Managed by an Experienced and Professional Management Team

The properties held by ESR-REIT are managed by a management team that has extensive experience in fund management, compliance, as well as asset and property management in Singapore and the region. A number of the management members are real estate specialists with strong credentials and investment experience.

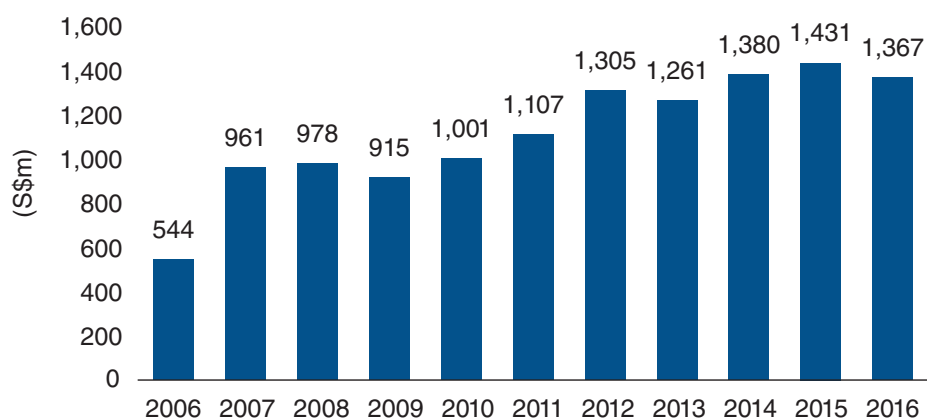
Please see the section titled “Structure of ESR-REIT – Experience and Expertise of the ESR-REIT Manager’s Management” for details.

Since the Listing Date, ESR-REIT’s net property income and assets under management have generally increased as illustrated in the charts below:

#### Net Property Income of ESR-REIT



### Total Assets under Management



- **Prudent Capital Management**

The ESR-REIT Manager monitors the financial market risk and capital structure actively as prudent capital management is key for sustainable business. The ESR-REIT Manager ensures that there is diversity in terms of source of funds, a well-staggered debt maturity profile, and a gearing ratio within its target range, to appropriately manage financial risk.

ESR-REIT's balance sheet and capital structure are in a healthy shape. The following table illustrates the key capital management indicators of ESR-REIT as at 31 December 2016:

#### Key Capital Management Indicators

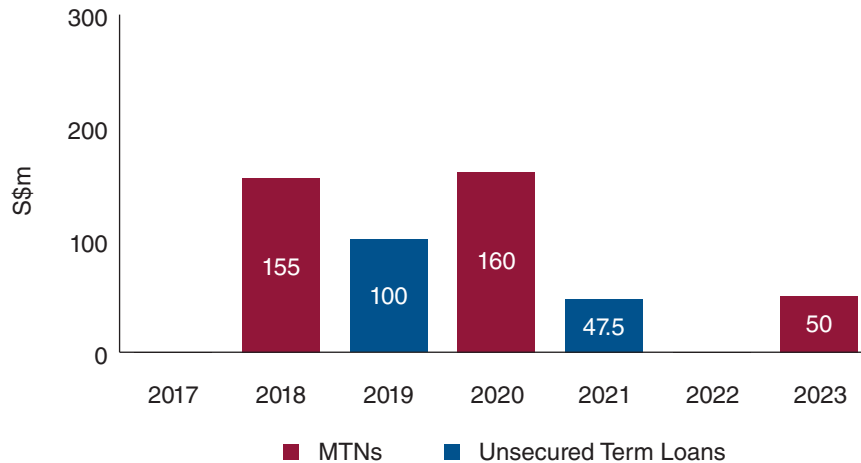
- |   |
|---|
| ✓ 90.7% of interest rates fixed for the next 3.0 years              |
| ✓ 100% investment properties unencumbered valued at S\$1.35 billion |

	<b>FY2016</b>
Total Debt (S\$ million)	512.5
Gearing Ratio (%)	37.5
All-in Cost (%) p.a.	3.71
Weighted Average Debt Expiry (years)	3.1
Interest Coverage Ratio	3.6
Interest Rate Exposure Fixed (%)	90.7
Proportion of Unencumbered Investment Properties (%)	100
Available Committed Facilities (S\$ million)	102.5

## Diversified Debt Maturity Profile

- ✓ Well-staggered debt maturity profile, with no refinancing due till 2H2018
- ✓ Available revolving credit facility of S\$102.5 million provides ESR-REIT with financial flexibility

The following chart illustrates the debt maturity profile of ESR-REIT as at 31 December 2016:



In line with ESR-REIT's hedging policy, the ESR-REIT Manager has ensured that the majority of its interest rate exposure is fixed. This provides stability of distributions to Unitholders.

- Strong Sponsor with Visible Pipeline of Assets with An Established Asian Footprint

ESR-REIT's sponsor, ESR, has a reputation as a leading "pure play" Pan-Asian logistics real estate developer. ESR-REIT can leverage on ESR's management expertise, scale of operations, integrated property management operations, established footprint overseas and benefit from a visible pipeline of potential acquisition opportunities.

## 5. PROPERTY STATISTICS AND DETAILS

- Properties and Property Types

The table below sets out certain information on the Properties as at 31 December 2016:

	Address	Tenants	Lettable Area (Sq ft)	Land Lease Expiry/Title	Acquisition Date	Occupancy (%) as at 31 Dec 16	Valuation (S\$' million) as at 31 Dec 16
<b>LOGISTICS AND WAREHOUSING</b>							
1	1 Third Lok Yang Road and 4 Fourth Lok Yang Road	YCH DistriPark (Pte) Ltd	114,111	2031/Leasehold estate of 30 years w.e.f 16 December 2001	25 July, 2006	100	12.1
2	24 Jurong Port Road	Multi-tenanted	737,778	2037/Leasehold estate of 30 + 12 years w.e.f 1 March 1995	25 July, 2006	95	89.1
3	3 Pioneer Sector 3	Multi-tenanted	645,847	2050/Leasehold estate of 30 + 30 years w.e.f 16 December 1990	25 July, 2006	100	106.8
4	31 Tuas Avenue 11	SLS Bearings (Singapore) Private Limited	75,579	2054/Leasehold estate of 30 + 30 years w.e.f 1 April 1994	25 July, 2006	100	11.9
5	25 Changi South Avenue 2	Wan Tai and Company (Private) Limited	72,998	2054/Leasehold estate of 30 + 30 years w.e.f 16 October 1994	25 July, 2006	100	12.7
6	160 Kallang Way	HC Design Pte. Ltd.	322,604	2033/Leasehold estate of 60 years w.e.f 16 February 1973	25 July, 2006	100	28.2
7	4/6 Clementi Loop	Hoe Leong Corporation Ltd	300,920	2053/Leasehold estate of 30 + 30 years w.e.f 1 October 1993	13 June, 2011	76	51.3
8	3C Toh Guan Road East	Multi-tenanted	167,317	2051/Leasehold estate of 30 + 30 years w.e.f 16 February 1991	30 January, 2012	77	32.0

	Address	Tenants	Lettable Area (Sq ft)	Land Lease Expiry/Title	Acquisition Date	Occupancy (%) as at 31 Dec 16	Valuation (S\$ million) as at 31 Dec 16
9	9 Bukit Batok Street 22	Multi-tenanted	134,913	2053/Leasehold estate of 30 + 30 years w.e.f 1 February 1993	25 October, 2007	92	23.6
<b>LIGHT INDUSTRIAL</b>							
10	30 Toh Guan Road	Multi-tenanted	293,429	2055/Leasehold estate of 30 + 30 years w.e.f 16 August 1995	25 July, 2006	99	59.7
11	16 Tai Seng Street	Nobel Design Holdings Ltd	215,666	2067/Leasehold estate of 30 + 30 years w.e.f 4 July 2007	29 May, 2012	100	73.2
12	70 Seletar Aerospace View	Air Transport Training College Pte Ltd	53,729	2041/Leasehold estate of 30 years w.e.f 16 October 2011	22 November, 2012	100	9.2
13	55 Ubi Ave 3 <sup>(1)</sup>	Multi-tenanted	117,264	2056/Leasehold estate of 30 + 30 years w.e.f 1 July 1996	27 February, 2007	62	22.0
14	128 Joo Seng Road	Multi-tenanted	72,816	2052/Leasehold estate of 30 + 30 years w.e.f 1 May 1992	25 June, 2006	86	12.0
15	130 Joo Seng Road	Multi-tenanted	89,626	2051/Leasehold estate of 30 + 30 years w.e.f 1 December 1991	25 July, 2006	100	16.1
16	136 Joo Seng Road	Multi-tenanted	78,189	2050/Leasehold estate of 30 + 30 years w.e.f 1 October 1990	25 July, 2006	100	13.4
17	11 Serangoon North Avenue 5	Multi-tenanted	112,601	2057/Leasehold estate of 30 + 30 years w.e.f 16 April 1997	25 July, 2006	94	19.7
18	87 Defu Lane 10	Multi-tenanted	91,213	2050/Leasehold estate of 30 + 30 years w.e.f 1 November 1990	25 July, 2006	100	17.4
19	30 Teban Gardens Crescent	Eurosports Auto Pte Ltd	139,525	2039/Leasehold estate of 10 + 22 years w.e.f 1 June 2007	17 March, 2014	100	39.8
<b>GENERAL INDUSTRIAL</b>							

<sup>(1)</sup> 55 Ubi Ave 3 was divested on 29 August 2017.

	<b>Address</b>	<b>Tenants</b>	<b>Lettable Area (Sq ft)</b>	<b>Land Lease Expiry/Title</b>	<b>Acquisition Date</b>	<b>Occupancy (%) as at 31 Dec 16</b>	<b>Valuation (S\$ million) as at 31 Dec 16</b>
20	1 Changi North St 2	ETLA Limited	125,870	2061/Leasehold estate of 30 + 30 years w.e.f 1 March 2001	19 October, 2010	100	23.5
	2 Changi North St 2			2065/Leasehold estate of 30 + 30 years w.e.f 23 November 2005			
21	79 Tuas South Street 5	Vacant	67,942	2060/Leasehold estate of 30 + 30 years w.e.f 1 February 2000	30 April, 2008	-	11.3
22	9 Tuas View Crescent	C M R (Far East) Pte Ltd	71,581	2058/Leasehold estate of 30 + 30 years w.e.f 16 July 1998	25 July, 2006	100	9.5
23	28 Senoko Drive	Tat Seng Packaging Group Ltd	159,338	2039/Leasehold estate of 30 + 30 years w.e.f 16 December 1979	25 June, 2007	100	13.8
24	31 Changi South Ave 2	Presscrete Engineering Pte Ltd	59,697	2055/Leasehold estate of 30 + 30 years w.e.f 1 March 1995	27 July, 2007	100	11.2
25	21B Senoko Loop	Tellus Marine Engineering Pte Ltd	195,822	2053/Leasehold estate of 30 + 30 years w.e.f 1 February 1993	28 January, 2008	100	31.5
26	22 Chin Bee Drive	Deluge Fire Protection (S.E.A) Pte Ltd	120,653	2035/Leasehold estate of 30 years w.e.f 16 September 2005	28 September, 2010	100	15.1
27	31 Kian Teck Way	Donald Mcarthy Trading Pte Ltd	33,088	2042/Leasehold estate of 30 + 19 years w.e.f 1 September 1993	25 July, 2006	100	5.7
28	45 Changi South Avenue 2	Chung Shan Plastics Pte. Ltd.	73,684	2055/Leasehold estate of 30 + 30 years w.e.f 1 September 1995	25 July, 2006	92	13.2
29	2 Tuas South Avenue 2	Soon Wing Investments Pte. Ltd.	217,351	2059/Leasehold estate of 60 years w.e.f 4 January 1999	25 July, 2006	100	36.0

	<b>Address</b>	<b>Tenants</b>	<b>Lettable Area (Sq ft)</b>	<b>Land Lease Expiry/Title</b>	<b>Acquisition Date</b>	<b>Occupancy (%) as at 31 Dec 16</b>	<b>Valuation (S\$ million) as at 31 Dec 16</b>
30	60 Tuas South St 1	Vacant	44,675	2035/Leasehold estate of 30 years w.e.f 16 March 2005	29 June, 2011	–	5.2
31	5/7 Gul St 1	Precise Industries Pte. Ltd.	98,864	2037/Leasehold estate of 29.5 years w.e.f 1 April 2008	15 July, 2011	100	14.5
32	28 Woodlands Loop	Sanwa Plastic Industry Pte. Ltd.	131,859	2055/Leasehold estate of 30 + 30 years w.e.f 16 October 1995	25 July, 2006	100	18.3
33	25 Pioneer Crescent	Bohler Pacific Pte. Ltd.	76,003	2067/Leasehold estate of 30 + 28 years w.e.f 1 February 2009	29 March, 2012	100	16.4
34	11 Woodlands Walk	NTS Components Singapore Pte. Ltd.	96,625	2055/Leasehold estate of 30 + 30 years w.e.f 16 October 1995	29 October, 2012	100	17.4
35	43 Tuas View Circuit	Q'son Precision Engineering Pte Ltd	122,836	2038/Leasehold estate of 30 years w.e.f 1 February 2008	21 September, 2012	100	16.5
36	15 Jurong Port Road	HG Metal Manufacturing Limited	245,172	2035/Leasehold estate of 28 years w.e.f 25 March 2007	30 January, 2013	100	39.5
37	160A Gul Circle	Unicable Pte. Ltd.	86,075	2040/Leasehold estate of 27 years w.e.f 30 September 2013	13 May, 2015	100	19.5
38	3 Tuas South Avenue 4	Agila Specialities Global Pte Ltd	315,522	2059/Leasehold estate of 30 + 30 years w.e.f 1 May 1999	19 March, 2013/ 20 March, 2015 <sup>(2)</sup>	100	40.0
39	120 Pioneer Road	Compact Metal Industries Ltd	244,513	2055/Leasehold estate of 30 + 28 years w.e.f 16 February 1977	24 October, 2007	53	37.0 <sup>(3)</sup>

<sup>(2)</sup> 40% of 3 Tuas South Avenue 4 was acquired separately on 20 March 2015.

<sup>(3)</sup> Includes the value of the current development works (AEI).



	Address	Tenants	Lettable Area (Sq ft)	Land Lease Expiry/Title	Acquisition Date	Occupancy (%) as at 31 Dec 16	Valuation (S\$ million) as at 31 Dec 16
40	23 Woodlands Terrace	Multi-tenanted	99,224	2056/Leasehold estate of 30 + 30 years w.e.f 16 November 1996	26 October, 2007	76	17.2
41	30 Marsiling Industrial Estate Road 8	Multi-tenanted	171,747	2049/Leasehold estate of 30 + 30 years w.e.f 1 December 1989	24 October, 2012	85	38.0
42	513 Yishun Industrial Park A	Multi-tenanted	181,216	2053/Leasehold estate of 30 + 30 years w.e.f 1 December 1993	30 November, 2010	56	6.2
	511 Yishun Industrial Park A			2054/Leasehold estate of 29 + 30 years w.e.f 1 June 1995			
43	86/88 International Road	Multi-tenanted	237,229	2054/Leasehold estate of 30 + 30 years w.e.f 16 December 1994	25 July, 2006	90	41.1
<b>BUSINESS PARK</b>							
44	16 International Business Park	M+W Singapore Pte. Ltd.	69,258	2056/Leasehold estate of 30 + 30 years w.e.f 1 August 1996	19 December, 2014	100	31.0
<b>Hi-Specs Industrial</b>							
45	12 Ang Mo Kio Street 65	Multi-tenanted	166,124	2050/Leasehold estate of 30 + 30 years w.e.f 16 October 1990	13 September, 2014	100	38.9
46	54 Serangoon North Ave 4	Multi-tenanted	116,854	2056/Leasehold estate of 30 + 30 years w.e.f 16 June 1996	1 March, 2013	92	21.0
47	11 Chang Charn Road	Multi-tenanted	76,140	2056/Leasehold estate of 99 years w.e.f 1 January 1958	31 March, 2014	100	31.5
48	2 Jalan Kilang Barat	Multi-tenanted	67,667	2062/Leasehold estate of 99 years w.e.f 1 July 1963	25 July, 2006	94	28.0
49	21/23 Ubi Road 1	Multi-tenanted	139,566	2057/Leasehold estate of 30 + 30 years w.e.f 1 February 1997	25 July, 2006	100	36.0

- Valuation of the Properties

The Properties were last valued as at 31 December 2016 by independent valuers, Savills and ETC.

Savills valued 25 properties, being: 160 Kallang Way, 120 Pioneer Road, 4/6 Clementi Loop, 3C Toh Guan Road East, 31 Changi South Avenue 2, 21B Senoko Loop, 45 Changi South Avenue 2, 2 Tuas South Avenue 2, 511/513 Yishun Industrial Park A, 60 Tuas South Street 1, 30 Marsiling Industrial Estate Road 8, 43 Tuas View Circuit, 15 Jurong Port Road, 9 Bukit Batok Street 22, 128 Joo Seng Road, 130 Joo Seng Road, 136 Joo Seng Road, 2 Jalan Kilang Barat, 11 Chang Charn Road, 87 Defu Lane 10, 24 Jurong Port Road, 3 Pioneer Sector 3, 23 Woodlands Terrace, 16 International Business Park and 160A Gul Circle.

ETC valued 24 properties, being: 1 Third Lok Yang Road & 4 Fourth Lok Yang Road, 31 Tuas Avenue 11, 25 Changi South Avenue 2, 79 Tuas South Street 5, 1/2 Changi North Street 2, 16 Tai Seng Street, 70 Seletar Aerospace View, 9 Tuas View Crescent, 28 Senoko Drive, 22 Chin Bee Drive, 31 Kian Teck Way, 5/7 Gul Street 1, 28 Woodlands Loop, 25 Pioneer Crescent, 11 Woodlands Walk, 3 Tuas South Avenue 4, 30 Teban Gardens Crescent, 30 Toh Guan Road, 21/23 Ubi Road 1, 55 Ubi Avenue 3, 11 Serangoon North Avenue 5, 54 Serangoon North Avenue 4, 86/88 International Road and 12 Ang Mo Kio Street 65.

- Asset Enhancement Initiatives

AEI remains an important aspect of the ESR-REIT Manager's proactive asset management strategy for ESR-REIT. This enables the ESR-REIT Manager to unlock additional value for ESR-REIT through the maximisation of the permissible gross plot ratio and/or re-positioning of ESR-REIT's portfolio.

#### Completed AEIs

The table below sets out the AEIs completed in 2016 and 2017:

	<b>Property Name</b>	<b>Description of AEI</b>	<b>Contract Cost (S\$' million)</b>	<b>Completion Date</b>
1	120 Pioneer Rd	Façade/upgrading, installation of passenger/cargo lifts etc	5.0	3Q FY2017
2	86 International Road	Façade/upgrading, widening of driveway and relocation of sprinkler room	2.0	1Q FY2016

- Recent Developments

- (i) Divestment of 23 Tuas Avenue 10

On 22 July 2016, the ESR-REIT Trustee completed the divestment of the remaining leasehold interest in 23 Tuas Avenue 10 for a consideration of S\$16.5 million (excluding divestment costs and applicable goods and services tax).

23 Tuas Avenue 10 is a 4-storey industrial building located along Tuas Ave 10, off Jalan Ahmad Ibrahim. Prior to its divestment, it had a remaining land tenure of about 40 years and gross floor area of 102,310 square feet.

The sale consideration of S\$16.5 million represents a premium of approximately 5% above the book value of S\$15.7 million at the time of divestment and is close to double the original purchase price of S\$8.55 million in 2006. The sale proceeds from the divestment has been used for the repayment of debt and for working capital purposes.

(ii) Divestment of 2 Ubi View

On 31 October 2016, the ESR-REIT Trustee completed the divestment of the remaining leasehold interest in 2 Ubi View for a consideration of S\$10.5 million (excluding divestment costs and applicable goods and services tax).

2 Ubi View is a 5-storey light industrial building located along Ubi View, at the junction of Ubi Road 3 and Ubi Avenue 3, off Eunos Link. Prior to its divestment, it had a remaining land tenure of about 42 years and a gross floor area of approximately 43,654 square feet.

The sale consideration of S\$10.5 million represents a premium of approximately 6% above the book value of S\$9.9 million at the time of divestment and a 40% premium to the purchase price of S\$7.50 million in 2006. The sale proceeds from the divestment has been used for the repayment of debt and for working capital purposes.

This divestment is consistent with ESR-REIT's FY2016 business strategy which focused on divestment of non-core properties and recycling capital for greater investment flexibility and better returns.

(iii) Divestment of 23 Woodlands Terrace

On 14 June 2017, the ESR-REIT Trustee entered into an option for the proposed sale of the remaining leasehold interest in 23 Woodlands Terrace for S\$17.68 million (excluding divestment costs and applicable goods and services tax). The current nook value of 23 Woodlands Terrace is S\$17.2 million.

23 Woodlands Terrace is a 4-storey industrial building located within the JTC Woodlands East Industrial Estate. It has a gross floor area of approximately 124,425 square feet with a remaining land tenure of approximately 39 years.

The completion of the sale is subject to approval by JTC.

(iv) Divestment of 87 Defu Lane

On 6 July 2017, the ESR-REIT entered into an option for the proposed sale of the remaining leasehold interest in 87 Defu Lane 10 for S\$17.5 m (excluding divestment costs and applicable goods and services tax if any). The current book value of 87 Defu Lane is S\$17.4 million.

87 Defu Lane is a 6-storey light industrial building within the Defu Industrial Estate and has a gross floor area of 109,920 square feet.

The completion of the sale of the Property is subject to approval by the Housing and Development Board.

(v) Divestment of 55 Ubi Avenue 3

On 29 August 2017, the ESR-REIT Trustee completed the divestment of the remaining leasehold interest in 55 Ubi Avenue 3 for a consideration of S\$22.138 million (excluding divestment costs and applicable goods and services tax).

55 Ubi Avenue 3 is a 5-storey light industrial building located at the junction of Ubi Avenue 3 and Ubi Road 3. It has a gross floor area of approximately 141,135 square feet with a remaining land tenure of approximately 39 years.

The sale consideration of S\$22.138 million has been used for the repayment of debt and for working capital purposes. This divestment is consistent with ESR-REIT's FY2016 business strategy which focused on divestment of non-core properties and recycling capital for greater investment flexibility and better returns.

(vi) Acquisition of 8 Tuas South Lane

On 18 October 2017, the ESR-REIT Manager announced that the ESR-REIT Trustee has on 17 October 2017 entered into an option agreement with Hyflux Membrane Manufacturing (S) Pte. Ltd. (the "**Vendor**") in connection with the proposed acquisition (the "**Acquisition**") of the property located at 8 Tuas South Lane Singapore 637302 (together with the mechanical and electrical equipment) (the "**8 Tuas South Lane Property**") for a purchase consideration of S\$95.0 million (the "**Consideration**"). In addition to the Consideration, the ESR-REIT Trustee is required to pay an upfront land premium (which is estimated to be S\$11.4 million) to JTC for the balance of the first 30-year JTC lease term upon assignment of the land lease to ESR-REIT.

The 8 Tuas South Lane Property predominantly comprises of five detached factories, one block of 8-storey warehouse and four blocks of dormitory buildings. It is located near to Tuas Biomedical Park, off Tuas South Avenue and is accessible via the Pan Island Expressway, Kranji Expressway and Ayer Rajah Expressway. It is also in close proximity to Singapore's future global port and international maritime hub: the Tuas Megaport. The new megaport, which will be the world's largest container terminal, will be opened progressively from 2021.

The 8 Tuas South Lane Property has a gross floor area of approximately 72,569 square metres and a remaining land tenure of approximately 20 years with an option to renew for a further term of 15 years. Subject to completion of the Acquisition, the Vendor and Hydrochem (S) Pte Ltd will collectively leaseback a majority of the space for 15 years.

## 6. INSURANCE

The Properties are insured in accordance with industry practice in Singapore. Insurance policies cover buildings from physical loss, damage and destruction and consequential loss arising from business interruption, terrorism and public liability. There are no significant or unusual excess or deductible amounts required under these policies.

There are, however, certain types of risk that are not covered by such insurance policies, including acts of war, environmental damage and breaches of environmental laws and regulations. Master lessors are also required to take up insurance against loss of rents and public liability insurance.

## THE ESR-REIT TRUSTEE

The trustee of ESR-REIT is RBC Investor Services Trust Singapore Limited. RBC Investor Services Trust Singapore Limited is a company incorporated in Singapore and registered as a trust company under the Trust Companies Act, Chapter 336 of Singapore. It is approved to act as a trustee for authorised collective investment schemes under the SFA. As at the Latest Practicable Date, RBC Investor Services Trust Singapore Limited has a paid-up capital of S\$6.0 million. RBC Investor Services Trust Singapore Limited's registered office is located in Singapore at 77 Robinson Road, #18-00 Robinson 77, Singapore 068896.

The ESR-REIT Trustee is independent of the ESR-REIT Manager.

### Powers, Duties and Obligations of the ESR-REIT Trustee

The ESR-REIT Trustee's powers, duties and obligations are set out in the ESR-REIT Trust Deed. The powers and duties of the ESR-REIT Trustee include:

- acting as trustee of ESR-REIT and, in such capacity, safeguarding the rights and interests of the Unitholders;
- holding the assets of ESR-REIT on the trusts contained in the ESR-REIT Trust Deed for the benefit of the Unitholders; and
- exercising all the powers of a trustee and the powers that are incidental to the ownership of the assets of ESR-REIT.

The ESR-REIT Trustee has covenanted in the ESR-REIT Trust Deed that it will exercise all due diligence and vigilance in carrying out its functions and duties, and in safeguarding the rights and interests of Unitholders.

In the exercise of its powers, the ESR-REIT Trustee may (on the recommendation of the ESR-REIT Manager) and subject to the provisions of the ESR-REIT Trust Deed, acquire or dispose of any real property, borrow and encumber any asset.

The ESR-REIT Trustee may, subject to the provisions of the ESR-REIT Trust Deed, appoint and engage:

- a person or entity to exercise any of its powers or perform its obligations; and
- on the recommendations of the ESR-REIT Manager, any real estate agents or managers, including a related party of the ESR-REIT Manager, in relation to the management, development, leasing, purchase or sale of any real estate assets and real estate-related assets.

Although the ESR-REIT Trustee may borrow money and obtain other financial accommodation for the purposes of ESR-REIT, both on a secured and unsecured basis, the ESR-REIT Manager must not direct the ESR-REIT Trustee to incur a liability if to do so would mean that ESR-REIT's total borrowings and deferred payments (including deferred payments for assets whether to be settled in cash or in Units) would exceed the limit stipulated by MAS based on the value of Deposited Property at the time the borrowing is incurred.

The ESR-REIT Trustee must carry out its functions and duties and comply with all the obligations imposed on it and set out in the ESR-REIT Trust Deed, the Listing Manual, the SFA, the CIS Code (including the Property Funds Appendix), the Singapore Code on Take-overs and Mergers, any tax ruling and all other relevant laws. It must retain ESR-REIT's assets, or cause ESR-REIT's assets to be retained, in safe custody and cause ESR-REIT's accounts to be audited. It may appoint valuers to value the real estate assets and real estate-related assets of ESR-REIT.

The ESR-REIT Trustee is not personally liable to a Unitholder in connection with the office of the ESR-REIT Trustee except in respect of its own fraud, gross negligence, wilful default, or breach of trust. Any liability incurred and any indemnity to be given by the ESR-REIT Trustee shall be limited to the assets of ESR-REIT over which the ESR-REIT Trustee has recourse, provided that the ESR-REIT Trustee has acted without fraud, gross negligence, wilful default, or breach of the ESR-REIT Trust Deed. The ESR-REIT Trust Deed contains certain indemnities in favour of the ESR-REIT Trustee under which it will be indemnified out of the assets of ESR-REIT for liability arising in connection with certain acts or omissions. These indemnities are subject to any applicable laws.

#### Retirement and Removal of the ESR-REIT Trustee

The ESR-REIT Trustee may retire or be removed under the following circumstances:

- the ESR-REIT Trustee shall not be entitled to retire voluntarily except upon the appointment of a new ESR-REIT Trustee (such appointment to be made in accordance with the provisions of the ESR-REIT Trust Deed); and
- the ESR-REIT Trustee may be removed by notice in writing to the ESR-REIT Trustee by the ESR-REIT Manager:
  - if the ESR-REIT Trustee goes into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the ESR-REIT Manager) or if a receiver is appointed over any of its assets or if a judicial manager is appointed in respect of the ESR-REIT Trustee;
  - if the ESR-REIT Trustee ceases to carry on business;
  - if the ESR-REIT Trustee fails or neglects after reasonable notice from the ESR-REIT Manager to carry out or satisfy any material obligation imposed on the ESR-REIT Trustee by the ESR-REIT Trust Deed;
  - if the Unitholders by extraordinary resolution duly passed at a meeting of Unitholders held in accordance with the provisions of the ESR-REIT Trust Deed, and of which at least 21 days' notice has been given to the ESR-REIT Trustee and the ESR-REIT Manager, shall so decide; or
  - if MAS directs that the ESR-REIT Trustee be removed.

## THE ESR-REIT MANAGER

ESR Funds Management (S) Limited (formerly known as Cambridge Industrial Trust Management Limited), was incorporated in Singapore under the Companies Act on 14 September 2005. As at the Latest Practicable Date, it has an issued capital of S\$2.7 million and its registered office is located at 138 Market Street #26-03/04 CapitaGreen Singapore 048946.

### Shareholding

The ESR-REIT Manager is owned by ESR and Mitsui & Co., Ltd, which hold an indirect interest of c. 80% and a direct interest of 20% in the ESR-REIT Manager respectively as at the Latest Practicable Date.

#### (i) ESR

Headquartered in Hong Kong, ESR is one of the leading “pure-play” pan-Asia logistics real estate platforms, focusing on developing and managing institutional-quality logistics facilities that cater to third-party logistics providers, e-commerce companies, bricks-and-mortar retailers, cold-chain logistics providers and industrial companies. Co-founded by Warburg Pincus and backed by some of the world’s preeminent investors including APG, CPPIB, Goldman Sachs, Morgan Stanley AIP, PGGM, Ping An and SK Holdings, ESR’s platform represents one of the largest in the Asia-Pacific region managing approximately nine million square metres of projects owned and under development across China, Japan, Singapore, South Korea and India, with capital and funds management offices in Hong Kong and Singapore.

#### (ii) Mitsui & Co., Ltd

Mitsui & Co., Ltd is one of the largest corporate conglomerates in Japan and is listed on the Tokyo Stock Exchange. Mitsui & Co., Ltd also developed the Japan Logistics Fund Inc., a publicly-listed REIT in Japan dedicated to investing in distribution facilities.

### Board of Directors

The Board of Directors of the ESR-REIT Manager as at the date of this Information Memorandum comprises the following:

Name	Designation
Mr Ooi Eng Peng	Independent Chairman, Member of the Audit, Risk Management and Compliance Committee and Member of Nominating and Remuneration Committee
Mr Bruce Kendle Berry	Independent Non-Executive Director and Chairman of the Audit, Risk Management and Compliance Committee
Mr Erle William Spratt	Independent Non-Executive Director, Chairman of Nominating and Remuneration Committee and Member of the Audit, Risk Management and Compliance Committee
Mr Philip John Pearce	Independent Non-Executive Director and Member of the Audit, Risk Management and Compliance Committee
Mr Akihiro Noguchi	Non-Executive Director
Mr Jeffrey David Perlman	Non-Executive Director and Member of Nominating and Remuneration Committee
Mr Jeffrey Shen Jinchu	Non-Executive Director
Mr Adrian Chui	CEO and Executive Director

## Experience and Expertise of the Board of Directors

The Board of the ESR-REIT Manager comprises seven non-executive directors (four independent and three non-independent) and one executive director. Together they bring to the Board of the ESR-REIT Manager a wide range of industry experience, expertise and knowledge in real estate, asset management, finance and banking and strategic planning. The Board of the ESR-REIT Manager is committed to ensuring that the highest standards of corporate governance are practiced in the management of the ESR-REIT Manager and ESR-REIT. A fundamental part of its responsibility is to protect and enhance Unitholders' value and interests.

Information on the business and working experience of the Directors as at the date of this Information Memorandum is set out below:

### **Mr Ooi Eng Peng**

*Independent Chairman, Member of the Audit, Risk Management and Compliance Committee and Member of Nominating and Remuneration Committee*

Mr Ooi has over 30 years of real estate experience in property investment, development, project management and fund investment, and management businesses in both Asia and Australia. Mr Ooi was previously the CEO of Lend Lease Asia, based in Singapore from 2010 to 2011. From 2006 to 2010, he was the CEO of Investment Management and Retail Asia for Lend Lease based in Singapore. Prior to his roles in Asia, he was regional CFO of Lend Lease Communities Asia Pacific (2003 to 2005), Global CFO of Lend Lease Investment Management Pte. Ltd. (2002 to 2003) and CFO of Lend Lease Development (2000 to 2002), all based in Sydney.

Mr Ooi holds a Bachelor of Commerce from the University of New South Wales and is a member of the Certified Practising Accountants of Australia.

### **Mr Bruce Kendle Berry**

*Independent Non-Executive Director and Chairman of the Audit, Risk Management and Compliance Committee*

Mr Berry has over 30 years of business experience covering construction, property, financial management, infrastructure and project finance in both Asia and Australia. From 2005 to 2012, Mr Berry was with AMP Capital Services Limited where he held a number of senior management positions including Fund Manager for a diversified infrastructure fund. He was also seconded as the CFO for ASX listed DUET.

Prior to joining the ESR-REIT Manager, Mr. Berry was with Lend Lease Corporate for 22 years, and held a number of senior roles in subsidiary or joint venture companies including CFO for Civil and Civic Ltd, Lyonnaise Asia Water Services Pte Ltd and Oakwood Asian Pacific Pte Ltd.

### **Mr Erle William Spratt**

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

Mr Spratt has more than 30 years of experience in audit and advisory services as well as finance and real estate investment. He started his career with Deloitte in audit and advisory services, followed by more than 16 years with Lend Lease Corporation, where he held a number of senior roles including CFO for Lend Lease Development Australia and Lend Lease Real Estate Investments Japan, Commercial Manager in Lend Lease Development Australia, Investment Director in Lend Lease Retail Singapore and Fund Manager in Lend Lease Investment Management Singapore.



Upon leaving Lend Lease, Mr Spratt joined M&G Real Estate as Investment Director and Fund Manager of the Asia Property Fund in 2010. He held these roles until he left M&G Real Estate in November 2016.

Mr Spratt holds a Bachelor of Economics from the University of Sydney and is qualified as a Chartered Accountant in Australia.

**Mr Philip John Pearce**

*Independent Non-Executive Director and Member of the Audit, Risk Management and Compliance Committee*

Mr Pearce has extensive real estate experience in the Asia Pacific Region. He most recently held the position Managing Director, Greater China for the Goodman Group, where he was responsible for US\$5 billion of assets across Hong Kong and China and established Goodman's business in China. While at Goodman he worked in Singapore, Hong Kong and China. Philip was seconded to the manager of Ascendas Real Estate Investment Trust from October 2002 to July 2006 where he held the position of portfolio manager.

Prior to joining Goodman he was at AMP Henderson Global Investors in Sydney where he worked in various roles within the AMP Henderson Property Group including valuation, asset management and fund management. Mr Pearce was a member of the Goodman Group Board of Directors till July 2016. He holds a Bachelor of Commerce, Graduate Diploma in Applied Finance and is a member of the Australian Institute of Company Directors.

**Mr Akihiro Noguchi**

*Non-Executive Director*

Mr Noguchi joined Mitsui & Co., Ltd, Tokyo in 2002 and is currently the Deputy General Manager of the Financial and New Business Department in Mitsui & Co. (Asia Pacific) Pte. Ltd. Based in Singapore, Mr. Noguchi is engaged in initiating new business developments, focusing on REITs/real estate funds in ASEAN. His areas of expertise include asset management, asset finance and leasing, mergers and acquisitions and corporate risk.

Mr Noguchi holds a Master of Economics and a Bachelor of Economics from Kyushu University, Japan.

**Mr Jeffrey David Perlman**

*Non-Executive Director and Member of Nominating and Remuneration Committee*

Mr Perlman is based in Singapore, joined Warburg Pincus in 2006 and leads the firm's investments in Southeast Asia. Additionally, Mr Perlman focuses on real estate investments across the greater Asia-Pacific region. Prior to joining Warburg Pincus, he worked in the Real Estate Investment Banking Group at Credit Suisse. He currently serves on the Board of Directors for e-Shang Redwood Group, GO-JEK, Mofang Apartments, Nova Property Investment, PT. Nirvana Wastu Pratama, Vincom Retail Joint Stock Company and the ESR-REIT Manager.

**Mr Jeffrey Shen Jinchu**

*Non-Executive Director*

Mr Shen has over 15 years of industrial real estate experience in China, and is currently the CEO of the Shanghai e-Shang Warehousing Services Co., Limited and the co-CEO of ESR, the leading pan-Asia logistics real estate developer, owner and operator. ESR represents one of the largest logistics real estate platforms in the region with over 6.5 million square meters of projects owned and under development across China, Japan and South Korea, and is also the largest third-party landlord for the leading e-commerce companies in China. Mr Shen oversees the overall management of business and the general oversight of the e-Shang's business operations.

Prior to ESR, Mr Shen was the Senior VP of GLP Investment Management (China) Co., Ltd., the former ProLogis China. During his tenure from January 2004 to May 2011, he was responsible for both the business development and the general management of the company in China.

Mr Shen holds a Bachelor Degree in Economics & Management from the Shanghai Jiao Tong University and a Master of Business Administration from the Eastern China University.

**Mr Adrian Chui**

*CEO and Executive Director*

Mr Adrian Chui joined the ESR-REIT Manager in March 2017 as CEO and Executive Director. He reports to the Board and is responsible for achieving ESR-REIT's fiduciary duties to Unitholders as well as managing major stakeholder relationships. His key responsibilities include setting the strategic objectives for ESR-REIT alongside the Board as well as driving the overall business plan execution with the support of the management team.

Prior to joining the ESR-REIT Manager, Mr Chui most recently ran the South East Asia real estate advisory division of Standard Chartered Bank ("**SCB**"). His overall responsibilities at SCB included structuring, fundamental analysis and approval of acquisition financing for real estate companies/REITs/Business Trusts, valuation and execution advice for mergers & acquisitions, as well as structuring, execution and investment case positioning & strategies of REIT Initial Public Offerings ("**IPOs**") and follow-on offerings of equity, equity-linked and debt securities across all real estate segments.

Before SCB, Mr Chui was the Director of Real Estate, Lodging and Leisure Group at UBS Investment Bank's Singapore office, where he headed a team involved in structuring and listing of Singapore and cross-border REITs/Business Trusts and property company IPOs for Southeast Asia. His past work experience also includes a stint at Morgan Stanley Asia (Singapore) Securities Pte Ltd, where he was the property research analyst responsible for Singapore listed REITs and property companies, including CapitaLand Limited and Ascendas Real Estate Investment Trust.

Mr Chui holds a Bachelor of Business from Nanyang Technological University in Singapore.

## THE PROPERTY MANAGER

ESR Property Management (S) Pte Ltd (formerly known as Cambridge Industrial Property Management Pte. Ltd.) was incorporated in Singapore under the Companies Act on 4 November 2005. As at the Latest Practicable Date, it has an issued capital of S\$250,000 and its registered office is located at 138 Market Street #26-03/04 CapitaGreen Singapore 048946.

As at the Latest Practicable Date, ESR holds an indirect interest of c. 100% in the Property Manager.

### Board of Directors

The Board of Directors of the Property Manager as at the date of this Information Memorandum comprise the following:

<b>Name</b>	<b>Designation</b>
Mr Jeffrey David Perlman	Non-Executive Director
Mr Jeffrey Shen Jinchu	Non-Executive Director
Mr Cho Wee Peng	Non-Executive Director

### Experience and Expertise of the Board of Directors

Information on the business and working experience of Mr Jeffrey David Perlman and Mr Jeffrey Shen Jinchu is set out in the section titled “The ESR-REIT Manager – Experience and Expertise of the Board of Directors”.

#### **Mr Cho Wee Peng**

*Non-Executive Director*

Mr Cho has over 20 years of experience in finance in international and regional companies. Prior to ESR, Mr Cho was the CFO of SATS and Hyflux, both listed on the Singapore Stock Exchange. Prior to this, he had held various treasury roles with Dow Chemical in USA and Asia Pacific from 1998 to 2007.

Mr Cho holds a Master of Applied Finance from National University of Singapore and a Bachelor of Accountancy (Hons) from Nanyang Technological University. He is also a Chartered Financial Analyst (CFA).

## **PURPOSE OF THE PROGRAMME AND USE OF PROCEEDS**

The net proceeds arising from the issue of the Securities under the Programme (after deducting issue expenses) will be used for the purpose of refinancing the existing borrowings of the Group, financing or refinancing the acquisitions and/or investments of ESR-REIT and any development and asset enhancement works initiated by ESR-REIT, financing general working capital and capital expenditure requirements of the Group, or such other purpose as may be specified in the relevant Pricing Supplement.

## CLEARING AND SETTLEMENT

### Clearance and Settlement under the Depository System

In respect of Securities which are accepted for clearance by CDP in Singapore, clearance will be effected through an electronic book-entry clearance and settlement system for the trading of debt securities (“**Depository System**”) maintained by CDP. Securities that are to be listed on the SGX-ST may be cleared through CDP.

CDP, a wholly-owned subsidiary of Singapore Exchange Limited, is incorporated under the laws of Singapore and acts as a depository and clearing organisation. CDP holds securities for its accountholders and facilitates the clearance and settlement of securities transactions between accountholders through electronic book-entry changes in the securities accounts maintained by such accountholders with CDP.

In respect of Securities which are accepted for clearance by CDP, the entire issue of the Securities is to be held by CDP in the form of a Global Security for persons holding the Securities in securities accounts with CDP (“**Depositors**”). Delivery and transfer of Securities between Depositors is by electronic book-entries in the records of CDP only, as reflected in the securities accounts of Depositors. Although CDP encourages settlement on the third business day following the trade date of debt securities, market participants may mutually agree on a different settlement period if necessary.

Settlement of over-the-counter trades in the Securities through the Depository System may only be effected through certain corporate depositors (“**Depository Agents**”) approved by CDP under the SFA to maintain securities sub-accounts and to hold the Securities in such securities sub-accounts for themselves and their clients. Accordingly, Securities for which trade settlement is to be effected through the Depository System must be held in securities sub-accounts with Depository Agents. Depositors holding the Securities in direct securities accounts with CDP, and who wish to trade Securities through the Depository System, must transfer the Securities to be traded from such direct securities accounts to a securities sub-account with a Depository Agent for trade settlement.

CDP is not involved in money settlement between Depository Agents (or any other persons) as CDP is not a counterparty in the settlement of trades of debt securities. However, CDP will make payment of interest and repayment of principal on behalf of issuers of debt securities.

Although CDP has established procedures to facilitate transfer of interests in the Securities in global form among Depositors, it is under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuers, the Guarantor, the Issuing and Paying Agent or any other agent will have the responsibility for the performance by CDP of its obligations under the rules and procedures governing its operations.

### Clearance and Settlement under Euroclear and/or Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each holds securities for participating organisations and facilitates the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in the accounts of such participants, thereby eliminating the need for physical movements of certificates and any risks from lack of simultaneous transfer. Euroclear and Clearstream, Luxembourg provide to their respective participants, among other things, services for safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg each also deals with domestic securities markets in several countries through established depository and custodial relationships. The respective systems of Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems

which enables their respective participants to settle trades with one another. Euroclear and Clearstream, Luxembourg participants are financial institutions throughout the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to Euroclear or Clearstream, Luxembourg is also available to other financial institutions, such as banks, brokers, dealers and trust companies which clear through or maintain a custodial relationship with a Euroclear or Clearstream, Luxembourg participant, either directly or indirectly.

A participant's overall contractual relations with either Euroclear or Clearstream, Luxembourg are governed by the respective rules and operating procedures of Euroclear or Clearstream, Luxembourg and any applicable laws. Both Euroclear and Clearstream, Luxembourg act under those rules and operating procedures only on behalf of their respective participants, and have no record of, or relationship with, persons holding any interests through their respective participants. Distributions of principal with respect to book-entry interests in the Securities held through Euroclear or Clearstream, Luxembourg will be credited, to the extent received by the relevant Paying Agent, to the cash accounts of the relevant Euroclear or Clearstream, Luxembourg participants in accordance with the relevant system's rules and procedures.

## SINGAPORE TAXATION

*The statements below are general in nature and are based on certain aspects of current tax laws in Singapore and administrative guidelines and circulars issued by MAS and IRAS in force as at the date of this Information Memorandum and are subject to any changes in such laws, administrative guidelines or circulars, or the interpretation of those laws, guidelines or circulars, occurring after such date, which changes could be made on a retroactive basis. These laws, guidelines and circulars are also subject to various interpretations and no assurance can be given that the relevant tax authorities or the courts will agree with the explanations or conclusions set out below. Neither these statements nor any other statements in this Information Memorandum are intended or are to be regarded as advice on the tax position of any holder of the Securities or of any person acquiring, selling or otherwise dealing with the Securities or on any tax implications arising from the acquisition, sale or other dealings in respect of the Securities. The statements made herein do not purport to be a comprehensive or exhaustive description of all the tax considerations that may be relevant to a decision to subscribe for, purchase, own or dispose of the Securities and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or financial institutions in Singapore which have been granted the relevant Financial Sector Incentive(s)) may be subject to special rules or tax rates. Prospective Securityholders are advised to consult their own professional tax advisers as to the Singapore or other tax consequences of the subscription for, purchase, ownership of or disposal of the Securities, including, in particular, the effect of any foreign, state or local tax laws to which they are subject. It is emphasised that none of the Issuers, the Arranger, the Guarantor and any other persons involved in the Programme accepts responsibility for any tax effects or liabilities resulting from the subscription for, purchase, ownership or disposal of the Securities.*

### **1. Taxation Relating to Payments on the Notes**

Subject to the following paragraphs, under Section 12(6) of the ITA, the following payments are deemed to be derived from Singapore:

- (a) any interest, commission, fee or any other payment in connection with any loan or indebtedness or with any arrangement, management, guarantee, or service relating to any loan or indebtedness which is (i) borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore (except in respect of any business carried on outside Singapore through a permanent establishment outside Singapore or any immovable property situated outside Singapore); or (ii) deductible against any income accruing in or derived from Singapore; or
- (b) any income derived from loans where the funds provided by such loans are brought into or used in Singapore.

Such payments, where made to a person not known to the paying party to be a resident in Singapore for tax purposes, are generally subject to withholding tax in Singapore. The rate at which tax is to be withheld for such payments (other than those subject to the 15.0% final withholding tax described below) to non-resident persons (other than non-resident individuals) is the prevailing corporate tax rate, currently 17.0%, and the applicable rate for non-resident individuals is currently 22.0%. However, if the payment is derived by a person not resident in Singapore otherwise than from any trade, business, profession or vocation carried on or exercised by such person in Singapore and is not effectively connected with any permanent establishment in Singapore of that person, the payment is subject to a final withholding tax of 15.0%. The rate of 15.0% may be reduced by applicable tax treaties.

Certain Singapore-sourced investment income derived by individuals from financial instruments is exempt from tax, including:

- (a) interest from debt securities derived on or after 1 January 2004;
- (b) discount income (not including discount income arising from secondary trading) from debt securities derived on or after 17 February 2006; and
- (c) prepayment fee, redemption premium and break cost from debt securities derived on or after 15 February 2007,

except where such income is derived through a partnership in Singapore or is derived from the carrying on of a trade, business or profession.

The terms “**break cost**”, “**prepayment fee**” and “**redemption premium**” are defined in the ITA as follows:

“**break cost**”, in relation to debt securities, qualifying debt securities and qualifying project debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by any loss or liability incurred by the holder of the securities in connection with such redemption;

“**prepayment fee**”, in relation to debt securities, qualifying debt securities and qualifying project debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by the terms of the issuance of the securities; and

“**redemption premium**”, in relation to debt securities, qualifying debt securities and qualifying project debt securities, means any premium payable by the issuer of the securities on the redemption of the securities upon their maturity.

References to “break cost”, “prepayment fee” and “redemption premium” in this Singapore taxation disclosure have the same meaning as defined in the ITA.

From the time of establishment of the Programme to 30 March 2016, the Programme as a whole was arranged by Australia and New Zealand Banking Group Limited (Singapore Branch), which was a Financial Sector Incentive (Bond Market) (“**FSI-BM**”) Company (as defined in the ITA) at such time. Australia and New Zealand Banking Group Limited (Singapore Branch) has resigned as the arranger under such Programme with effect from 30 March 2016, and The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch has been appointed as the sole arranger under the Programme and is a Financial Sector Incentive (Capital Market) (“**FSI-CM**”) Company, Financial Sector Incentive (Standard Tier) (“**FSI-ST**”) Company or FSI-BM Company (as defined in the ITA) at such time.

On the basis that the Programme as a whole was arranged by an FSI-BM Company prior to 1 January 2014 and by an FSI-BM, FSI-CM or FSI-ST Company thereafter, any tranche of the Notes (“**Relevant Notes**”) issued as debt securities under the Programme during the period from the date of this Information Memorandum to 31 December 2018 would be, pursuant to the ITA and the Income Tax (Qualifying Debt Securities) Regulations (the “**QDS Regulations**”), qualifying debt securities (“**QDS**”) for the purposes of the ITA, to which the following treatment shall apply:

- (1) subject to certain prescribed conditions having been fulfilled (including the furnishing to the MAS by the relevant Issuer, or such other person as the MAS may direct, of a return on debt securities for the Relevant Notes in the prescribed format within such period as the MAS may specify and such other particulars in connection with the Relevant Notes as the MAS may require and the inclusion by the relevant Issuer in all offering documents relating to the Relevant Notes of a statement to the effect that where interest, discount income, prepayment fee, redemption premium or break cost from the Relevant Notes is derived by a person who is not resident in Singapore and who carries on any operation in Singapore through a



permanent establishment in Singapore, the tax exemption for QDS shall not apply if the non-resident person acquires the Relevant Notes using funds from that person's operations through the Singapore permanent establishment), interest, discount income (not including discount income arising from secondary trading), prepayment fee, redemption premium and break cost (collectively, the "**Qualifying Income**") from the Relevant Notes paid by the relevant Issuer and derived by a holder who is not resident in Singapore and who (aa) does not have any permanent establishment in Singapore or (bb) carries on any operation in Singapore through a permanent establishment in Singapore but the funds used by that person to acquire the Relevant Notes are not obtained from such person's operation through a permanent establishment in Singapore, are exempt from Singapore tax;

(2) subject to certain conditions having been fulfilled (including the furnishing to the MAS by the relevant Issuer, or such other person as the MAS may direct, of a return on debt securities for the Relevant Notes in the prescribed format within such period as the MAS may specify and such other particulars in connection with the Relevant Notes as the MAS may require), Qualifying Income from the Relevant Notes paid by the relevant Issuer and derived by any company or body of persons (as defined in the ITA) in Singapore, other than any non-resident who qualifies for the tax exemption as described in paragraph (1) above, is subject to income tax at a concessionary rate of 10.0% (except for holders who have been granted the relevant Financial Sector Incentive(s) who may be taxed at different rates); and

(3) subject to:

(aa) the relevant Issuer including in all offering documents relating to the Relevant Notes a statement to the effect that any person whose interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Qualifying Income) derived from the Relevant Notes is not exempt from tax shall include such income in a return of income made under the ITA; and

(bb) the furnishing to the MAS by the relevant Issuer, or such other person as the MAS may direct, of a return on debt securities for the Relevant Notes in the prescribed format within such period as the MAS may specify and such other particulars in connection with the Relevant Notes as the MAS may require,

payments of Qualifying Income derived from the Relevant Notes are not subject to withholding of tax by the relevant Issuer.

Notwithstanding the foregoing:

(A) if during the primary launch of any tranche of Relevant Notes, the Relevant Notes of such tranche are issued to fewer than four persons and 50.0% or more of the issue of such Relevant Notes is beneficially held or funded, directly or indirectly, by related parties of the relevant Issuer or the ESR-REIT Manager, such Relevant Notes would not qualify as QDS; and

(B) even though a particular tranche of Relevant Notes is QDS, if, at any time during the tenure of such tranche of Relevant Notes, 50.0% or more of such Relevant Notes which are outstanding at any time during the life of their issue is beneficially held or funded, directly or indirectly, by related parties of the relevant Issuer or the ESR-REIT Manager, Qualifying Income derived from such Relevant Notes held by:

(I) any related party of the relevant Issuer or the ESR-REIT Manager; or

- (II) any other person where the funds used by such person to acquire such Relevant Notes are obtained, directly or indirectly, from any related party of the relevant Issuer or the ESR-REIT Manager,

shall not be eligible for the tax exemption or concessionary rate of tax of 10.0% as described above.

The term “**related party**”, in relation to a person, means any other person who, directly or indirectly, controls that person, or is controlled, directly or indirectly, by that person, or where he and that other person, directly or indirectly, are under the control of a common person.

Where interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Qualifying Income) is derived from the Relevant Notes by any person who is not resident in Singapore and who carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for QDS under the ITA (as mentioned above) shall not apply if such person acquires such Relevant Notes using the funds of such person’s operations through a permanent establishment in Singapore.

Notwithstanding that the relevant Issuer is permitted to make payments of Qualifying Income in respect of the Relevant Notes without deduction or withholding of tax under Sections 45 or 45A of the ITA, any person whose Qualifying Income derived from such Relevant Notes is not exempt from tax is required to include such income in a return of income made under the ITA.

There is an enhancement to the QDS scheme known as the Qualifying Debt Securities Plus Scheme (“**QDS Plus Scheme**”). Under the QDS Plus Scheme, subject to certain conditions having been fulfilled (including the furnishing to the MAS by the issuer, or such other person as the MAS may direct, of a return on debt securities in respect of the QDS in the prescribed format within such period as the MAS may specify and such other particulars in connection with the QDS as the MAS may require), income tax exemption is granted on Qualifying Income derived by any investor from QDS (excluding Singapore Government Securities) which:

- (a) are issued during the period from 16 February 2008 to 31 December 2018;
- (b) have an original maturity of not less than 10 years;
- (c) cannot have their tenure shortened to less than 10 years from the date of their issue, except where:
  - (i) the shortening of the tenure is a result of any early termination pursuant to certain specified early termination clauses which the issuer included in any offering document for such QDS and which falls within the types of early termination clause prescribed in the QDS Regulations; and
  - (ii) the QDS do not contain any call, put, conversion, exchange or similar option that can be triggered at specified dates or at specified prices which have been priced into the value of the QDS at the time of their issue; and
- (d) cannot be re-opened with a resulting tenure of less than 10 years to the original maturity date.

Where the shortening of the tenure of the QDS to less than 10 years occurs under the circumstances prescribed by the QDS Regulations, the tax exemption under the QDS Plus Scheme shall not apply to Qualifying Income derived on or after the date on which the tenure of any portion of the QDS is shortened to less than 10 years from the date of its issue. Holders of any outstanding QDS may still enjoy the tax benefits under the QDS scheme, i.e. tax exemption or concessionary rate of tax as applicable, if the QDS conditions continue to be met.

In determining an investor's income that is to be exempted from tax under the QDS Plus Scheme, prescribed conditions apply in relation to how the investor's losses, expenses and capital allowances which are attributable to exempt income are to be treated.

However, even if a particular tranche of the Relevant Notes is QDS which qualify under the QDS Plus Scheme, if, at any time during the tenure of such tranche of Relevant Notes, 50.0% or more of such Relevant Notes which are outstanding at any time during the life of their issue is beneficially held or funded, directly or indirectly, by related parties of the relevant Issuer or the ESR-REIT Manager, Qualifying Income from such Relevant Notes derived by:

- (i) any related party of the relevant Issuer or the ESR-REIT Manager; or
- (ii) any other person where the funds used by such person to acquire such Relevant Notes are obtained, directly or indirectly, from any related party of the relevant Issuer or the ESR-REIT Manager,

shall not be eligible for the tax exemption under the QDS Plus Scheme as described above.

## **2. Taxation Relating to Payments on the Perpetual Securities**

### ***Singapore Tax Classification of Hybrid Instruments***

The ITA does not contain specific provisions on how financial instruments that exhibit both debt-like and equity-like features, i.e. hybrid instruments, should be treated for income tax purposes. However, the IRAS has published an e-Tax Guide: Income Tax Treatment of Hybrid Instruments on 19 May 2014 (the "**Hybrid Instruments e-Tax Guide**") which sets out the income tax treatment of hybrid instruments, including the factors that the IRAS will generally use to determine whether such instruments are debt or equity instruments for income tax purposes.

Among others, the IRAS has stated in the Hybrid Instruments e-Tax Guide that:

- (a) whether or not a hybrid instrument will be treated as debt or equity security for income tax purposes will firstly depend on its legal form, to be determined based on an examination of the legal rights and obligations attached to the instrument;
- (b) a hybrid instrument is generally characterised as equity if the legal terms of the instrument indicate ownership interests in the issuer. If the legal form of a hybrid instrument is not indicative of or does not reflect the legal rights and obligations, the facts and circumstances surrounding the instrument and a combination of factors, not limited to the following, would have to be examined to ascertain the nature of the instrument for income tax purposes.

These factors include (but are not limited to):

- (i) nature of interest acquired;
  - (ii) investor's right to participate in issuer's business;
  - (iii) voting rights conferred by the instrument;
  - (iv) obligation to repay the principal amount;
  - (v) payout;
  - (vi) investor's right to enforce payment;
  - (vii) classification by other regulatory authority; and
  - (viii) ranking for repayment in the event of liquidation or dissolution;
- (c) if a hybrid instrument is characterised as a debt instrument for income tax purposes, distributions from the issuer to the investors are regarded as interest; and
- (d) if a hybrid instrument issued by a company is characterised as an equity instrument for income tax purposes, distributions from the issuer to the investors are regarded as dividends.

#### ***Tax Treatment if the Perpetual Securities are Characterised as Debt Instruments***

In the event that any tranche of the Perpetual Securities (the "**Relevant Tranche of Perpetual Securities**") is regarded as debt instruments for Singapore income tax purposes, payment of distributions (including Optional Distributions and Arrears of Distribution) in respect of the Relevant Tranche of Perpetual Securities (hereafter referred to as "**Distributions**") and Additional Distribution Amounts should be regarded as interest payments and the disclosure above under "*1. Taxation Relating to Payments on the Notes*" summarises the income tax treatment that may be applicable on the Distributions and Additional Distribution Amounts. For the purposes of such application, all references to "Notes" and "Relevant Notes" in the disclosure under "Taxation Relating to Payments on Notes" shall be construed as references to "Perpetual Securities" and "Relevant Perpetual Securities", all references to "Qualifying Income" in the aforesaid disclosure shall include Distributions and the statements for inclusion in all offering documents reflected therein shall be applicable to the Relevant Tranche of Perpetual Securities.

#### ***Tax Treatment if the Perpetual Securities are characterised as equity instruments***

##### *Distributions from Perpetual Securities by the ESR-REIT Issuer*

In the event that the Relevant Tranche of Perpetual Securities issued by the ESR-REIT Issuer is characterised as equity instruments for Singapore income tax purposes and the Distributions are to be treated as capital distributions in the hands of Securityholders, the payment of Distributions will not be subject to withholding of tax, irrespective of the profile of Securityholders. The amount of such Distributions therefrom will be treated as a return of capital in the hands of Securityholders and will be applied to reduce the cost of their investment in the Perpetual Securities for Singapore income tax purposes. Where Securityholders, based on their own circumstances, are subject to Singapore income tax on gains from the disposal of the Perpetual Securities, the reduced cost of their investments will be used for the purposes of computing such gains. If the amount of Distributions exceeds the

cost (or reduced cost, as the case may be) of their investment in the Perpetual Securities, the excess will be subject to tax and the sale proceeds from the subsequent sale of the Perpetual Securities will be fully taxable.

In the event that the Relevant Tranche of Perpetual Securities issued by the ESR-REIT Issuer is characterised as equity instruments for Singapore income tax purposes but the Distributions are to be treated in the same manner as distributions on ordinary units of ESR-REIT, Securityholders may be subject to income tax on such Distributions, in whole or part, currently at the rate of 10.0% or 17.0%. The ESR-REIT Trustee and the ESR-REIT Manager may also be obliged to withhold or deduct tax from the payment of such Distributions, in whole or part, currently at the rate of 10.0% or 17.0%, to certain Securityholders and for this purpose, Securityholders may, as in the case of Unitholders, be required to declare certain information relating to their status to the ESR-REIT Trustee and the ESR-REIT Manager prior to the making of each Distribution. The disclosure under "Taxation of Distributions on Ordinary Units", which summarises the income tax treatment currently applicable to distributions made on ordinary units of ESR-REIT, will be applicable to the Distributions if the payment of such Distributions is to be treated in the same manner as distributions on ordinary units of ESR-REIT.

#### *Additional Distribution Amounts from Perpetual Securities*

Additional Distribution Amounts, where made to a person not known to the paying party to be a resident in Singapore for tax purposes, may be subject to withholding tax in Singapore on the basis that such amounts are interest in nature. The rate at which tax is to be withheld for such payments (other than those subject to the 15.0% final withholding tax described below) to non-resident persons (other than non-resident individuals) is the prevailing corporate tax rate, currently 17.0%. The applicable rate for non-resident individuals is currently 22.0%. However, if the payment is derived by a person not resident in Singapore otherwise than from any trade, business, profession or vocation carried on or exercised by such person in Singapore and is not effectively connected with any permanent establishment in Singapore of that person, the payment is subject to a final withholding tax of 15.0%. The rate of 15.0% may be reduced by applicable tax treaties.

#### ***Taxation of Distributions on Ordinary Units***

Distributions on ordinary units of ESR-REIT may comprise all, or a combination, of the following types of distributions:

- (a) taxable income distribution; and
- (b) other gains distribution.

The tax treatment of each type of distribution differs and may depend on the profile of the beneficial owner of the distributions. Prospective holders of the Relevant Tranche of Perpetual Securities are advised to consult their own professional tax advisers as to the tax consequences that they may be subject to, in particular on the Distributions on the relevant tranche of Perpetual Securities, where such Distributions are treated in the same manner as distributions on ordinary units of ESR-REIT. The statements below provide a summary of the tax treatment of distributions on ordinary units of ESR-REIT.

## *Taxable income distribution*

### Withholding tax

The ESR-REIT Trustee and the ESR-REIT Manager are required to withhold or deduct tax from taxable income distributions unless such distributions are made to an individual or a **“Qualifying Unitholder”** who submits a declaration in a prescribed form within a stipulated time limit.

A **“Qualifying Unitholder”** is a Unitholder who is:

- (a) a company incorporated and resident in Singapore;
- (b) a Singapore branch of a company incorporated outside Singapore;
- (c) a body of persons incorporated or registered in Singapore, including a charity registered under the Charities Act (Chapter 37 of Singapore) or established by any written law, a town council, a statutory board, a co-operative society registered under the Co-operative Societies Act (Chapter 62 of Singapore) or a trade union registered under the Trade Unions Act (Chapter 333 of Singapore); or
- (d) an international organisation that is exempt from tax on such distributions by reason of an order made under the International Organisations (Immunities and Privileges) Act (Chapter 145 of Singapore).

In all other cases, the ESR-REIT Trustee and the ESR-REIT Manager will withhold or deduct tax, currently at the rate of 17.0%, from taxable income distributions. This rate is reduced to 10.0% for distributions made on or before 31 March 2020 to a foreign non-individual. A foreign non-individual is a person (other than an individual) who is not a resident of Singapore for income tax purposes and:

- (a) who does not have any permanent establishment in Singapore; or
- (b) who carries on any operation in Singapore through a permanent establishment in Singapore, where the funds used by that person to acquire the Units are not obtained from that operation.

Where the Units are held in the name of a nominee, the ESR-REIT Trustee and the ESR-REIT Manager will withhold or deduct tax, currently at the rate of 17.0%, unless the beneficial owner of the Units is an individual or a Qualifying Unitholder and provided that the nominee submits a declaration (containing certain particulars of the beneficial owner) in a prescribed form within a stipulated time limit to the ESR-REIT Trustee and the ESR-REIT Manager. Where the beneficial owner is a foreign non-individual as described above and provided the aforesaid declaration is submitted by the nominee, tax will be withheld or deducted at the rate of 10.0% for distributions made on or before 31 March 2020.

### Tax deducted at source on taxable income distributions

The tax deducted at the prevailing tax rate, currently at the rate of 17.0%, by the ESR-REIT Trustee and the ESR-REIT Manager is not a final tax. A Unitholder can use this tax deducted as a set-off against its Singapore income tax liability, including the tax liability on the gross amount of taxable income distributions.

The tax deducted at the reduced rate of 10.0% on taxable income distributions made on or before 31 March 2020 to foreign non-individuals is a final tax imposed on the gross amount of distributions.

#### Taxation in the hands of Unitholders

Unless otherwise exempt, Unitholders are liable to Singapore income tax on the gross amount of taxable income distributions (i.e. the amount of distribution before tax deduction at source, if any).

Taxable income distributions received by individuals, irrespective of their nationality or tax residence status, are exempt from tax unless such distributions are derived by the individual through a partnership in Singapore or from the carrying on of a trade, business or profession. Individuals who do not qualify for this tax exemption are subject to Singapore income tax on the gross amount of taxable income distributions at their own applicable tax rates, i.e. even if they have received the distributions without tax deduction at source.

Unless exempt from income tax because of their own specific circumstances, Qualifying Unitholders are subject to Singapore income tax on the gross amount of taxable income distributions, i.e. even if they have received the distributions without tax deduction at source.

Other non-individual Unitholders are subject to Singapore income tax on the gross amount of taxable income distributions at their own applicable tax rates. Where the Unitholder is a foreign non-individual, tax at a reduced rate of 10.0% will be imposed on taxable income distributions made on or before 31 March 2020.

#### *Other gains distribution*

Other gains distributions are not taxable in the hands of Unitholders and are not subject to withholding of tax.

#### ***Application for Tax Ruling***

The relevant Issuer may, at its discretion, seek an advance tax ruling from the IRAS to confirm the classification of a Relevant Tranche of Perpetual Securities for Singapore income tax purposes and the Singapore tax treatment of the payment of Distributions thereon.

If such an application is made, the relevant Issuer will provide relevant details of the tax ruling issued by the IRAS on ESR-REIT website [esr-reit.listedcompany.com](http://esr-reit.listedcompany.com) or via an announcement shortly after the receipt of the tax ruling.

### **3. Gains on Disposal of the Securities**

Singapore does not impose tax on capital gains. Any gains considered to be in the nature of capital arising from the sale of the Securities will not be taxable in Singapore. However, any gains derived by any person from the sale of the Securities which are gains from any trade, business, profession or vocation carried on by that person, if accruing in or derived from Singapore, may be taxable as such gains are considered revenue in nature.

There are no specific laws or regulations which deal with the characterisation of capital gains. The characterisation of the gains arising from the sale of the Securities will depend on the facts and circumstances of each Securityholder (as the case may be).

Holders of the Securities who have adopted or are adopting Singapore Financial Reporting Standard 39 Financial Instruments: Recognition and Measurement (“**FRS 39**”), may for Singapore income tax purposes be required to recognise gains or losses (not being gains or losses in the nature of capital) on the Securities, irrespective of disposal, in accordance with FRS 39. Please see the section below on “Adoption of FRS 39 Treatment for Singapore Income Tax Purposes”.

#### **4. Adoption of FRS 39 Treatment for Singapore Income Tax Purposes**

The IRAS has published an e-Tax Guide: Income Tax Implications Arising from the Adoption of FRS 39 – Financial Instruments: Recognition & Measurement (the “**FRS 39 e-Tax Guide**”). Legislative amendments to give legislative effect to the tax treatment set out in the FRS 39 e-Tax Guide have been enacted in Section 34A of the ITA.

The FRS 39 e-Tax Guide and Section 34A of the ITA generally apply, subject to certain “opt-out” provisions, to taxpayers who are required to comply with FRS 39 for financial reporting purposes.

Holders of the Securities who may be subject to the tax treatment under the FRS 39 e-Tax Guide and Section 34A of the ITA should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Securities.

The Accounting Standards Council has issued a new financial reporting standard for financial instruments, FRS 109 – Financial Instruments, which will become mandatorily effective for annual periods beginning on or after 1 January 2018. The Income Tax (Amendment) Bill 2017 (the “**Amendment Bill**”) passed by the Parliament on 2 October 2017 incorporates proposed legislative amendments to the ITA, including the amendment for the introduction of the tax treatment under FRS 109. Based on the Amendment Bill, the tax treatment under FRS 109 largely aligns the tax treatment of financial instruments to the accounting treatment. Holders and prospective holders of the Securities should consult their own accounting and tax advisers on the tax treatment to understand the implications and consequences that may be applicable to them.

#### **5. Estate Duty**

Singapore estate duty has been abolished with respect to all deaths occurring on or after 15 February 2008.



## **SUBSCRIPTION, PURCHASE AND DISTRIBUTION**

The Programme Agreement provides for Securities to be offered from time to time through one or more Dealers. The price at which a Series or Tranche will be issued will be determined prior to its issue between the Relevant Issuer and the relevant Dealer(s). The Relevant Issuer may also from time to time agree with the relevant Dealer(s) that the Relevant Issuer may pay certain third party commissions (including, without limitation, rebates to private bank investors in the Securities.) The obligations of the Dealers under the Programme Agreement will be subject to certain conditions set out in the Programme Agreement. Each Dealer (acting as principal) will subscribe for or procure subscribers for Securities from the Relevant Issuer pursuant to the Programme Agreement.

### **United States**

The Securities and the Guarantee have not been and will not be registered under the Securities Act, and the Securities may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meaning given to them by Regulation S.

The Securities are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder.

Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree that, except as permitted by the Programme Agreement, it will not offer, sell or deliver the Securities, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of an identifiable tranche of which such Securities are a part, as determined and certified to the Issuing and Paying Agent by such Dealer (or, in the case of an identifiable tranche of Securities sold to or through more than one Dealer, by each of such Dealers with respect to Securities of an identifiable tranche purchased by or through it, in which case the Issuing and Paying Agent shall notify such Dealer when all such Dealers have so certified), within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each Dealer to which it sells Securities during the distribution compliance period a confirmation or other notice setting out the restrictions on offers and sales of the Securities within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meaning given to them by Regulation S.

In addition, until 40 days after the commencement of the offering of any identifiable tranche of Securities, an offer or sale of Securities within the United States by any dealer that is not participating in the offering of such Securities may violate the registration requirements of the Securities Act.

### **Hong Kong**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that:

- (i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Securities other than (a) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and

- (ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Securities, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Securities which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance.

## **Singapore**

Each Dealer acknowledges that this Information Memorandum has not been registered as a prospectus with the MAS. Accordingly, each Dealer has represented and agreed that it has not offered or sold any Securities or caused the Securities to be made the subject of an invitation for subscription or purchase and will not offer or sell any Securities or cause the Securities to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Information Memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Securities, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the SFA, (ii) to a relevant person pursuant to Section 275(1), or to any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

## **General**

The selling restrictions herein contained may be modified, varied or amended by agreement of the Issuer and the Dealers following a change in a relevant law, regulation or directive. Any such modification or supplement to the selling restrictions will be set out in the Pricing Supplement to be issued in respect of the issue of the Securities to which it relates or in a supplement to this Information Memorandum.

Each Dealer acknowledges and understands that no action has been taken in any jurisdiction that would permit a public offering of any of the Securities, or possession or distribution of this Information Memorandum or any other document or any Pricing Supplement, in any country or jurisdiction where action for that purpose is required.

Each Dealer will, to the best of its knowledge, comply with all relevant laws, regulations and directives in each jurisdiction in which it subscribes for, purchases, offers, sells or delivers Securities or any interest therein or rights in respect thereof or has in its possession or distributes this Information Memorandum or any other document or any Pricing Supplement. Other persons into whose hands this Information Memorandum or any Pricing Supplement comes are required by the Issuers and the Dealers to comply with all relevant laws, regulations and directives in each country or jurisdiction in or from which they purchase, offer, sell or deliver Securities or possess, distribute or publish this Information Memorandum or any Pricing Supplement or any related offering material, in all cases at their own expense.

*Any person who may be in doubt as to the restrictions set out in the SFA or the laws, regulations and directives in each jurisdiction in which it subscribes for, purchases, offers, sells or delivers the Securities or any interest therein or rights in respect thereof and the consequences arising from a contravention thereof should consult his own professional advisers and should make his own inquiries as to the laws, regulations and directives in force or applicable in any particular jurisdiction at any relevant time.*

## GENERAL AND OTHER INFORMATION

### INFORMATION ON DIRECTORS

1. No Director of ESR-MTN or the ESR-REIT Manager is or was involved in any of the following events:
  - (a) a petition under any bankruptcy laws filed in any jurisdiction against such person or any partnership in which he was a partner or any corporation of which he was a director or an executive officer;
  - (b) a conviction of any offence, other than a traffic offence, or judgment, including findings in relation to fraud, misrepresentation or dishonesty, given against him in any civil proceedings in Singapore or elsewhere, or being a named subject to any pending proceedings which may lead to such a conviction or judgment, or so far as such person is aware, any criminal investigation pending against him; or
  - (c) the subject of any order, judgment or ruling of any court of competent jurisdiction, tribunal or government body, permanently or temporarily enjoining him from acting as an investment adviser, dealer in securities, director or employee of a financial institution and engaging in any type of business practice or activity.
2. As at the date of this Information Memorandum, no option to subscribe for shares in, or debentures of, ESR-MTN has been granted to, or was exercised by, any Director of ESR-MTN.
3. As at the date of this Information Memorandum, no option to subscribe for shares in, or debentures of, ESR-REIT has been granted to, or was exercised by, any Director of the ESR-REIT Manager.
4.
  - (a) No Director of ESR-MTN is interested, directly or indirectly, in the promotion of any assets acquired or disposed of by or leased to, ESR-MTN or any of its subsidiaries, within the two years preceding the date of this Information Memorandum.
  - (b) Save as disclosed in Appendices II, III and IV of this Information Memorandum, no Director of the ESR-REIT Manager is interested, directly or indirectly, in the promotion of any assets acquired or disposed of by or leased to, ESR-REIT or any of its subsidiaries, within the two years preceding the date of this Information Memorandum (other than for any transaction the value of which is below S\$100,000).
5. As at the date of this Information Memorandum, ESR-MTN is a wholly-owned subsidiary of ESR-REIT.

## SHARE CAPITAL

6. (a) As at the date of this Information Memorandum, there is only one class of ordinary shares in ESR-MTN. The rights and privileges attached to the Shares are stated in the Constitution of ESR-MTN.
- (b) As at the date of this Information Memorandum, there is only one class of units in ESR-REIT. The rights and privileges attached to the units of ESR-REIT are stated in the ESR-REIT Trust Deed.
7. The issued share capital of ESR-MTN as at the date of this Information Memorandum are as follows:

Share Designation	Issued Share Capital (Number)	Issued Share Capital (S\$)
Ordinary Shares	1	1

8. The Units in issue as at the Latest Practicable Date are S\$1.00.

## BORROWINGS

9. As at 31 December 2016, all the borrowings or indebtedness in the nature of borrowings of ESR-REIT are as disclosed in Appendix III to this Information Memorandum.

## WORKING CAPITAL

10. ESR-MTN and the ESR-REIT Manager are of the opinion that, after taking into account the present banking facilities and the net proceeds of the issue of the Securities, ESR-REIT will have adequate working capital for its present requirements.

## CHANGES IN ACCOUNTING POLICIES

11. There are no significant changes in the accounting policies of ESR-REIT since its audited financial accounts for FY2016.

## LITIGATION

12. There are no legal or arbitration proceedings pending or, so far as ESR-MTN and the ESR-REIT Manager are aware, threatened against the Issuers, the Guarantor, ESR-REIT or any of their respective subsidiaries the outcome of which, in the opinion of ESR-MTN and the ESR-REIT Manager, may have or have had during the 12 months prior to the date of this Information Memorandum a material adverse effect on the financial position of the Issuers, ESR-REIT or the Group.

## MATERIAL ADVERSE CHANGE

13. Save as disclosed in this Information Memorandum, there has been no material adverse change in the financial condition or business of ESR-MTN since 31 December 2016, or the financial condition or business of ESR-REIT or the Group since 31 December 2016.

## **RATING**

14. As at 31 December 2016, the Programme had a provisional (P) Baa3 senior unsecured rating by Moody's. On 26 July 2017, ESR-REIT announced that it has requested Moody's to withdraw its issuer credit rating on ESR-REIT. Moody's credit opinion on ESR-REIT released on the same day had a long term issue rating of ESR-REIT of Baa3 with a stable outlook.

## **DOCUMENTS AVAILABLE FOR INSPECTION**

15. Copies of the following documents may be inspected, with prior appointments, at the registered office of ESR-MTN and the ESR-REIT Manager during normal business hours for a period of six months from the date of this Information Memorandum:
  - (a) the Constitution of ESR-MTN;
  - (b) the ESR-REIT Trust Deed;
  - (c) the Trust Deed;
  - (d) the audited financial statements of ESR-REIT for the financial year ended 31 December 2015;
  - (e) the audited financial statements of ESR-REIT for the financial year ended 31 December 2016; and
  - (f) the unaudited financial statements of ESR-REIT for the nine months ended 30 September 2017.

## **FUNCTIONS, RIGHTS AND OBLIGATIONS OF THE TRUSTEE**

16. The functions, rights and obligations of the Trustee are set out in the Trust Deed.

**AUDITED FINANCIAL STATEMENTS OF ESR-REIT FOR  
THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

*The information in this Appendix II has been extracted and reproduced from the audited financial statements of ESR-REIT for the financial year ended 31 December 2015 and has not been specifically prepared for inclusion in this Information Memorandum. Investors should read the consolidated financial data in conjunction with the related notes. should read the consolidated financial data in conjunction with the related notes.*

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## INDEPENDENT AUDITORS' REPORT

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Unitholders  
Cambridge Industrial Trust (the "Trust")  
(Constituted under a Trust Deed in the Republic of Singapore)

### *REPORT ON THE FINANCIAL STATEMENTS*

We have audited the accompanying financial statements of Cambridge Industrial Trust (the "Trust") and its subsidiaries (the "Group"), which comprise the Statement of Financial Position and Portfolio Statement of the Group and the Trust as at 31 December 2015, the Statement of Total Return, Distribution Statement, and Statement of Movements in Unitholders' Funds of the Group and of the Trust and Statement of Cash Flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 97 to 160.

### *MANAGER'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS*

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

### *AUDITORS' RESPONSIBILITY*

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

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

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

### *OPINION*

In our opinion, the consolidated financial statements of the Group and the financial statements of the Trust present fairly, in all material respects, the financial position of the Group and of the Trust as at 31 December 2015 and the total return, distributable income, movements in Unitholders' funds of the Group and 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.



**KPMG LLP**  
Public Accountants and  
Chartered Accountants

**Singapore**  
11 March 2016

## STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2015

	Note	Group		Trust	
		2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<b>Assets</b>					
<b>Non-current assets</b>					
Investment properties	4	1,377,400	1,335,180	1,339,100	1,335,180
Investment in subsidiaries	5	–	–	25,206	–*
Investment in jointly-controlled entity	6	–	16,327	–	3,078
Derivative financial instruments	10	–	107	–	107
		<u>1,377,400</u>	<u>1,351,614</u>	<u>1,364,306</u>	<u>1,338,365</u>
<b>Current assets</b>					
Investment properties held for divestment	4	40,600	11,700	40,600	11,700
Trade and other receivables	7	9,652	10,902	9,564	10,902
Derivative financial instruments	10	604	180	604	180
Cash and cash equivalents		<u>2,656</u>	<u>6,100</u>	<u>2,231</u>	<u>6,086</u>
		<u>53,512</u>	<u>28,882</u>	<u>52,999</u>	<u>28,868</u>
<b>Total assets</b>		<u>1,430,912</u>	<u>1,380,496</u>	<u>1,417,305</u>	<u>1,367,233</u>
<b>Liabilities</b>					
<b>Current liabilities</b>					
Trade and other payables	8	24,004	26,417	23,806	26,407
Interest-bearing borrowings	9	–	49,952	–	49,952
		<u>24,004</u>	<u>76,369</u>	<u>23,806</u>	<u>76,359</u>
<b>Non-current liabilities</b>					
Trade and other payables	8	8,743	12,298	8,742	12,298
Interest-bearing borrowings	9	525,254	425,496	525,254	425,496
		<u>533,997</u>	<u>437,794</u>	<u>533,996</u>	<u>437,794</u>
<b>Total liabilities</b>		<u>558,001</u>	<u>514,163</u>	<u>557,802</u>	<u>514,153</u>
<b>Net assets</b>		<u>872,911</u>	<u>866,333</u>	<u>859,503</u>	<u>853,080</u>
Represented by:					
<b>Unitholders' funds</b>		<u>872,911</u>	<u>866,333</u>	<u>859,503</u>	<u>853,080</u>
Units in issue ('000)	11	1,297,775	1,271,548	1,297,775	1,271,548
Net asset value per unit (cents)		67.3	68.1	66.2	67.1

\* less than \$1,000.

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



## STATEMENT OF TOTAL RETURN

YEAR ENDED 31 DECEMBER 2015

	Note	Group		Trust	
		2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<b>Gross revenue</b>	12	<b>112,244</b>	<b>99,342</b>	<b>110,248</b>	<b>99,342</b>
Property expenses	13	(26,088)	(21,534)	(25,997)	(21,534)
<b>Net property income</b>		<b>86,156</b>	<b>77,808</b>	<b>84,251</b>	<b>77,808</b>
Management fees	14	(7,115)	(6,568)	(7,115)	(6,568)
Performance fees	14	–	(1,684)	–	(1,684)
Trust expenses	15	(2,326)	(1,431)	(2,335)	(1,432)
Interest income		149	111	149	111
Borrowing costs	16	(22,220)	(17,627)	(21,782)	(17,627)
<b>Net income</b>		<b>54,644</b>	<b>50,609</b>	<b>53,168</b>	<b>50,608</b>
Share of profits in jointly-controlled entity	6	123	496	–	–
Distribution income from subsidiary/jointly-controlled entity		–	–	1,180	603
<b>Net income after distributable income from subsidiary/jointly-controlled entity</b>		<b>54,767</b>	<b>51,105</b>	<b>54,348</b>	<b>51,211</b>
Gain on disposal of investment property	17	–	1,047	–	1,047
Change in fair value of financial derivatives		395	1,142	395	1,142
Change in fair value of investment properties	4	(2,645)	(7,876)	(2,381)	(7,876)
<b>Total return before income tax</b>		<b>52,517</b>	<b>45,418</b>	<b>52,362</b>	<b>45,524</b>
Income tax expense	18	–	(102)	–	(102)
<b>Total return for the year</b>		<b>52,517</b>	<b>45,316</b>	<b>52,362</b>	<b>45,422</b>
<b>Earnings per unit (cents)</b>					
Basic and diluted	19	4.090	3.615	4.078	3.624
<b>Distribution per unit (cents)</b>	19	4.793	5.004	4.793	5.004

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

## DISTRIBUTION STATEMENT

YEAR ENDED 31 DECEMBER 2015

	Group		Trust	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Total return after income tax, before distribution for the year	52,517	45,316	52,362	45,422
Add: Distribution adjustments (Note A)	7,203	12,298	7,358	12,192
<b>Net income available for distribution to Unitholders</b>	<b>59,720</b>	<b>57,614</b>	<b>59,720</b>	<b>57,614</b>
Distribution from capital (Note B)	2,093	1,925	2,093	1,925
Distribution from capital gains (Note B)	–	3,496	–	3,496
<b>Total amount available for distribution</b>	<b>61,813</b>	<b>63,035</b>	<b>61,813</b>	<b>63,035</b>
Less: Distributions (Note C)	(47,014)	(47,105)	(47,014)	(47,105)
<b>Net amount available for distribution to Unitholders as at 31 December</b>	<b>14,799</b>	<b>15,930</b>	<b>14,799</b>	<b>15,930</b>

### Note A – Distribution Adjustments

	Group		Trust	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<b>Non-tax deductible items and other adjustments:</b>				
Management fees payable in units	2,665	2,358	2,665	2,358
Acquisition fees paid in units	60	–	60	–
Trustee's fees	385	364	385	364
Transaction costs relating to debt facilities	3,984	4,081	3,899	4,081
Change in fair value of investment properties	2,645	7,876	2,381	7,876
Change in fair value of financial derivatives	(395)	(1,142)	(395)	(1,142)
Legal and professional fees	580	(57)	555	(57)
Adjustment for straight line rent and lease incentives	(2,830)	(1,751)	(2,266)	(1,751)
Share of profits in jointly-controlled entity	(123)	(496)	–	–
Distribution income from jointly-controlled entity	156	603	–	–
Allowance for doubtful debts	175	1,197	175	1,197
Miscellaneous (income)/expenses	(99)	312	(101)	313
	7,203	13,345	7,358	13,239
<b>Income not subject to tax:</b>				
Gain on disposal of investment property	–	(1,047)	–	(1,047)
<b>Net effect of distribution adjustments</b>	<b>7,203</b>	<b>12,298</b>	<b>7,358</b>	<b>12,192</b>

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

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## DISTRIBUTION STATEMENT

YEAR ENDED 31 DECEMBER 2015

### **Note B – Distribution from Capital and Capital Gains**

Distribution from capital of \$2.1 million was paid during the year to offset the transitional impact on net income from the conversion of master leases to multi-tenanted buildings which is associated with initially higher costs and vacancies.

Distribution from capital and capital gains in the previous financial year include \$3.5 million from capital gains realised from the sale of investment properties and \$1.9 million from capital to fund the reduction in income contribution for the year from properties undergoing asset enhancement initiatives including asset repositioning and reduction in net income from the performance fees payable in cash.

### **Note C – Distributions**

	<b>Group and Trust</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
Distributions to Unitholders during the financial year comprise:		
Distribution of 1.204 cents per unit for the period from 1/7/2015 to 30/9/2015	15,553	–
Distribution of 1.225 cents per unit for the period from 1/4/2015 to 30/6/2015	15,784	–
Distribution of 1.225 cents per unit for the period from 1/1/2015 to 31/3/2015	15,677	–
Distribution of 1.250 cents per unit for the period from 1/7/2014 to 30/9/2014	–	15,797
Distribution of 1.251 cents per unit for the period from 1/4/2014 to 30/6/2014	–	15,708
Distribution of 1.251 cents per unit for the period from 1/1/2014 to 31/3/2014	–	15,600
	47,014	47,105
Distribution of 1.252 cents per unit for the period from 1/10/2014 to 31/12/2014	15,920	–
Distribution of 1.251 cents per unit for the period from 1/10/2013 to 31/12/2013	–	15,504
Total Distributions to Unitholders during the financial year <sup>(1)</sup>	62,934	62,609

**Note:**

<sup>(1)</sup> Distributions were partly paid by CIT issuing an aggregate of 22.2 million units amounting to \$14.6 million (2014: 28.8 million units amounting to \$20.0 million), pursuant to the distribution reinvestment plan.

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

## STATEMENT OF MOVEMENTS IN UNITHOLDERS' FUNDS

YEAR ENDED 31 DECEMBER 2015

	Note	Group		Trust	
		2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<b>Unitholders' funds at beginning of year</b>		<b>866,333</b>	<b>861,546</b>	<b>853,080</b>	<b>848,187</b>
<b>Operations</b>					
Total return for the year after tax		<b>52,517</b>	<b>45,316</b>	<b>52,362</b>	<b>45,422</b>
<b>Unitholders' transactions</b>					
Issue of new units:					
– Management fees paid in units		2,665	646	2,665	646
– Management fees payable in units		–	1,712	–	1,712
– Distribution Reinvestment Plan		14,565	19,981	14,565	19,981
Acquisition fees paid in units		60	–	60	–
Equity issue costs	20	(295)	(259)	(295)	(259)
Distributions to Unitholders		(62,934)	(62,609)	(62,934)	(62,609)
Net decrease in Unitholders' funds resulting from Unitholders' transactions		<b>(45,939)</b>	<b>(40,529)</b>	<b>(45,939)</b>	<b>(40,529)</b>
<b>Unitholders' funds at end of year</b>		<b>872,911</b>	<b>866,333</b>	<b>859,503</b>	<b>853,080</b>

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

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## INVESTMENT PROPERTIES PORTFOLIO STATEMENT

AS AT 31 DECEMBER 2015

Properties held by the Trust	Tenure of land	Term of lease (years)	Remaining term of lease (years)	Location
<b>Logistics Properties<sup>(1)</sup></b>				
24 JURONG PORT ROAD	Leasehold	30+12	21 <sup>(6)</sup>	24 Jurong Port Road Singapore 619097
1 THIRD LOK YANG ROAD AND 4 FOURTH LOK YANG ROAD	Leasehold	30	16 <sup>(7)</sup>	1 Third Lok Yang Road Singapore 627996 and 4 Fourth Lok Yang Road Singapore 629701
3 PIONEER SECTOR 3	Leasehold	30+30	35 <sup>(8)</sup>	3 Pioneer Sector 3 Singapore 628342
<b>Warehousing Properties<sup>(2)</sup></b>				
31 TUAS AVENUE 11	Leasehold	30+30	38 <sup>(9)</sup>	31 Tuas Avenue 11 Singapore 639105
25 CHANGI SOUTH AVENUE 2	Leasehold	30+30	39 <sup>(10)</sup>	25 Changi South Ave 2 Singapore 486594
23 TUAS AVENUE 10	Leasehold	30+29	41 <sup>(11)</sup>	23 Tuas Avenue 10 Singapore 639149
160 KALLANG WAY	Leasehold	60	17 <sup>(12)</sup>	160 Kallang Way Singapore 349246
120 PIONEER ROAD	Leasehold	30+28	39 <sup>(13)</sup>	120 Pioneer Road Singapore 639597
9 BUKIT BATOK STREET 22	Leasehold	30+30	37 <sup>(14)</sup>	9 Bukit Batok Street 22 Singapore 659585
79 TUAS SOUTH STREET 5	Leasehold	30+30	44 <sup>(15)</sup>	79 Tuas South Street 5 Singapore 637604
# 4/6 CLEMENTI LOOP	Leasehold	30+30	38 <sup>(16)</sup>	4/6 Clementi Loop Singapore 129810 and 129814
# 3C TOH GUAN ROAD EAST	Leasehold	30+30	35 <sup>(17)</sup>	3C Toh Guan Road East Singapore 608832
30 TOH GUAN ROAD	Leasehold	30+30	40 <sup>(18)</sup>	30 Toh Guan Road Singapore 608840

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

Existing use	Occupancy rate at		At Independent Valuation		Percentage of Unitholders' Funds	
	31/12/2015 %	31/12/2014 %	31/12/2015 \$'000	31/12/2014 \$'000	31/12/2015 %	31/12/2014 %
Logistics	95	95	89,100	87,600	10.21	10.11
Logistics	100	100	12,800	15,000	1.47	1.73
Logistics	97	97	112,000	108,410	12.83	12.51
			<b>213,900</b>	<b>211,010</b>	<b>24.51</b>	<b>24.35</b>
Warehousing	100	100	12,000	11,800	1.37	1.36
Warehousing	100	100	13,700	13,400	1.57	1.55
Warehousing	100	100	15,700	15,400	1.80	1.78
Warehousing	100	100	29,500	29,800	3.38	3.44
Warehousing	100	100	34,200	32,600	3.92	3.76
Warehousing	78	78	23,900	23,900	2.74	2.76
Warehousing	–	–	11,700	11,700	1.34	1.35
Warehousing	100	100	63,100	63,100	7.23	7.28
Warehousing	90	100	33,000	33,000	3.78	3.81
Warehousing	99	97	60,000	58,900	6.87	6.80
			<b>296,800</b>	<b>293,600</b>	<b>34.00</b>	<b>33.89</b>

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

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## INVESTMENT PROPERTIES PORTFOLIO STATEMENT

AS AT 31 DECEMBER 2015

Properties held by the Trust	Tenure of land	Term of lease (years)	Remaining term of lease (years)	Location
<b>Light Industrial Properties<sup>(3)</sup></b>				
2 UBI VIEW	Leasehold	60	43 <sup>(19)</sup>	2 Ubi View Singapore 408556
128 JOO SENG ROAD	Leasehold	30+30	36 <sup>(20)</sup>	128 Joo Seng Road Singapore 368356
# 1/2 CHANGI NORTH STREET 2	Leasehold	30+30/30+30	45/50 <sup>(21)</sup>	1/2 Changi North Street 2 Singapore 498808/498775
# 16 TAI SENG STREET	Leasehold	30+30	52 <sup>(22)</sup>	16 Tai Seng Street Singapore 534138
70 SELETAR AEROSPACE VIEW	Leasehold	30	26 <sup>(23)</sup>	70 Seletar Aerospace View Singapore 797564
* 55 UBI AVENUE 3	Leasehold	30+30	41 <sup>(24)</sup>	55 Ubi Avenue 3 Singapore 408864
130 JOO SENG ROAD	Leasehold	30+30	36 <sup>(25)</sup>	130 Joo Seng Road Singapore 368357
2 JALAN KILANG BARAT	Leasehold	99	46 <sup>(26)</sup>	2 Jalan Kilang Barat Singapore 159346
54 SERANGOON NORTH AVENUE 4	Leasehold	30+30	41 <sup>(27)</sup>	54 Serangoon North Avenue 4 Singapore 555854
136 JOO SENG ROAD	Leasehold	30+30	35 <sup>(28)</sup>	136 Joo Seng Road Singapore 368360
21/23 UBI ROAD 1	Leasehold	30+30	41 <sup>(29)</sup>	21/23 Ubi Road 1 Singapore 408724/408725
11 SERANGOON NORTH AVENUE 5	Leasehold	30+30	41 <sup>(30)</sup>	11 Serangoon North Avenue 5 Singapore 554809
* 87 DEFU LANE 10	Leasehold	30+30	35 <sup>(31)</sup>	87 Defu Lane 10 Singapore 539219
11 CHANG CHARN ROAD	Leasehold	99	41 <sup>(32)</sup>	11 Chang Charn Road Singapore 159640
12 ANG MO KIO STREET 65	Leasehold	30+30	34 <sup>(33)</sup>	12 Ang Mo Kio Street 65 Singapore 569060

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

Existing use	Occupancy rate at		At Independent Valuation		Percentage of Unitholders' Funds	
	31/12/2015 %	31/12/2014 %	31/12/2015 \$'000	31/12/2014 \$'000	31/12/2015 %	31/12/2014 %
Light Industrial	100	100	9,900	9,900	1.13	1.14
Light industrial	100	93	12,500	12,500	1.43	1.44
Light Industrial	100	100	23,200	23,200	2.66	2.68
Light Industrial	100	100	73,000	73,000	8.36	8.43
Light Industrial	100	100	8,800	8,800	1.01	1.02
Light Industrial	56	77	22,100	21,600	2.53	2.49
Light Industrial	100	100	15,000	14,000	1.72	1.62
Light Industrial	91	78	29,000	29,000	3.32	3.35
Light Industrial	64	64	22,200	21,700	2.54	2.50
Light Industrial	100	100	13,700	13,500	1.57	1.56
Light Industrial	100	96	36,600	36,600	4.19	4.22
Light Industrial	94	94	19,900	20,800	2.28	2.40
Light Industrial	100	33	18,500	16,800	2.12	1.94
Light Industrial	96	89	32,000	32,000	3.67	3.69
Light Industrial	85	85	40,600	39,800	4.65	4.59
			<b>377,000</b>	<b>373,200</b>	<b>43.18</b>	<b>43.07</b>

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



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## INVESTMENT PROPERTIES PORTFOLIO STATEMENT

AS AT 31 DECEMBER 2015

Properties held by the Trust	Tenure of land	Term of lease (years)	Remaining term of lease (years)	Location
<b>General Industrial Properties<sup>(4)</sup></b>				
9 TUAS VIEW CRESCENT	Leasehold	30+30	43 <sup>(34)</sup>	9 Tuas View Crescent Singapore 637612
28 SENOKO DRIVE	Leasehold	30+30	24 <sup>(35)</sup>	28 Senoko Drive Singapore 758214
31 CHANGI SOUTH AVENUE 2	Leasehold	30+30	39 <sup>(36)</sup>	31 Changi South Avenue 2 Singapore 486478
21B SENOKO LOOP	Leasehold	30+30	37 <sup>(37)</sup>	21B Senoko Loop Singapore 758171
23 WOODLANDS TERRACE	Leasehold	30+30	41 <sup>(38)</sup>	23 Woodlands Terrace Singapore 738472
22 CHIN BEE DRIVE	Leasehold	30	20 <sup>(39)</sup>	22 Chin Bee Drive Singapore 619870
31 KIAN TECK WAY	Leasehold	30+19	27 <sup>(40)</sup>	31 Kian Teck Way Singapore 628751
45 CHANGI SOUTH AVENUE 2	Leasehold	30+30	40 <sup>(41)</sup>	45 Changi South Avenue 2 Singapore 486133
2 TUAS SOUTH AVENUE 2	Leasehold	60	43 <sup>(42)</sup>	2 Tuas South Ave 2 Singapore 637601
# 511/513 YISHUN INDUSTRIAL PARK A	Leasehold	29+30/30+30	38/38 <sup>(43)</sup>	511/513 Yishun Industrial Park A Singapore 768768/768736
# 60 TUAS SOUTH STREET 1	Leasehold	30	19 <sup>(44)</sup>	60 Tuas South Street 1 Singapore 639925
# 5/7 GUL STREET 1	Leasehold	29.5	22 <sup>(45)</sup>	5/7 Gul Street 1 Singapore 629318/629320
28 WOODLANDS LOOP	Leasehold	30+30	40 <sup>(46)</sup>	28 Woodlands Loop Singapore 738308
25 PIONEER CRESCENT	Leasehold	30+28	51 <sup>(47)</sup>	25 Pioneer Crescent Singapore 628554

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

Existing use	Occupancy rate at		At Independent Valuation		Percentage of Unitholders' Funds	
	31/12/2015 %	31/12/2014 %	31/12/2015 \$'000	31/12/2014 \$'000	31/12/2015 %	31/12/2014 %
General Industrial	100	100	11,400	11,100	1.31	1.28
General Industrial	100	100	14,000	14,000	1.60	1.62
General Industrial	100	100	11,200	9,300	1.28	1.07
General Industrial	100	100	31,500	31,500	3.61	3.64
General Industrial	76	76	17,500	17,500	2.00	2.02
General Industrial	100	100	15,500	15,500	1.78	1.79
General Industrial	100	100	5,700	5,600	0.65	0.65
General Industrial	100	100	14,000	13,700	1.60	1.58
General Industrial	100	100	36,000	36,000	4.12	4.16
General Industrial	25	100	33,200	33,200	3.80	3.83
General Industrial	–	100	6,200	6,400	0.71	0.74
General Industrial	100	100	14,700	14,500	1.68	1.67
General Industrial	100	100	18,300	17,800	2.10	2.05
General Industrial	100	100	16,200	15,800	1.86	1.82
			<b>245,400</b>	<b>241,900</b>	<b>28.10</b>	<b>27.92</b>

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

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## INVESTMENT PROPERTIES PORTFOLIO STATEMENT

AS AT 31 DECEMBER 2015

Properties held by the Trust	Tenure of land	Term of lease (years)	Remaining term of lease (years)	Location
<b>Balance brought forward</b>				
<b>General Industrial Properties (cont'd)</b>				
43 TUAS VIEW CIRCUIT	Leasehold	30	22 <sup>(48)</sup>	43 Tuas View Circuit Singapore 637360
30 MARSILING INDUSTRIAL ESTATE ROAD 8	Leasehold	30+30	34 <sup>(49)</sup>	30 Marsiling Industrial Estate Road 8 Singapore 739193
11 WOODLANDS WALK	Leasehold	30+30	40 <sup>(50)</sup>	11 Woodlands Walk Singapore 738265
15 JURONG PORT ROAD	Leasehold	28	19 <sup>(51)</sup>	15 Jurong Port Road Singapore 619119
86/88 INTERNATIONAL ROAD	Leasehold	30+30	39 <sup>(52)</sup>	86/88 International Road Singapore 629176/629177
+ 160A GUL CIRCLE	Leasehold	27	25 <sup>(54)</sup>	160A Gul Circle Singapore 629618
<b>Car Showroom and Workshop Properties<sup>(5)</sup></b>				
30 TEBAN GARDENS CRESCENT	Leasehold	10+22	23 <sup>(55)</sup>	30 Teban Gardens Crescent Singapore 608927
<b>Business Park Properties<sup>(5a)</sup></b>				
16 INTERNATIONAL BUSINESS PARK	Leasehold	30+30	40 <sup>(56)</sup>	16 International Business Park Singapore 609929
<b>Total properties held by the Trust</b>				

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

Existing use	Occupancy rate at		At Independent Valuation		Percentage of Unitholders' Funds	
	31/12/2015 %	31/12/2014 %	31/12/2015 \$'000	31/12/2014 \$'000	31/12/2015 %	31/12/2014 %
			<b>245,400</b>	<b>241,900</b>	<b>28.10</b>	<b>27.92</b>
General Industrial	100	100	16,500	15,800	1.89	1.82
General Industrial	82	100	39,000	39,000	4.47	4.50
General Industrial	100	100	17,300	17,300	1.98	2.00
General Industrial	100	100	42,000	43,000	4.81	4.96
General Industrial	90	100	40,700	40,700	4.66	4.70
General Industrial	100	–	19,400	–	2.22	–
			<b>420,300</b>	<b>397,700</b>	<b>48.13</b>	<b>45.90</b>
Car Showroom and Workshop	100	100	40,700	41,000	4.66	4.73
			<b>40,700</b>	<b>41,000</b>	<b>4.66</b>	<b>4.73</b>
Business Park	100	100	31,000	30,370	3.55	3.51
			<b>31,000</b>	<b>30,370</b>	<b>3.55</b>	<b>3.51</b>
			<b>1,379,700</b>	<b>1,346,880</b>	<b>158.03</b>	<b>155.45</b>

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

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## INVESTMENT PROPERTIES PORTFOLIO STATEMENT

AS AT 31 DECEMBER 2015

	<b>Property held by a subsidiary</b>	<b>Tenure of land</b>	<b>Term of lease (years)</b>	<b>Remaining term of lease (years)</b>	<b>Location</b>
	<b>General Industrial Properties<sup>(4)</sup></b>				
**	3 TUAS SOUTH AVENUE 4	Leasehold	30+30	43 <sup>(53)</sup>	3 Tuas South Avenue 4 Singapore 637610
	<b>Property held by a subsidiary</b>				
	<b>Total properties held by the Group</b>				
	<b>Trust</b>				
	Investment properties, at valuation				
	Other assets and liabilities (net)				
	Net assets				
	<b>Group</b>				
	Investment properties, at valuation				
	Other assets and liabilities (net)				
	Net assets				

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

Existing use	Occupancy rate at		At Independent Valuation		Percentage of Unitholders' Funds	
	31/12/2015 %	31/12/2014 %	31/12/2015 \$'000	31/12/2014 \$'000	31/12/2015 %	31/12/2014 %
General Industrial	100	100	38,300	–	4.39	–
			<b>38,300</b>	<b>–</b>	<b>4.39</b>	<b>–</b>
			<b>1,418,000</b>	<b>1,346,880</b>	<b>162.42</b>	<b>155.45</b>
			1,379,700	1,346,880	160.52	157.88
			(520,197)	(493,800)	(60.52)	(57.88)
			<b>859,503</b>	<b>853,080</b>	<b>100.00</b>	<b>100.00</b>
			1,418,000	1,346,880	162.42	155.45
			(545,089)	(480,547)	(62.42)	(55.45)
			<b>872,911</b>	<b>866,333</b>	<b>100.00</b>	<b>100.00</b>

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

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## INVESTMENT PROPERTIES PORTFOLIO STATEMENT

AS AT 31 DECEMBER 2015

	<b>At Independent Valuation</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
As disclosed in the Statement of Financial Position:		
<b>Trust</b>		
Investment properties – non current	1,339,100	1,335,180
Investment properties held for divestment – current (denoted as (*) in the Portfolio Statement)	40,600	11,700
<b>Total investment properties</b>	<b>1,379,700</b>	<b>1,346,880</b>
<b>Group</b>		
Investment properties – non current	1,377,400	1,335,180
Investment properties held for divestment – current (denoted as (*) in the Portfolio Statement)	40,600	11,700
<b>Total investment properties</b>	<b>1,418,000</b>	<b>1,346,880</b>

**Notes:**

- (1) These properties are single or multi-storey distribution and logistics facilities catering for tenants that are third party logistics and supply chain management providers or trading companies.
- (2) These properties are single or multi-storey warehouse facilities with low content of office space that are used by both multi-national corporations and local small and medium enterprises predominantly as storage space for raw material, semi-finished or finished goods; coupled with light industrial activities such as assembly and packing. This also includes self-storage business.
- (3) These properties are single or multi-storey of manufacturing/production space with low content of office space used by both multi-national corporations and local small and medium enterprises for light industrial activities such as light manufacturing, assembly, non-pollutive industrial and businesses that engage in high technology, R&D or type 1 e-business kind of activities.
- (4) These properties are single or multi-storey of manufacturing/factory facilities with low content of office space catering to both multi-national corporations and small and medium enterprises for industrial purposes which includes but not limited to manufacturing, altering, repairing, finishing, precision engineering.
- (5) This property is a multi-storey industrial building used for car showroom and service workshops.
- (5a) This property is a multi-storey suburban office building in specially designated "Business Park Zone" of which serves as regional headquarters for multi-national companies catering to knowledge-based activities.
- (6) CIT holds the remainder of a 30+12 year lease commencing from 1 March 1995.
- (7) CIT holds the remainder of a 30 year lease commencing from 16 December 2001.
- (8) CIT holds the remainder of a 30+30 year lease commencing from 16 December 1990.
- (9) CIT holds the remainder of a 30+30 year lease commencing from 1 April 1994.
- (10) CIT holds the remainder of a 30+30 year lease commencing from 16 October 1994.
- (11) CIT holds the remainder of a 30+29 year lease commencing from 1 November 1997.
- (12) CIT holds the remainder of a 60 year lease commencing from 16 February 1973.
- (13) CIT holds the remainder of a 30+28 year lease commencing from 16 February 1997.
- (14) CIT holds the remainder of a 30+30 year lease commencing from 1 February 1993.
- (15) CIT holds the remainder of a 30+30 year lease commencing from 1 February 2000.
- (16) CIT holds the remainder of a 30+30 year lease commencing from 1 October 1993.
- (17) CIT holds the remainder of a 30+30 year lease commencing from 16 February 1991.
- (18) CIT holds the remainder of a 30+30 year lease commencing from 16 August 1995.
- (19) CIT holds the remainder of a 60 year lease commencing from 4 January 1999.
- (20) CIT holds the remainder of a 30+30 year lease commencing from 1 May 1992.
- (21) CIT holds the remainder of a 30+30 year lease commencing from 1 March 2001 for 1 Changi North Street 2 and 30+30 year lease commencing from 23 November 2005 for 2 Changi North Street 2.
- (22) CIT holds the remainder of a 30+30 year lease commencing from 4 July 2007.
- (23) CIT holds the remainder of a 30 year lease commencing from 16 October 2011.
- (24) CIT holds the remainder of a 30+30 year lease commencing from 1 July 1996.
- (25) CIT holds the remainder of a 30+30 year lease commencing from 1 December 1991.
- (26) CIT holds the remainder of a 99 year lease commencing from 1 July 1963.
- (27) CIT holds the remainder of a 30+30 year lease commencing from 16 June 1996.
- (28) CIT holds the remainder of a 30+30 year lease commencing from 1 October 1990.
- (29) CIT holds the remainder of a 30+30 year lease commencing from 1 February 1997.
- (30) CIT holds the remainder of a 30+30 year lease commencing from 16 April 1997.
- (31) CIT holds the remainder of a 30+30 year lease commencing from 1 November 1990.
- (32) CIT holds the remainder of a 99 year lease commencing from 1 January 1958.
- (33) CIT holds the remainder of a 30+30 year lease commencing from 16 October 1990.
- (34) CIT holds the remainder of a 30+30 year lease commencing from 16 July 1998.
- (35) CIT holds the remainder of a 30+30 year lease commencing from 16 December 1979.

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

## INVESTMENT PROPERTIES PORTFOLIO STATEMENT

AS AT 31 DECEMBER 2015

- (36) CIT holds the remainder of a 30+30 year lease commencing from 1 March 1995.  
 (37) CIT holds the remainder of a 30+30 year lease commencing from 1 February 1993.  
 (38) CIT holds the remainder of a 30+30 year lease commencing from 16 November 1996.  
 (39) CIT holds the remainder of a 30 year lease commencing from 16 September 2005.  
 (40) CIT holds the remainder of a 30+19 year lease commencing from 1 September 1993.  
 (41) CIT holds the remainder of a 30+30 year lease commencing from 1 September 1995.  
 (42) CIT holds the remainder of a 60 year lease commencing from 4 January 1999.  
 (43) CIT holds the remainder of a 29+30 year lease commencing from 1 June 1995 for 511 Yishun and 30+30 lease commencing from 1 December 1993 for 513 Yishun.  
 (44) CIT holds the remainder of a 30 year lease commencing from 16 March 2005.  
 (45) CIT holds the remainder of a 29.5 year lease commencing from 1 April 2008.  
 (46) CIT holds the remainder of a 30+30 year lease commencing from 16 October 1995.  
 (47) CIT holds the remainder of a 30+28 year lease commencing from 1 February 2009.  
 (48) CIT holds the remainder of a 30 year lease commencing from 1 February 2008.  
 (49) CIT holds the remainder of a 30+30 year lease commencing from 1 December 1989.  
 (50) CIT holds the remainder of a 30+30 year lease commencing from 16 October 1995.  
 (51) CIT holds the remainder of a 28 year lease commencing from 25 March 2007.  
 (52) CIT holds the remainder of a 30+30 year lease commencing from 16 December 1994.  
 (53) The subsidiary holds the remainder of a 30+30 year lease commencing from 1 May 1999.  
 (54) CIT holds the remainder of a 27 year lease commencing from 30 September 2013.  
 (55) CIT holds the remainder of a 10+22 year lease commencing from 1 June 2007.  
 (56) CIT holds the remainder of a 30+30 year lease commencing from 1 August 1996.

# Properties pledged as security to secure the Term Loan Facility of \$100 million (see Note 9).

\* The property was acquired during the financial year.

\*\* The property at 3 Tuas South Avenue 4 was consolidated when Cambridge SPV1 LLP became a subsidiary of the Group on 20 March 2015.

Investment properties comprise a diverse portfolio of industrial properties that are leased to external tenants. All of the leases are structured under single-tenancy or multiple-tenancy and the tenancies range from two to twenty eight years for single tenancy and seven months to ten years for multiple-tenancy.

In determining the fair value, the valuers have used valuation methods which involve certain estimates. The Manager has exercised its judgment and is satisfied that the valuation methods and estimates are reflective of the current market conditions.

The independent professional valuers have considered valuation techniques including direct comparison method, capitalisation approach and/or discounted cash flow analysis in arriving at the open market value as at the reporting date. The key assumptions used to determine the fair value of investment properties include market-corroborated capitalisation yield, terminal yield, discount rate and average growth rate.

As at the reporting date, investment properties with a carrying value of \$246.4 million (2014: \$939.4 million) have been mortgaged as security for loan facilities granted to the Group (see Note 4 and Note 9).

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



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## CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2015

	Group	
	2015	2014
	\$'000	\$'000
<b>Cash flows from operating activities</b>		
Total return after income tax for the year	52,517	45,316
<b>Adjustments for:</b>		
Borrowing costs	22,220	17,627
Change in fair value of financial derivatives	(395)	(1,142)
Change in fair value of investment properties	2,645	7,876
Gain on disposal of investment property	–	(1,047)
Share of profits in jointly-controlled entity	(123)	(496)
Interest income	(149)	(111)
Management fees paid/payable in units (Note A(i))	2,665	2,358
Acquisition fees paid in units (Note A (ii))	60	–
Allowance for doubtful debts	175	1,197
<b>Operating income before working capital changes</b>	<b>79,615</b>	<b>71,578</b>
Changes in working capital:		
Trade and other receivables	(1,630)	(5,529)
Trade and other payables	1,126	(5,424)
<b>Cash generated from operations</b>	<b>79,111</b>	<b>60,625</b>
Income tax paid	(59)	–
<b>Net cash generated from operating activities</b>	<b>79,052</b>	<b>60,625</b>
<b>Cash flows from investing activities</b>		
Interest received	149	111
Capital expenditure on investment properties	(20,964)	(8,733)
Net cash outflow on purchase of investment properties (including acquisition related costs) (Note B)	(19,479)	(145,589)
Payment for investment properties under development	–	(41,632)
Proceeds from disposal of investment properties	–	7,800
Payment for divestment costs	–	(107)
Acquisition of subsidiary (Note 22)	(10,582)	–
Distribution income from subsidiary/jointly-controlled entity	930	710
<b>Net cash used in investing activities</b>	<b>(49,946)</b>	<b>(187,440)</b>
<b>Cash flows from financing activities</b>		
Borrowing costs paid	(20,664)	(15,611)
Distributions paid to Unitholders (Note A(iii))	(48,369)	(42,628)
Equity issue costs paid	(278)	(213)
Proceeds from borrowings	338,000	195,827
Repayment of borrowings	(301,239)	(78,000)
<b>Net cash (used in)/generated from financing activities</b>	<b>(32,550)</b>	<b>59,375</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(3,444)</b>	<b>(67,440)</b>
<b>Cash and cash equivalents at 1 January</b>	<b>6,100</b>	<b>73,540</b>
<b>Cash and cash equivalents at 31 December</b>	<b>2,656</b>	<b>6,100</b>

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

## CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2015

### Notes:

#### (A) Significant Non-cash Transactions

##### (i) Management fees paid in units

Management fees for the year ended 31 December 2015 were partly paid by CIT issuing an aggregate of 6.5 million units (2014: 3.4 million units comprising 0.9 million issued units and 2.5 million units issued after year end) amounting to \$2.7 million (2014: \$2.4 million).

##### (ii) Acquisition fees paid in units

A total of 85,922 units (equivalent to \$60,000) were issued as payment of the acquisition fee to the Manager in connection with the acquisition of the remaining 40% partnership interest in Cambridge SPV1 LLP from Oxley Projects Pte. Ltd., an interested party to the Trust ("Cambridge LLP Acquisition") in March 2015. The Property Fund Appendix of the Collective Investment Schemes requires that the acquisition fee for an interested party transaction to be paid in units.

Please see Note 22 for more details.

##### (iii) Distributions paid to Unitholders

Distributions for the year ended 31 December 2015 were partly paid by CIT issuing an aggregate of 22.2 million units (2014: 28.8 million units), amounting to \$14.6 million (2014: \$20.0 million), pursuant to the distribution reinvestment plan.

	2015 \$'000	2014 \$'000
Distributions paid to Unitholders	62,934	62,609
Distributions paid in units pursuant to distribution reinvestment plan	(14,565)	(19,981)
Net Distributions paid to Unitholders in cash	48,369	42,628

#### (B) Net Cash Outflow on Purchase of Investment Properties (including acquisition related costs)

Net cash outflow on purchase of investment properties (including acquisition related costs) is set out below:

	Group	
	2015 \$'000	2014 \$'000
Investment properties	19,133	143,170
Acquisition related costs	337	2,109
Capital expenditure incurred	9	360
Investment properties acquired (including acquisition related costs and capital expenditure incurred)	19,479	145,639
Retention sums	-	(50)
Net cash outflow	19,479	145,589

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

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## NOTES TO THE FINANCIAL STATEMENTS

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Manager and the Trustee on 11 March 2016.

### 1. General

Cambridge Industrial Trust ("CIT" or the "Trust") is a Singapore-domiciled unit trust constituted pursuant to the trust deed dated 31 March 2006 (as amended) entered into between Cambridge Industrial Trust Management Limited (the "Manager") and RBC Investor Services Trust Singapore Limited (the "Trustee"), and is governed by the laws of the Republic of Singapore ("Trust Deed"). On 31 March 2006, CIT was declared as an authorised unit trust scheme under the Trustees Act, Chapter 337. The Trustee is under a duty to take into custody and hold the assets of the Trust and its subsidiaries (the "Group") in trust for the holders ("Unitholders") of units in the Trust (the "Units").

On 25 July 2006, CIT was admitted to the Official List of the Singapore Exchange Securities Trading Limited ("SGX-ST"). On 3 April 2006, CIT was included under the Central Provident Fund ("CPF") Investment Scheme.

The financial statements of the Group as at and for the year ended 31 December 2015 comprise the Trust and its subsidiaries (together referred to as the "Group").

The principal activity of CIT is to invest in a diverse portfolio of properties with the primary objective of achieving an attractive level of return from rental income and long-term capital growth. The principal activity of the subsidiaries are set out in Note 5 to the financial statements.

CIT has entered into several service agreements in relation to the management of CIT and its property operations. The fee structures for these services are as follows:

#### (A) Trustee's fees

Pursuant to the Trust Deed, the Trustee's fees shall not exceed 0.1% per annum of the value of all the gross assets of CIT ("Deposited Property"), excluding out-of-pocket expenses and GST. The actual fee payable will be determined between the Manager and the Trustee from time to time. The Trustee's fee is presently charged on a scaled basis of up to 0.03% per annum of the value of the Deposited Property.

#### (B) Management fees

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

- (i) A base fee ("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 Meeting of Unitholders.

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

## NOTES TO THE FINANCIAL STATEMENTS

### 1. General (Cont'd)

#### (B) Management fees (Cont'd)

- (ii) The performance fee calculation methodology was revised and approved at the Extraordinary General Meeting on 19 May 2015, from a total return based formula to a DPU growth model. The Manager has voluntarily waived any performance fee entitlement for FY2015 and FY2016 under the new structure ("Performance Fee Waiver").

The performance fee under the DPU growth model ("Performance Fee") is computed at 25% of the growth in DPU for such financial year multiplied by the weighted average number of units in issue for such financial year.

The DPU growth is measured by the excess of DPU for such financial year to the highest DPU achieved by the Trust in the previous years for which a performance fee was payable ("Highest DPU Threshold"). Whenever a performance fee is earned, the Highest DPU Threshold will be adjusted to the highest DPU achieved. In order to be eligible for a performance fee in future, the Trust would have to outperform the adjusted Highest DPU Threshold.

For the purpose of calculation of the performance fee payable under the revised performance fee structure, the Highest DPU Threshold is initially set at 6.000 cents, or if the DPU achieved during the Performance Fee Waiver period is higher, then such higher DPU.

The Performance Fee, whether payable in any combination of cash and Units or solely in cash or Units, will be payable in arrears within 30 days after the last day of each financial year. If a trigger event occurs resulting in the Manager being removed, the Manager is entitled to payment of any Performance Fee in cash to which it might otherwise have been entitled for that financial year in cash, which shall be calculated, as if the end of the financial year was the date of occurrence of the trigger event, in accordance with the Trust Deed. If a trigger event occurs at a time when any accrued Performance Fee has not been paid, resulting in the Manager being removed, the Manager is entitled to payment of such accrued Performance Fee in cash.

Management fees (Base Fee and Performance Fee, including any accrued Performance Fee which have been carried forward from previous financial years but excluding any acquisition fee or disposal fee) to be paid to the Manager in respect of a financial year, whether in cash or in Units or a combination of cash and Units, are capped at an amount equivalent to 0.8% per annum of the value of Deposited Property as at the end of the financial year (referred to as the "annual fee cap").

The total amount of performance fee accruing to the Manager under the previous performance fee structure was approximately \$5.6 million as at 31 December 2015 and will be paid in instalments every six months in January and July, subject to the fee cap arrangement under the Trust Deed. Full settlement of the total fee payable is expected by January 2017.

If the amount of such fees for a financial year exceeds the annual fee cap, the Base Fee of the financial year shall be paid to the Manager and only that portion of the Performance Fee equal to the balance of an amount up to the annual fee cap will be paid to the Manager.

Please refer to Note 11 for the Manager's base fees payable in units.

## NOTES TO THE FINANCIAL STATEMENTS

### 1. General (Cont'd)

#### (C) Acquisition and disposal fees

The Manager is also entitled to receive the following fees:

- (i) An acquisition fee of 1.0% of each of the following as is applicable, subject to there being no double-counting:
- (a) the purchase price, excluding GST, of any real estate acquired, whether directly by CIT or indirectly through a special purpose vehicle;
  - (b) the value of any underlying real estate (pro-rata, if applicable, to the proportion of CIT's interest in such real estate) where CIT invests in any class of real estate related assets, including any class of equity, equity-linked securities and/or securities issued in real estate securitisation, of any entity directly or indirectly owning or acquiring such real estate, provided that:
    - CIT shall hold or invest in at least 50% of the equity of such entity; or
    - if CIT holds or invests in 30% or more but less than 50% of the equity of such entity, CIT shall have management control of the underlying real estate and/or such entity;
  - (c) the value of any shareholder's loan extended by CIT to the entity referred to in paragraph (b) above, provided that the provision in paragraph (b) is complied with; and
  - (d) the value of any investment by CIT in any loan extended to, or in debt securities of, any property corporation or other special purpose vehicle owning or acquiring real estate, (where such investment does not fall within the ambit of paragraph (b)) made with the prior consent of the Unitholders passed by ordinary resolution at a meeting of Unitholders duly convened and held in accordance with the provisions of the Trust Deed.
- (ii) A disposal fee of 0.5% of each of the following as is applicable, subject to there being no double-counting:
- (a) the sale price, excluding GST, of any investment of the type referred to in paragraph (C)(i)(a) above for the acquisition fee;
  - (b) in relation to an investment of the type referred to in paragraph (C)(i)(b) above for the acquisition fee, the value of any underlying real estate (pro-rata, if applicable, to the proportion of CIT's interest in such real estate);
  - (c) the proceeds of sale, repayment or (as the case may be) redemption of an investment in a loan referred to in paragraph (C)(i)(c) above for the acquisition fee; and
  - (d) the value of an investment referred to in paragraph (C)(i)(d) above for the acquisition fee.

The Manager can opt to receive acquisition and disposal fees in the form of cash or Units or a combination as it may determine.

## NOTES TO THE FINANCIAL STATEMENTS

### 1. General (Cont'd)

#### (D) Property Manager's fees

Cambridge Industrial Property Management Pte. Ltd. (the "Property Manager"), as property manager of all CIT's properties including the property held through Cambridge SPV1 LLP, is entitled to receive the following fees:

- (i) A property management fee of 2.0% per annum of the gross revenue of the relevant property;
- (ii) A lease management fee of 1.0% per annum of the gross revenue of the relevant property;
- (iii) A marketing services commission equivalent to:
  - (a) one month's gross rent, inclusive of service charge, for securing a tenancy of three years or less;
  - (b) two month's gross rent, inclusive of service charge, for securing a tenancy of more than three years;
  - (c) half month's gross rent, inclusive of service charge, for securing a renewal of tenancy of three years or less; and
  - (d) one month's gross rent, inclusive of service charge, for securing a renewal of tenancy of more than three years.
- (iv) A project management fee in relation to development or redevelopment (if not prohibited by the Property Funds Appendix of the Code on Collective Investment Schemes ("CIS Code") or if otherwise permitted by the MAS), the refurbishment, retrofitting and renovation works on a property, as follows:
  - (a) where the construction costs are \$2.0 million or less, a fee of 3.0% of the construction costs;
  - (b) where the construction costs exceed \$2.0 million but do not exceed \$20.0 million, a fee of 2.0% of the construction costs;
  - (c) where the construction costs exceed \$20.0 million but do not exceed \$50.0 million, a fee of 1.5% of the construction costs; and
  - (d) where the construction costs exceed \$50.0 million, a fee to be mutually agreed by the Manager, the Property Manager and the Trustee.
- (v) A property tax services fee in respect of property tax objections submitted to the tax authority on any proposed annual value of a property if, as a result of such objections, the proposed annual value is reduced resulting in property tax savings for the relevant property:
  - (a) where the proposed annual value is \$1.0 million or less, a fee of 7.5% of the property tax savings;
  - (b) where the proposed annual value is more than \$1.0 million but does not exceed \$5.0 million, a fee of 5.5% of the property tax savings; and
  - (c) where the proposed annual value is more than \$5.0 million, a fee of 5.0% of the property tax savings.

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

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## NOTES TO THE FINANCIAL STATEMENTS

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### 2. Basis of preparation

#### 2.1 Statement of compliance

The financial statements are prepared in accordance with the recommendations of Statement of Recommended Accounting Practice ("RAP") 7 *Reporting Framework for Unit Trusts* issued by the Institute of Singapore Chartered Accountants and the applicable requirements of the CIS Code issued by the MAS and the provisions of the Trust Deed. RAP 7 requires that accounting policies adopted should generally comply with the recognition and measurement principles of 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, financial derivatives and certain financial liabilities, which are stated at fair value.

#### 2.3 Functional and presentation currency

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

#### 2.4 Use of estimates and judgments

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

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

In particular, information about critical judgements and, 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 7 – Assessment of collectibility of trade and other receivables
- Note 18 – Assessment of income tax provision
- Note 21 – Valuation of investment properties
- Note 25 – Valuation of financial instruments

## NOTES TO THE FINANCIAL STATEMENTS

### 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***

The 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 the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of the subsidiaries have been aligned with the policies adopted by the Group.

##### ***Investment in jointly-controlled entity (equity-accounted investee)***

The jointly-controlled entity is an entity over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

Investment in the jointly-controlled entity is accounted for using the equity method (equity-accounted investees) and is recognised initially at cost. The cost of the investment includes transaction costs.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the equity-accounted investee with those of the Group, from the date that significant influence or 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 and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

##### ***Accounting for Investments in subsidiaries and jointly-controlled entity in the Trust's financial statements***

Investments in subsidiaries and jointly-controlled entity are stated in the Trust's statement of financial position at cost less accumulated impairment losses.



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## NOTES TO THE FINANCIAL STATEMENTS

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### 3. Significant accounting policies (Cont'd)

#### 3.2 Investment properties

Investment properties are accounted for as non-current assets, except if they meet the conditions to be classified as held for divestment (see Note 3.3 below). These properties are initially stated at cost on acquisition, and at valuation thereafter. The cost of a purchased property comprises its purchase price and any directly attributable expenditure. Transaction costs are included in the initial measurements. Valuations are determined in accordance with the Trust Deed, which requires the investment properties to be valued by independent registered valuers in the following manner:

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

Subsequent expenditure relating to investment properties that have 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 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.

#### 3.3 Investment properties held for divestment

Investment properties that are expected to be recovered primarily through divestment rather than through continuing use, are classified as held for divestment and accounted for as current assets. These investment properties are measured at fair value and 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.

Upon disposal, 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.

## NOTES TO THE FINANCIAL STATEMENTS

### 3. Significant accounting policies (Cont'd)

#### 3.4 Financial instruments

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

The Group initially recognises loans and receivables on the date that they are originated. All other financial assets are recognised initially on the trade date at which 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.

Non-derivative financial assets comprise 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.

Cash and cash equivalents consist of cash balances and bank deposits.

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

Financial liabilities are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or when they expire.

Non-derivative financial liabilities comprise loans and borrowings and trade and other payables.

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.

##### **Unitholders' funds**

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

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## NOTES TO THE FINANCIAL STATEMENTS

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### 3. Significant accounting policies (Cont'd)

#### 3.4 Financial instruments (Cont'd)

##### *Derivative financial instruments and hedging activities*

The Group holds derivative financial instruments to hedge its interest rate risk exposure. Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through Statement of Total Return. Derivatives are not used for trading purposes.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in the Statement of Total Return when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognised immediately in the Statement of Total Return.

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

When a derivative financial instrument is not held for trading, and is not designated in a qualifying hedge relationship, all changes in its fair value are recognised immediately in the Statement of Total Return.

##### *Impairment of financial assets*

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Objective evidence that financial assets (including equity securities) 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, or indications that a debtor or issuer will enter bankruptcy, the disappearance of an active market for a security.

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 original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in the Statement of Total Return.

Impairment losses in respect of financial assets measured at amortised cost are reversed to the Statement of Total Return, if the subsequent increase in fair value can be related objectively to an event occurring after the impairment loss was recognised.

## NOTES TO THE FINANCIAL STATEMENTS

### 3. Significant accounting policies (Cont'd)

#### 3.5 Impairment – non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment properties, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

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 groups of assets (the "cash-generating unit", or "CGU").

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. 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 Revenue recognition

- (i) Rental income from operating leases

Rental income from investment properties is recognised in the Statement of Total Return on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income over the term of the lease.

- (ii) Interest income

Interest income is accrued using the effective interest method.

#### 3.7 Expenses

- (i) Property expenses

Property expenses are recognised on an accrual basis. Included in property expenses are the Property Manager's fee which is based on the applicable rate stipulated in Note 1.

- (ii) Management fees

Management fees are recognised on an accrual basis based on the applicable rates stipulated in Note 1.

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## NOTES TO THE FINANCIAL STATEMENTS

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### 3. Significant accounting policies (Cont'd)

#### 3.7 Expenses (Cont'd)

(iii) Trust expenses

Trust expenses are recognised on an accrual basis. Included in trust expenses are the trustee's fees which are based on the applicable rate stipulated in Note 1.

(iv) Borrowing costs

Borrowing costs comprise interest expense on borrowings, amortisation of related transaction costs which are recognised in the Statement of Total Return using the effective interest method over the period of borrowings.

#### 3.8 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in the Statement of Total Return except to the extent that it relates to items directly related to Unitholders' funds, in which case it is recognised 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.

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 or loss;
- temporary differences related to investment in subsidiaries and jointly controlled entity to the extent that the Group is able to control the timing of the reversal of the temporary difference 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 tax 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 the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at 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 entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or the tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the unused tax losses and credits 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.

## NOTES TO THE FINANCIAL STATEMENTS

### 3. Significant accounting policies (Cont'd)

#### 3.8 Tax (Cont'd)

In determining the amount of current 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 laws and prior experience. This assessment 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 CIT and its Unitholders. Subject to meeting the terms and conditions of the tax ruling issued by IRAS, the Trustee will not be assessed to tax on the taxable income of CIT on certain types of income. Instead, the Trustee and the Manager will deduct income tax at the prevailing corporate tax rate (currently 17.0%) from the distributions made to Unitholders that are made out of the taxable income of CIT, except:

- (i) where the beneficial owners are individuals or Qualifying Unitholders, the Trustee and the Manager will make the distributions to such Unitholders without deducting any income tax; or
- (ii) where the beneficial owners are foreign non-individual Unitholders, the Trustee and the Manager will deduct Singapore income tax at the reduced tax rate of 10.0% for distributions made before 31 March 2020.

A "Qualifying Unitholder" is a Unitholder who is:

- A Singapore-incorporated company which is a tax resident in Singapore;
- A body of persons other than a company or a partnership, registered or constituted in Singapore (e.g. a town council, a statutory board, a registered charity, a registered cooperative society, a registered trade union, a management corporation, a club and a trade industry association); or
- A Singapore branch of a foreign company.

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 CIT or distribution income received or receivable from its quoted investments. Tax on such gains or profits will be assessed, in accordance to section 10(1)(a) of the Income Tax Act, Chapter 134 and collected from the Trustee. Where the gains are capital gains, they will not be assessed to tax and the Trustee and the Manager may distribute the capital gains without tax being deducted at source.

## NOTES TO THE FINANCIAL STATEMENTS

### 3. Significant accounting policies (Cont'd)

#### 3.9 Distribution policy

The Group's distribution policy is to distribute 100% of its taxable income available for distribution to Unitholders. Distributions are made on a quarterly basis at the discretion of the Manager.

#### 3.10 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 for the period after tax by the weighted average number of units outstanding during the year. Diluted EPU is determined by adjusting the total return for the period after tax and the weighted average number of units outstanding and for the effects of all dilutive potential units.

#### 3.11 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues 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 CIT's Chief Operating Decision Makers ("CODM"s) which comprise mainly the Chief Executive Officer, and Chief Operating Officer and Chief Financial Officer of the Manager, to make decisions about resources to be allocated to the segments and assess their performance and for which discrete financial information is available.

#### 3.12 New standards, interpretations and revised recommended accounting practice not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2015 and have not been applied in preparing these financial statements.

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

- FRS 115 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met. When effective, FRS 115 replaces existing revenue recognition guidance, including FRS 18 *Revenue*, FRS 11 *Construction Contracts*, INT FRS 113 *Customer Loyalty Programmes*, INT FRS 115 *Agreements for Construction of Real Estate*, INT FRS 118 *Transfers of Assets from Customers* and INT FRS 31 *Revenue – Barter Transactions Involving Advertising Services*.
- FRS 109 replaces most of the existing guidance in FRS 39 *Financial Instruments: Recognition and Measurement*. It includes revised guidance on classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements.

As FRS 115 and FRS 109, when effective, will change the existing accounting standards and guidance applied by the Group and the Trust in accounting for revenue and financial instruments, these standards are expected to be relevant to the Group and the Trust. The Group is currently assessing the potential impact on its financial statements and will implement the standards by the required effective dates. The Group does not plan to adopt these standards early.

## NOTES TO THE FINANCIAL STATEMENTS

### 4. Investment properties

	Note	Group		Trust	
		2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
At 1 January		1,346,880	1,139,298	1,346,880	1,139,298
Acquisition of investment properties		19,133	143,170	19,133	143,170
Acquisition of subsidiary	22	38,000	–	–	–
Acquisition related costs		338	2,267	338	2,267
Capital expenditure incurred		14,139	16,320	14,139	16,320
Transfer from investment property under development		–	57,958	–	57,958
Disposal of investment property		–	(6,700)	–	(6,700)
		1,418,490	1,352,313	1,380,490	1,352,313
Change in fair value during the year*		(490)	(5,433)	(790)	(5,433)
At 31 December		1,418,000	1,346,880	1,379,700	1,346,880
Investment properties (non-current)		1,377,400	1,335,180	1,339,100	1,335,180
Investment properties held for divestment (current)		40,600	11,700	40,600	11,700
		1,418,000	1,346,880	1,379,700	1,346,880

The disclosure on determination of fair value in relation to investment properties is included in Note 21.

\* The fair value loss of \$0.5 million (2014: \$5.4 million), together with an adjustment of \$2.1 million (2014: \$2.5 million) to recognise rental income on a straight line basis in accordance with FRS 17 *Leases*, aggregate to \$2.6 million (2014: \$7.9 million) as disclosed in the Statement of Total Return.

#### Investment Properties held for Divestment

Two investment properties at a total carrying value of \$40.6 million (2014: \$11.7 million) as at 31 December 2015, have been reclassified as investment properties held for divestment. This reclassification is required by FRS 105 *Non-current Assets held for Sale and Discontinued Operations* as the divestments are planned within the next 12 months from the reporting date.

#### Security

As at the reporting date, certain investment properties have been mortgaged as security for loan facilities granted by financial institutions to the Group (see Note 9). The value of the security per facility is as follows:

	Group and Trust	
	2015 \$'000	2014 \$'000
Term Loan Facility	246,400	246,400
Club Loan Facility	–	602,610
Revolving Credit Facility	–	90,400
	246,400	939,410



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## NOTES TO THE FINANCIAL STATEMENTS

### 5. Investment in subsidiaries

	Trust	
	2015	2014
	\$'000	\$'000
Unquoted equity investment, at cost	25,206	—*

\* Investment in subsidiary, Cambridge-MTN Pte. Ltd., being \$1, established in February 2012.

Details of the subsidiaries are as follows:

Name of subsidiary	Principal activities	Country of incorporation	Effective equity interest held by the Group	
			2015	2014
			%	%
Cambridge-MTN Pte. Ltd.	Provision of financial and treasury services	Singapore	100	100
Cambridge SPV1 LLP	Investment, management, leasing and redevelopment of properties	Singapore	100	— <sup>+</sup>
Cambridge SPV2 Pte. Ltd.	Investment holding	Singapore	100	—

All the subsidiaries are audited by KPMG LLP in Singapore.

<sup>+</sup> Cambridge SPV1 LLP was a jointly-controlled entity in FY2014, with the Trust holding an equity interest of 60%. See Note 6.

### 6. Investment in jointly-controlled entity

	Group		Trust	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Unquoted equity investment	—	16,327	—	3,078

The jointly-controlled entity held a leasehold property at 3 Tuas South Avenue 4 which it acquired in March 2013. This property, which is fully leased, is a 30-year leasehold interest commencing on 1 May 1999 with an option for a 30-year extension.

The jointly-controlled entity became a wholly owned subsidiary upon the Trust's acquisition of the remaining 40% partnership interests in Cambridge SPV1 LLP in March 2015 (See Note 22 for more details).

## NOTES TO THE FINANCIAL STATEMENTS

### 6. Investment in jointly-controlled entity (Cont'd)

Details of the jointly-controlled entity are as follows:

Name of jointly-controlled entity	Principal activities	Country of incorporation	Effective equity interest held by the Group	
			2015	2014
			%	%
<sup>^</sup> Cambridge SPV1 LLP	Real estate activities	Singapore	–	60

<sup>^</sup> Audited by KPMG LLP in Singapore

Summarised financial information relating to the jointly-controlled entity, which is not adjusted for the percentage of ownership held by the Group, is set out below:

	Period from 1/1/2015 to 20/3/2015 \$'000	For the year ended 31/12/2014 \$'000
Revenue	564	2,479
Profit after tax <sup>(1)</sup>	205	826
Other comprehensive income	–	–
<b>Total comprehensive income</b>	<b>205</b>	<b>826</b>
	<b>As at 20/3/2015</b>	<b>As at 31/12/2014</b>
Non-current asset	38,000	38,000
Current assets <sup>(2)</sup>	1,342	1,372
Non-current liabilities <sup>(3)</sup>	–	(11,634)
Current liabilities <sup>(4)</sup>	(11,925)	(525)
<b>Net assets</b>	<b>27,417</b>	<b>27,213</b>
<b>Group's interest in net assets of the jointly-controlled entity</b>		
At beginning of the period/year	16,327	16,435
Share of total comprehensive income	123	496
Distributions received/receivable during the period/year	–	(604)
Transfer to investment in subsidiaries	(16,450)	–
At end of the period/year	–	16,327

<sup>(1)</sup> Includes the change in fair value of \$0.2 million (2014: \$0.8 million) arising from the adjustment for the effect of recognition of rental income on a straight line basis in accordance with FRS 17 Leases.

<sup>(2)</sup> Includes cash and cash equivalents of \$1.0 million (2014: \$0.9 million) and deferred marketing service fees of \$0.35 million (2014: \$0.37 million).

<sup>(3)</sup> Includes borrowings of \$Nil (2014: \$11.6 million).

<sup>(4)</sup> Includes borrowings of \$11.6 million (2014: \$Nil).

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## NOTES TO THE FINANCIAL STATEMENTS

### 6. Investment in jointly-controlled entity (Cont'd)

The Group's share of the jointly-controlled entity's lease commitments is as follows:

	2015 \$'000	2014 \$'000
<b>Non-cancellable operating lease rental receivable:</b>		
– Within 1 year	–	1,089
– After 1 year but within 5 years	–	6,477
– After 5 years	–	27,844
	–	35,410

#### Non-cancellable operating lease payable:

	Gross amount <sup>(5)</sup> \$'000	Borne by tenants \$'000	Net amount <sup>(6)</sup> \$'000
<b>2015</b>			
<b>Land rents</b>			
JTC	–	–	–
<b>2014</b>			
<b>Land rents</b>			
JTC	20,828	(6,166)	14,662

<sup>(5)</sup> This represents the land rents payable to JTC for the period from 1 May 2029 to the end of the land lease on 30 April 2059.

<sup>(6)</sup> This represents the amount of land rent payable to JTC from 19 March 2038 to 30 April 2059, all of which is due after 5 years from the reporting date. Land rents payable prior to this period have been paid by the previous vendor or are payable by the tenant during the lease term.

### 7. Trade and other receivables

	Group		Trust	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Trade receivables (gross)	2,633	2,308	2,521	2,308
Impairment losses	(1,372)	(1,197)	(1,372)	(1,197)
Trade receivables (net)	1,261	1,111	1,149	1,111
Deposits	1,200	3,373	1,200	3,373
Other receivables	1,801	1,717	2,180	1,717
<b>Loans and receivables</b>	4,262	6,201	4,529	6,201
Prepayments	5,390	4,701	5,035	4,701
Total trade and other receivables	9,652	10,902	9,564	10,902

The Group's primary exposure to credit risk arises through its trade and other receivables. The Group has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

Concentration of credit risk relating to trade receivables is limited due to the Group's large number and diverse range of tenants. The maximum exposure to credit risk for trade and other receivables is represented by the carrying amount at the reporting date.

## NOTES TO THE FINANCIAL STATEMENTS

### 7. Trade and other receivables (Cont'd)

#### Impairment losses

The ageing of trade receivables at the reporting date is as follows:

	Gross receivables 2015 \$'000	Impairment losses 2015 \$'000	Gross receivables 2014 \$'000	Impairment losses 2014 \$'000
<b>Group</b>				
Past due 0 – 30 days	890	–	97	–
Past due 31 – 120 days	375	16	18	–
More than 120 days past due	1,368	1,356	2,193	1,197
	<u>2,633</u>	<u>1,372</u>	<u>2,308</u>	<u>1,197</u>
<b>Trust</b>				
Past due 0 – 30 days	778	–	97	–
Past due 31 – 120 days	375	16	18	–
More than 120 days past due	1,368	1,356	2,193	1,197
	<u>2,521</u>	<u>1,372</u>	<u>2,308</u>	<u>1,197</u>

The movements in impairment loss in respect of trade receivables are as follows:

	Group and Trust 2015 \$'000		2014 \$'000	
At 1 January		1,197		–
Impairment losses made		175		1,197
At 31 December		<u>1,372</u>		<u>1,197</u>

Trade receivables are individually assessed for impairment at the end of the financial year. The impairment loss relate to two debtors that are in financial difficulties and have defaulted in payments.

One of the debtors is in liquidation with its outstanding balances fully provided for while the other debtor is on a repayment schedule in respect of the past due balances. For the latter debtor, a provision of approximately \$1.2 million was made for the outstanding balances which were over 120 days past due and in excess of the bank guarantees held by CIT. The Manager has issued the debtor, who is no longer occupying the property, a statutory demand letter and is actively pursuing the outstanding balance.

The Manager believes that no additional allowance is necessary in respect of the remaining trade receivables as these receivables are mainly due from tenants that have good payment records and sufficient securities in the form of bankers' guarantees, insurance bonds or cash security deposits as collaterals.

#### Source of estimation uncertainty

The Manager maintains an allowance for impairment at a level considered adequate to provide for potential uncollectible receivables. The level of this allowance is evaluated on the basis of factors that affect the collectability of debtors, their payment behaviour and known market factors. The Manager continually reviews the age and status of receivables and identifies accounts for which impairment allowances are required.

The Group and the Trust's exposure to credit risk related to trade and other receivables is disclosed in Note 25.

## NOTES TO THE FINANCIAL STATEMENTS

### 8. Trade and other payables

	Group		Trust	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<b>Current liabilities</b>				
Trade payables and accrued operating expenses	8,663	13,255	8,464	13,245
Amounts due to related parties (trade):				
– the Manager	6,008	4,746	6,008	4,746
– the Property Manager	18	71	18	71
– the Trustee	97	94	97	94
Amount due to a subsidiary (non-trade)	–	–	1,640	1,478
Interest and loan commitment fee payable	2,438	2,024	799	546
Security deposits	3,290	1,509	3,290	1,509
Rent received in advance	113	909	113	909
Deposits and option fees received	–	89	–	89
Retention sums	3,268	3,717	3,268	3,717
Other payables	109	3	109	3
	<u>24,004</u>	<u>26,417</u>	<u>23,806</u>	<u>26,407</u>
<b>Non-current liabilities</b>				
Security deposits	7,383	7,006	7,382	7,006
Amounts due to the Manager*	1,360	5,292	1,360	5,292
	<u>8,743</u>	<u>12,298</u>	<u>8,742</u>	<u>12,298</u>
Total trade and other payables	<u>32,747</u>	<u>38,715</u>	<u>32,548</u>	<u>38,705</u>

\* The amounts due to the Manager related to performance fees payable in excess of the annual fee cap which will be carried forward for payment in future half year periods. Further details are disclosed in Note 1B(ii).

The amounts due to related parties are unsecured. Transactions with related parties are priced on terms agreed between the parties.

The non-trade amount due to a subsidiary is unsecured and interest-free, and is repayable on demand.

Retention sums relate to certain investment properties acquired in the prior years.

The Group and the Trust's exposure to liquidity risk related to trade and other payables are disclosed in Note 9.

## NOTES TO THE FINANCIAL STATEMENTS

### 9. Interest-bearing borrowings

	Group		Trust	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<b>Current liabilities</b>				
Fixed rate notes (unsecured)	-	50,000	-	-
Loan from subsidiary (unsecured)	-	-	-	50,000
Unamortised loan transaction costs	-	(48)	-	(48)
	-	49,952	-	49,952
<b>Non-current liabilities</b>				
Secured loans	100,000	300,000	100,000	300,000
Unsecured loan	113,500	-	113,500	-
Fixed rate notes (unsecured)	315,000	130,000	-	-
Loan from subsidiary (unsecured)	-	-	315,000	130,000
Unamortised loan transaction costs	(3,246)	(4,504)	(3,246)	(4,504)
	525,254	425,496	525,254	425,496
Total interest-bearing borrowings	525,254	475,448	525,254	475,448

The weighted average all in cost of debt on the borrowings as at 31 December 2015 was 3.7% (2014: 3.7%) per annum.

#### Terms and debt repayment schedule

Terms and conditions of outstanding loans and borrowings are as follows:

Group	Nominal interest rate %	Year of maturity	2015		2014	
			Face value \$'000	Gross carrying amount \$'000	Face value \$'000	Gross carrying amount \$'000
<b>Secured</b>						
Term loan facility						
- S\$ floating rate loan	SOR* + margin	2017	100,000	100,000	100,000	100,000
Club loan facility						
- S\$ floating rate loan	SOR* + margin	2016	-	-	200,000	200,000
<b>Unsecured</b>						
Term loan facility						
- S\$ fixed rate loan	3.60%	2019	100,000	100,000	-	-
- S\$ floating rate loan	SOR* + margin	2019	13,500	13,500	-	-
Medium Term Notes						
- S\$ fixed rate notes	4.10%	2020	30,000	30,000	30,000	30,000
- S\$ fixed rate notes	3.50%	2018	155,000	155,000	100,000	100,000
- S\$ fixed rate notes	3.95%	2020	130,000	130,000	-	-
- S\$ fixed rate notes	4.75%	2015	-	-	50,000	50,000
			528,500	528,500	480,000	480,000

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## NOTES TO THE FINANCIAL STATEMENTS

## 9. Interest-bearing borrowings (Cont'd)

Trust	Nominal interest rate %	Year of maturity	2015		2014	
			Face value \$'000	Gross carrying amount \$'000	Face value \$'000	Gross carrying amount \$'000
<b>Secured</b>						
Term loan facility						
– S\$ floating rate loan	SOR* + margin	2017	100,000	100,000	100,000	100,000
Club loan facility						
– S\$ floating rate loan	SOR* + margin	2016	–	–	200,000	200,000
<b>Unsecured</b>						
Term loan facility						
– S\$ fixed rate loan	3.60%	2019	100,000	100,000	–	–
– S\$ floating rate loan	SOR* + margin	2019	13,500	13,500	–	–
Loans from a subsidiary						
– S\$ fixed rate loan	4.10%	2020	30,000	30,000	30,000	30,000
– S\$ fixed rate loan	3.50%	2018	155,000	155,000	100,000	100,000
– S\$ fixed rate loan	3.95%	2020	130,000	130,000	–	–
– S\$ fixed rate loan	4.75%	2015	–	–	50,000	50,000
			528,500	528,500	480,000	480,000

\* Swap Offer Rate.

The nominal interest rate for the S\$ floating rate loans is determined by a margin plus SOR per annum.

The following are the expected contractual undiscounted cash inflows/(outflows) of interest-bearing borrowings including interest payments and other borrowing costs, and trade and other payables:

Group	Gross carrying amount \$'000	Contractual cash flows \$'000	Cash flow		
			Within 1 year \$'000	Between 2 to 5 years \$'000	More than 5 years \$'000
<b>2015</b>					
<b>Non-derivative financial liabilities</b>					
Term loan facilities					
– S\$ floating rate loan	100,000	(104,235)	(2,635)	(101,600)	–
– S\$ fixed rate loan	100,000	(112,202)	(3,393)	(108,809)	–
– S\$ floating rate loan	13,500	(14,999)	(421)	(14,578)	–
Medium Term Notes					
– S\$ fixed rate notes	30,000	(35,324)	(1,018)	(34,306)	–
– S\$ fixed rate notes	155,000	(170,443)	(4,593)	(165,850)	–
– S\$ fixed rate notes	130,000	(152,537)	(4,572)	(147,965)	–
Trade and other payables*	32,634	(32,634)	(23,891)	(8,743)	–
	561,134	(622,374)	(40,523)	(581,851)	–
<b>Derivative financial asset</b>					
Interest rate swaps	(604)	430	430	–	–
	560,530	(621,944)	(40,093)	(581,851)	–

## NOTES TO THE FINANCIAL STATEMENTS

### 9. Interest-bearing borrowings (Cont'd)

Group	Gross carrying amount \$'000	Contractual cash flows \$'000	←----- Cash flow -----→		
			Within 1 year \$'000	Between 2 to 5 years \$'000	More than 5 years \$'000
<b>2014</b>					
<b>Non-derivative financial liabilities</b>					
Club loan facility					
– S\$ floating rate loan	200,000	(209,031)	(6,341)	(202,690)	–
Term loan facility					
– S\$ floating rate loan	100,000	(105,868)	(2,065)	(103,803)	–
Medium Term Notes					
– S\$ fixed rate notes	50,000	(50,462)	(50,462)	–	–
– S\$ fixed rate notes	30,000	(36,554)	(1,014)	(4,923)	(30,617)
– S\$ fixed rate notes	100,000	(113,463)	(2,953)	(110,510)	–
Trade and other payables*	37,807	(37,807)	(25,509)	(12,298)	–
	517,807	(553,185)	(88,344)	(434,224)	(30,617)
<b>Derivative financial asset</b>					
Interest rate swaps	(287)	71	(71)	142	–
	517,520	(553,114)	(88,415)	(434,082)	(30,617)
<b>Trust</b>					
<b>2015</b>					
<b>Non-derivative financial liabilities</b>					
Term loan facilities					
– S\$ floating rate loan	100,000	(104,235)	(2,635)	(101,600)	–
– S\$ fixed rate loan	100,000	(112,202)	(3,393)	(108,809)	–
– S\$ floating rate loan	13,500	(14,999)	(421)	(14,578)	–
Loans from a subsidiary					
– S\$ fixed rate loan	30,000	(35,324)	(1,018)	(34,306)	–
– S\$ fixed rate loan	155,000	(170,443)	(4,593)	(165,850)	–
– S\$ fixed rate loan	130,000	(152,537)	(4,572)	(147,965)	–
Trade and other payables*	32,435	(32,435)	(23,693)	(8,742)	–
	560,935	(622,175)	(40,325)	(581,850)	–
<b>Derivative financial asset</b>					
Interest rate swaps	(604)	430	430	–	–
	560,331	(621,745)	(39,895)	(581,850)	–
<b>2014</b>					
<b>Non-derivative financial liabilities</b>					
Club loan facility					
– S\$ floating rate loan	200,000	(209,031)	(6,341)	(202,690)	–
Term loan facility					
– S\$ floating rate loan	100,000	(105,868)	(2,065)	(103,803)	–
Loans from a subsidiary					
– S\$ fixed rate loan	50,000	(50,462)	(50,462)	–	–
– S\$ fixed rate loan	30,000	(36,554)	(1,014)	(4,923)	(30,617)
– S\$ fixed rate loan	100,000	(113,463)	(2,953)	(110,510)	–
Trade and other payables*	37,797	(37,797)	(25,499)	(12,298)	–
	517,797	(553,175)	(88,334)	(434,224)	(30,617)
<b>Derivative financial asset</b>					
Interest rate swaps	(287)	71	(71)	142	–
	517,510	(553,104)	(88,405)	(434,082)	(30,617)

\* Trade and other payables exclude rent received in advance.



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## NOTES TO THE FINANCIAL STATEMENTS

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### 9. Interest-bearing borrowings (Cont'd)

Details of the outstanding borrowings and collaterals are as follows:

#### (A) Secured Term Loan Facility (TLF1)

The Group has in place a secured \$100 million term loan facility ("TLF1") with National Australia Bank Limited. The TLF1 matures in April 2017.

The TLF1, which bears an interest rate comprising a margin plus swap offer rate per annum, is secured by way of the following:

- a mortgage over seven investment properties ("Portfolio Properties 1") with an aggregate carrying value of \$246.4 million (2014: \$246.4 million);
- a debenture creating fixed and floating charges on all present and future assets in relation to the Portfolio Properties 1;
- an assignment of all tenancy agreements, sales agreements, insurance policies, rental assignments, bankers' guarantees and property management agreement in relation to the Portfolio Properties 1; and
- an assignment of all rental, sale and insurance proceeds and all sums from time to time which the Trust is entitled to receive from Portfolio Properties 1.

As at 31 December 2015, the total amount outstanding under the TLF1 was \$100.0 million (2014: \$100.0 million).

#### (B) Unsecured Term Loan Facility (TLF2)

To fund the repayment of club loan facility ("CLF") in June 2015, the Group secured an unsecured \$150 million loan facility ("TLF2") consisting of:

- Facility A: \$100 million term loan facility at a fixed interest rate of 3.60% per annum for 3.5 years from date of loan drawdown; and
- Facility B: \$50 million revolving credit facility at an interest rate of a margin plus swap offer rate.

The TLF2 has a tenor of four years which matures in June 2019.

As at 31 December 2015, the total amount outstanding under the TLF2 was \$113.5 million (2014: \$Nil).

## NOTES TO THE FINANCIAL STATEMENTS

### 9. Interest-bearing borrowings (Cont'd)

#### (C) Unsecured Medium Term Notes

On 2 February 2012, Cambridge Industrial Trust, through its wholly owned subsidiary, Cambridge-MTN Pte. Ltd. (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 (the "Notes") denominated in Singapore dollars and/or any other currencies.

The payment of all amounts payable in respect of the Notes are unconditionally and irrevocably guaranteed by RBC Investor Services Trust Singapore Limited (in its capacity as trustee of CIT) (the "Guarantor").

The Notes may be issued in series having one or more issue dates and the same maturity date, and on identical terms.

The Group issued the following notes under its MTN Programme:

- \$30 million 6-year Fixed Rate Notes issued in April 2014, bearing a fixed interest rate of 4.10% per annum payable semi-annually in arrears which will mature in April 2020.
- \$155 million 4-year Fixed Rate Notes comprising Tranche 1 \$100 million issued in November 2014 and Tranche 2 \$55 million issued in January 2015, bearing a fixed interest rate of 3.50% per annum payable semi-annually in arrears which will mature in November 2018.
- \$130 million 5-year Fixed Rate Notes issued in May 2015, bearing a fixed interest rate of 3.95% per annum payable semi-annually in arrears which will mature in May 2020.

In March 2015, the Group made a redemption for the \$50 million 3-year Fixed Rate Notes issued in March 2012. The Notes bore a fixed interest rate of 4.75% per annum payable semi-annually in arrears and matured in March 2015.

The Issuer has on-lent the net proceeds from the issuance of the Notes to the Trust, which in turn, had used such proceeds to finance property acquisitions and/or repayment of existing loans.

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## NOTES TO THE FINANCIAL STATEMENTS

### 10. Derivative financial instruments

	<b>Group and Trust</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Non-current asset</b>		
Interest rate swaps	–	107
<b>Current asset</b>		
Interest rate swaps	604	180
<b>Total derivative assets</b>	<b>604</b>	<b>287</b>
Derivative financial instruments as a percentage of net assets	0.07%	0.03%

#### **Interest rate swaps**

The Group manages its exposure to interest rate movements on its floating rate loans and borrowings by entering into interest rate swaps. As at reporting date, the Group has interest rate swaps with a total notional amount of \$100.0 million (2014: \$250.0 million) to provide fixed rate funding at a weighted average effective interest rate of 0.88% (2014: 0.73%) per annum.

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

The Group's derivative transactions that are not transacted on an exchange are entered into under International Swaps and Derivatives Association (ISDA) Master Netting Agreements. In general, under such agreements the amounts owed by each counterparty that are due on a single day in respect of all transactions outstanding in the same currency are aggregated into a single net amount being payable by one party to the other. In certain circumstances, for example if a credit event such as a default occurs, all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is due or 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 the right of set-off of recognised amounts is enforceable only following an event of default, insolvency or bankruptcy of the Group and of the counterparties. In addition, the Group and its counterparties do not intend to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

## NOTES TO THE FINANCIAL STATEMENTS

### 11. Units in issue

	Trust 2015 Number of units '000	2014 Number of units '000
<b>Units in issue:</b>		
At 1 January	1,269,030	1,239,339
Units created:		
– Distribution Reinvestment Plan	22,184	28,773
– Management fees paid in units (base fees)	6,475	918
– Acquisition fees paid in units	86	–
At 31 December	<u>1,297,775</u>	<u>1,269,030</u>
Units to be issued:		
– Management fees payable in units (base fees)	–	2,518
Total issued and issuable units at 31 December	<u>1,297,775</u>	<u>1,271,548</u>

#### *Distribution Reinvestment Plan*

During the financial year, the Trust issued a total of 22.2 million units (2014: 28.8 million units) in lieu of distribution payments pursuant to a Distribution Reinvestment Plan ("DRP"), whereby the Unitholders have the option to receive their distribution payment in units instead of cash or a combination of units and cash as follows:

<b>Date of Issue</b>	<b>Number of units issued</b>	<b>Issue price per unit (\$)</b>	<b>Period relating to</b>
<b>2015</b>			
27 February 2015	6,960,810	0.6669	1 October 2014 to 31 December 2014
10 June 2015	7,392,728	0.6886	1 January 2015 to 31 March 2015
8 September 2015	1,823,992	0.6499	1 April 2015 to 30 June 2015
8 December 2015	6,007,201	0.6072	1 July 2015 to 30 September 2015
<b>2014</b>			
28 February 2014	7,682,235	0.6737	1 October 2013 to 31 December 2013
4 June 2014	8,526,823	0.7168	1 January 2014 to 31 March 2014
9 September 2014	7,327,516	0.6980	1 April 2014 to 30 June 2014
12 December 2014	5,236,573	0.6835	1 July 2014 to 30 September 2014

Units issued in lieu of distribution payment pursuant to DRP rank pari passu in all respects with the units in issue which include the entitlement to all future distributions.

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## NOTES TO THE FINANCIAL STATEMENTS

### 11. Units in issue (Cont'd)

#### *Management fees paid in units*

During the financial year, the Trust issued a total of 6.5 million units (2014: 3.4 million units comprising 0.9 million issued units and 2.5 million units issued after the year end) to the Manager as partial payment for management fees as follows:

<b>Date of Issue</b>	<b>Number of units issued</b>	<b>Issue price per unit (\$)</b>	<b>Period relating to</b>
<b>2015</b>			
16 January 2015	2,513,309	0.6813	1 October 2014 to 31 December 2014
24 April 2015	1,214,643	0.7173	1 January 2015 to 31 March 2015
28 July 2015	1,317,344	0.6856	1 April 2015 to 30 June 2015
27 October 2015	1,429,730	0.6230	1 July 2015 to 30 September 2015
<b>2014</b>			
24 October 2014	917,480	0.7040	1 July 2014 to 30 September 2014

In 2014, the Manager elected payment in units for its total management fee for the quarter ended 31 December 2014. These units, approximately 2.5 million, which were due for issuance as at 31 December 2014, were issued in January 2015.

Units issued as partial settlement rank *pari passu* in all respects with the units in issue which include the entitlement to all future distributions.

#### *Unitholders' rights*

Each unit in the Trust represents an undivided interest in the Trust. The rights and interests of Unitholders are contained in the Trust Deed and include the right to:

- receive income and other distributions attributable to the units held;
- participate in the termination of the Trust by receiving a share of all net cash proceeds derived from the realisation of the assets of the Trust less any liabilities, in accordance with their proportionate interests in the Trust. However, a Unitholder has no equitable or proprietary interest in the underlying assets of the Trust and is not entitled to the transfer to it of any assets (or part thereof) or any estate or interest in any asset (or part thereof) of the Trust;
- attend all Unitholders' meetings. The Trustee or the Manager may (and the Manager shall at the request in writing of not less than 50 Unitholders or one-tenth in number of Unitholders, whichever is lesser) at any time convene a meeting of Unitholders in accordance with the provisions of the Trust Deed; and
- one vote per unit.

The limitations on a Unitholder's rights include the following:

- a Unitholder's right is limited to the right to require due administration of the Trust in accordance with the provisions of the Trust Deed; and
- a Unitholder has no right to request the Manager to redeem his units while the units are listed on the SGX-ST.

A Unitholder's liability is limited to the amount paid or payable for any unit in the Trust. The provisions of the Trust Deed provide that no Unitholder will be personally liable to indemnify the Trustee or any creditor of the Trustee in the event that the liabilities of the Trust exceed its assets.

## NOTES TO THE FINANCIAL STATEMENTS

### 12. Gross revenue

	Group		Trust	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Property rental income	111,541	99,278	109,545	99,278
Other income	703	64	703	64
	<u>112,244</u>	<u>99,342</u>	<u>110,248</u>	<u>99,342</u>

### 13. Property expenses

	Group		Trust	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Land rental	7,362	5,629	7,362	5,629
Property tax	6,217	4,443	6,217	4,443
Repair and maintenance expenses	5,136	3,995	5,136	3,995
Property and lease management fees	4,791	3,955	4,736	3,955
Other property operating expenses	2,582	3,512	2,546	3,512
	<u>26,088</u>	<u>21,534</u>	<u>25,997</u>	<u>21,534</u>

### 14. Management fees and performance fees

	Group and Trust	
	2015 \$'000	2014 \$'000
Management fees		
– Amounts paid and payable in cash	4,450	4,210
– Amounts paid and payable in units	2,665	2,358
	<u>7,115</u>	<u>6,568</u>
Performance fees		
– Amounts paid and payable in cash	–	1,684
	<u>7,115</u>	<u>8,252</u>

The performance fee calculation methodology was revised and approved at the Extraordinary General Meeting on 19 May 2015, from a total return based formula to a DPU Growth Model. The performance fee in the DPU Growth Model is computed at 25% of the growth in DPU for such financial year multiplied by the weighted average number of units in issue for such financial year.

The DPU growth is measured by the excess of DPU for such financial year to the Highest DPU Threshold achieved by the Trust in the previous years for which a performance fee was payable. For the purpose of calculation of the performance fee payable under the revised performance fee structure, the Highest DPU Threshold is initially set at 6.000 cents, or if the DPU achieved during the Performance Fee Waiver period is higher, then such higher DPU.

There is no performance fee payable for the current financial year as the Trust has not outperformed the initial Highest DPU threshold of 6.000 cents for FY2015. In any case, the Manager opted to waive the performance fee entitlement for FY2015 and FY2016.

The total amount of performance fee accruing to the Manager under the previous performance fee structure was approximately \$5.6 million as at 31 December 2015 and will be paid in instalments every six months in January and July, subject to the fee cap arrangement under the Trust Deed. The full settlement of the total fee payable is expected by January 2017.

Please see Note 1B(ii) for more details on the revised performance fee structure and Note 11 for the Manager's base fees payable in units.

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## NOTES TO THE FINANCIAL STATEMENTS

### 15. Trust expenses

	Group		Trust	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Trustee's fees	385	364	385	364
Valuation fees	125	126	121	126
Professional fees	965	436	914	413
Other expenses	851	505	915	529
	<u>2,326</u>	<u>1,431</u>	<u>2,335</u>	<u>1,432</u>

Included in the professional fees are audit fees paid/payable to the auditors of the Group amounting to \$180,000 (2014: \$186,000) and non-audit fees paid/payable to the auditors of the Group amounting to \$118,000 (2014: \$110,000). The non-audit fees comprise mainly tax compliance fees of \$78,000 (2014: \$40,000) and tax advisory fees of \$40,000 (2014: \$70,000).

The trust expenses increased due to costs incurred in connection with the acquisition of remaining 40% partnership interest in Cambridge SPV1 LLP in March 2015 (See Note 22 for more details), legal and professional fees relating to general corporate works and the revision of the performance fee structure.

### 16. Borrowing costs

	Group		Trust	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Borrowing costs paid and payable:				
– bank loans	8,743	9,014	8,391	9,014
– financial derivatives	(88)	1,660	(88)	1,660
– fixed rate notes	10,145	3,754	10,145	3,754
Amortisation of transaction costs relating to debt facilities	3,420	3,566	3,334	3,566
Total borrowing costs	<u>22,220</u>	<u>17,994</u>	<u>21,782</u>	<u>17,994</u>
Borrowing costs capitalised in investment properties	–	(367)	–	(367)
	<u>22,220</u>	<u>17,627</u>	<u>21,782</u>	<u>17,627</u>

## NOTES TO THE FINANCIAL STATEMENTS

### 17. Gain on disposal of investment property

The gain on disposal of investment property represents the excess of proceeds from disposal over the carrying value of property disposed of during the previous financial year.

### 18. Income tax expense

	Group		Trust	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<b>Reconciliation of effective tax rate</b>				
Total return for the year before income tax	52,517	45,418	52,362	45,524
Income tax using Singapore tax rate of 17% (2014: 17%)	8,928	7,721	8,902	7,739
Income not subject to tax	–	(178)	–	(178)
Non-tax deductible items	1,225	2,268	1,251	2,250
Tax transparency	(10,153)	(9,709)	(10,153)	(9,709)
Income tax expense	–	102	–	102

Income tax expense in the previous financial year relates to tax payable on the rental support income received by the Trust.

In 2013, the Group recorded a gain from the disposal of the Trust's interest in the 63 Hillview property. The Manager is of the view that the gain is capital in nature and should not be subject to income tax. No provision has been made for the contingent tax. If the gain is taxable, income tax payable on the gain, based on management's estimate, would be approximately \$11.4 million.



## NOTES TO THE FINANCIAL STATEMENTS

### 19. Earnings and distribution per unit

#### (a) Basic earnings per unit

The calculation of basic earnings per unit is based on the weighted average number of units in issue and the total return after tax for the financial year.

	Group		Trust	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Total return before income tax	52,517	45,418	52,362	45,524
Less: income tax expense	–	(102)	–	(102)
Total return after income tax	52,517	45,316	52,362	45,422

	Group and Trust Number of Units	
	2015 '000	2014 '000
Weighted average number of units:		
– Units issued at beginning of year	1,269,030	1,239,339
Effect of issue of new units:		
– Distribution Reinvestment Plan	10,995	13,966
– Management fees paid in units	4,064	173
– Acquisition fees paid in units	66	–
	1,284,155	1,253,478

	Group		Trust	
	2015	2014	2015	2014
Basic earnings per unit (cents)	4.090	3.615	4.078	3.624

#### (b) Diluted earnings per unit

Diluted earnings per unit is the same as the basic earnings per unit as there were no dilutive instruments in issue during the current and previous financial year.

#### (c) Distribution per unit

The calculation of distribution per unit is based on the total amount available for distribution for the financial year and the applicable number of units which is either the number of units in issue at the end of each period or the applicable number of units in issue during the financial year.

	Group and Trust	
	2015 \$'000	2014 \$'000
Total amount available for distribution	61,813	63,035

	Number of Units	
	2015 '000	2014 '000
Applicable number of units for the calculation of DPU	1,289,652	1,259,692
Distribution per unit (cents)	4.793	5.004

## NOTES TO THE FINANCIAL STATEMENTS

### 20. Equity issue costs

The equity issue costs of \$295,000 (2014: \$259,000) incurred in relation to the distribution reinvestment plan are deducted directly against Unitholders' funds.

### 21. Determination of fair values of investment properties

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.

#### *Investment properties*

Investment properties are stated at fair value based on valuations as at 31 December 2015 performed by independent professional valuers, having appropriate recognised professional qualifications and experience in the location and category of property being valued. Independent valuations are obtained annually for all investment properties. Any change in the fair value is recorded in the Statement of Total Return.

In determining the fair value, the valuers have used valuation methods which involve certain estimates. The Manager has exercised its judgment and is satisfied that the valuation methods and estimates are reflective of the current market conditions.

The independent professional valuers have considered valuation techniques including direct comparison method, capitalisation approach and/or discounted cash flow analysis in arriving at the open market value as at the reporting date. The key assumptions used to determine the fair value of investment properties include market-corroborated capitalisation yield, terminal yield, discount rate and average growth rate.

The direct comparison method involves the analysis of comparable sales of similar properties and adjusting the sale prices to that reflective of the investment properties. The capitalisation approach capitalises an income stream into a present value using revenue multipliers or single-year capitalisation rates. The discounted cash flow method involves the estimation and projection of an income stream over a period and discounting the income stream with an expected rate of return.

#### *Valuation processes applied by the Group*

The Group has an established control framework with respect to the measurement of fair values. This framework includes a real estate team that reports directly to the Chief Executive Officer of the Manager, and has an overall responsibility for all significant fair value measurements, including Level 3 fair values.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information is used to measure fair value, then the valuation team assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of FRS, including the level in the fair value hierarchy the resulting fair value estimate should be classified.

Significant valuation issues are reported to the Manager's Board.

## NOTES TO THE FINANCIAL STATEMENTS

### 21. Determination of fair values of investment properties (Cont'd)

#### Fair value hierarchy

The table below analyses recurring non-financial assets carried at fair value. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities that the Group can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: unobservable inputs for the asset or liability.

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

The Group recognises any transfers between levels of the fair value hierarchy as of the end of the reporting period during which the transfer has occurred. There were no such transfers during the current and previous year.

The table below analyses non-financial assets carried at fair value.

<b>Group</b>	<b>Level 3 \$'000</b>
<b>31 December 2015</b>	
Investment properties (including investment properties held for divestment)	<u>1,418,000</u>
<b>31 December 2014</b>	
Investment properties (including investment properties held for divestment)	<u>1,346,880</u>
<b>Trust</b>	
<b>31 December 2015</b>	
Investment properties (including investment properties held for divestment)	<u>1,379,700</u>
<b>31 December 2014</b>	
Investment properties (including investment properties held for divestment)	<u>1,346,880</u>

## NOTES TO THE FINANCIAL STATEMENTS

### 21. Determination of fair values of investment properties (Cont'd)

#### *Level 3 fair values*

The reconciliation of investment properties for the financial year for Level 3 fair value measurements is shown in Note 4.

The following table shows the key unobservable inputs used in the valuation model:

<b>Type</b>	<b>Key unobservable inputs</b>	<b>Inter-relationship between key unobservable inputs and fair value measurement</b>
<i>Investment properties</i>		
Discounted cash flow approach and capitalisation approach	<ul style="list-style-type: none"> <li>Market rental growth of 3.00% to 4.00% per annum</li> <li>Risk-adjusted discount rates from 8.00% to 8.25%</li> <li>Capitalisation rates from 5.75% to 7.50%</li> </ul>	<p>The estimated fair value would increase/(decrease) if:</p> <ul style="list-style-type: none"> <li>expected market rental growth were higher/(lower); or</li> <li>the risk-adjusted discount rate were lower/(higher).</li> </ul>

Key unobservable inputs correspond to:

- Capitalisation rates derived from specialised publications from the industrial market and recent sales in the industrial sector.
- Discount rates, based on the risk-free rate for 10-year bonds issued by the Singapore government, adjusted for a risk premium to reflect the increased risk of investing in the asset class.

### 22. Acquisition of subsidiary

In March 2015, the Trust incorporated a wholly owned subsidiary, Cambridge SPV2 Pte. Ltd. ("CSPV2") with a capital of \$1. The Trust, together with CSPV2, increased its equity interest in Cambridge SPV1 LLP ("CSPV1") from 60% to 100% by acquiring the remaining 40% partnership interest in CSPV1 from Oxley Projects Pte. Ltd., an interested party to the Trust ("Cambridge LLP Acquisition"). CSPV1 became a wholly owned entity of the Trust and its accounts are consolidated upon completion of the Cambridge LLP Acquisition in March 2015.

In the nine-months to 31 December 2015, CSPV1 contributed revenue of \$2.0 million and total return of \$1.2 million of the Group's results. If the acquisition had occurred on 1 January 2015, the Manager estimates that consolidated gross revenue would have been \$112.8 million and total return for the year would have been \$52.7 million.

The previously held equity interest was at fair value as the investment property owned by CSPV1 was stated at fair value. Accordingly, there was no resulting gain or loss recognised in profit or loss arising from the valuation of the interest held before CSPV1 became a subsidiary.

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## NOTES TO THE FINANCIAL STATEMENTS

### 22. Acquisition of subsidiary (Cont'd)

#### Identifiable net assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition.

	Note	\$'000
Investment property <sup>(a)</sup>	4	38,000
Other assets		1,342
Interest-bearing borrowings (net of transaction costs)		(11,653)
Other liabilities		(272)
Total identifiable net assets at fair value		<u>27,417</u>

<sup>(a)</sup> In determining the fair value of the investment property acquired in a business combination, an independent valuer had been engaged by the Group to undertake a valuation of the property at the date of the acquisition. The investment property was stated at fair value of \$38.0 million based on a valuation performed by Knight Frank Pte Ltd ("Knight Frank"), an independent professional valuer as at 31 December 2014. Knight Frank confirmed that there was no significant change to the fair value of \$38.0 million for the investment property as at the acquisition date.

In determining the fair value, the valuer has used valuation methods which involve certain estimates. The Manager has exercised its judgment and is satisfied that the valuation methods and estimates are reflective of the current market conditions.

Knight Frank has considered valuation techniques such as capitalisation approach and discounted cash flow analysis in arriving at the open market value as at the reporting date. The key assumptions used to determine the fair value of the investment property includes market-corroborated capitalisation yield, terminal yield, discount rate and average growth rate.

#### Consideration transferred

	\$'000
Total identifiable net assets at fair value	27,417
Less: Fair value of equity interest in subsidiary held by the Group immediately before the acquisition	<u>(16,450)</u>
Total consideration transferred	10,967
Less: Cash and cash equivalents of subsidiary acquired	<u>(385)</u>
Net cash outflow on acquisition of subsidiary	<u>10,582</u>

#### Acquisition-related costs

The Group incurred acquisition-related costs of approximately \$0.2 million on legal fees and due diligence costs. These costs have been included in trust expenses.

### 23. Commitments

#### (a) Lease commitments

CIT's investment properties are leased. Non-cancellable operating lease rentals are receivable as follows:

	Group		Trust	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Receivable:				
– Within 1 year	102,378	98,154	100,538	98,154
– After 1 year but within 5 years	209,916	226,960	200,427	226,960
– After 5 years	166,887	88,786	119,098	88,786
	<u>479,181</u>	<u>413,900</u>	<u>420,063</u>	<u>413,900</u>

## NOTES TO THE FINANCIAL STATEMENTS

### 23. Commitments (Cont'd)

#### (b) Operating lease commitments

CIT is required to pay annual land rent to Jurong Town Corporation ("JTC"), Housing & Development Board ("HDB") and Ascendas Land (Singapore) Pte Ltd ("Ascendas") for 30 properties (2014: 27 properties).

The annual land rent is based on market rent for the relevant year and any increase in annual land rent from year to year shall not exceed 5.5% of the annual land rent for the respective properties for the immediate preceding year. The land rent paid based on prevailing rental rates during the financial year was \$7.4 million for 30 properties (2014: \$5.6 million for 27 properties).

As at 31 December 2015 and 31 December 2014, CIT had the following operating lease commitments based on the underlying land leases which range from 27 to 99 years.

Group	Gross amount \$'000	Borne by tenants \$'000	Net amount \$'000	Within 1 year \$'000	Within 1 to 5 years \$'000	More than 5 years \$'000
<b>2015</b>						
<b>Land rents</b>						
- JTC	357,295	(147,579)	209,716	5,995	22,172	181,549
- HDB	90,323	-	90,323	2,411	9,644	78,268
- Ascendas	21,111	-	21,111	607	2,427	18,077
	<u>468,729</u>	<u>(147,579)</u>	<u>321,150</u>	<u>9,013</u>	<u>34,243</u>	<u>277,894</u>
<b>2014</b>						
<b>Land rents</b>						
- JTC	358,218	(184,320)	173,898	4,898	24,488	144,512
- HDB	93,962	(28,894)	65,068	1,677	8,383	55,008
- Ascendas	20,139	-	20,139	563	2,813	16,763
	<u>472,319</u>	<u>(213,214)</u>	<u>259,105</u>	<u>7,138</u>	<u>35,684</u>	<u>216,283</u>
<b>Trust</b>						
<b>2015</b>						
<b>Land rents</b>						
- JTC	324,175	(137,774)	186,401	5,995	22,172	158,234
- HDB	90,323	-	90,323	2,411	9,644	78,268
- Ascendas	21,111	-	21,111	607	2,427	18,077
	<u>435,609</u>	<u>(137,774)</u>	<u>297,835</u>	<u>9,013</u>	<u>34,243</u>	<u>254,579</u>
<b>2014</b>						
<b>Land rents</b>						
- JTC	358,218	(184,320)	173,898	4,898	24,488	144,512
- HDB	93,962	(28,894)	65,068	1,677	8,383	55,008
- Ascendas	20,139	-	20,139	563	2,813	16,763
	<u>472,319</u>	<u>(213,214)</u>	<u>259,105</u>	<u>7,138</u>	<u>35,684</u>	<u>216,283</u>

#### (c) Capital commitments

As at the reporting date, the Group had \$2.0 million (2014: \$7.5 million) of capital expenditure commitments relating to asset enhancement initiatives and capital expenditure for investment properties that had been authorised and contracted for but not provided in the consolidated financial statements. These capital projects are targeted to be completed in 2016.

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## NOTES TO THE FINANCIAL STATEMENTS

### 24. Related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Manager or the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Manager and the party are subject to common significant influence. Related parties may be individuals or other entities.

Other than as disclosed elsewhere in the financial statements, there were the following significant related party transactions carried out in the normal course of business on terms agreed between the parties:

	<b>Group and Trust 2015 \$'000</b>	<b>2014 \$'000</b>
<b>Cambridge Industrial Trust Management Limited (the Manager)</b>		
Management fees paid and payable		
– in cash	4,450	4,210
– in units	2,665	2,358
Performance fees paid and payable	–	1,684
Acquisition fee paid		
– in cash	162	1,408
– in units	60	–
Disposal fee paid	–	39
<b>Cambridge Industrial Property Management Pte. Ltd. (Subsidiary of immediate holding company of the Manager)</b>		
Property manager's fees paid and payable	3,282	2,962
Lease marketing services commission paid and payable	1,803	3,210
Project management fees paid and payable	137	813
<b>RBC Investor Services Trust Singapore Limited (the Trustee)</b>		
Trustee fees paid and payable	385	364
<b>National Australia Bank Limited (Related company of the Manager) (Note 1)</b>		
Loan disbursed	13,125	14,185
Loan repaid	88,125	18,750
Loan transaction costs paid and payable	20	22
Commitment fee paid and payable	74	89
Interest paid and payable	3,753	4,628
Hedging costs paid/payable on partial unwinding of interest rate swaps	175	–
<b>Oxley Projects Pte. Ltd. (Related company of the Manager) (Note 2)</b>		
Acquisition of remaining 40% partnership interest in Cambridge SPV1 LLP	10,967	–
Note 1:	National Australia Bank Limited ("NAB"), which is the ultimate holding company of nabInvest Capital Partners Pty Limited ("nabInvest Capital") in Australia, is related to the Manager by virtue of nabInvest Capital's indirect equity interest of 56% in the Manager.	
Note 2:	Oxley Projects Pte. Ltd., which is a subsidiary of the Oxley Global Limited, is related to the Manager by virtue of Oxley Global's indirect equity interest of 24% in the Manager.	

## NOTES TO THE FINANCIAL STATEMENTS

### 25. Financial instruments

#### *Financial risk management*

##### *Capital management*

As part of its finance policy, the Board of the Manager (the "Board") proactively reviews the Trust's capital and debt management regularly so as to optimise the Trust'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.

During the year, the Group was subject to the Aggregate Leverage limit as defined in the Property Fund Appendix of the CIS code. The CIS code stipulated that the total borrowings and deferred payments (together the "Aggregate Leverage") of a property fund should not exceed 35% of the fund's deposited property. The aggregate leverage of a property fund may exceed 35% of the fund's deposited property (up to a maximum of 60%) only if a credit rating of the property fund from Fitch Inc., Moody's or Standard and Poor's was obtained and disclosed to the public. The property fund was required to maintain and disclose a credit rating so long as its aggregate leverage exceeded 35% of the fund's deposited property.

The Trust has maintained its corporate rating of "BBB-/Stable/--" with Standard and Poor's and obtained an issuer rating of "Baa3" with Moody's Investors Service. The Trust complied with the Aggregate Leverage limit of 60% during the financial year. There were no changes in the Trust's approach to capital management during the financial year.

As at the reporting date, the gross amounts of loans and borrowings as a percentage of total assets was 36.9% (2014: 34.8%).

With effect from 1 January 2016, real estate investment trusts ("REITS") are subject to a single-tier aggregate leverage limit of 45% without the requirement of a credit rating and the option for REITs to increase their aggregate leverage up to 60% by obtaining a credit rating has been removed.

##### **Overview**

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 Audit, Risk Management and Compliance Committee ("ARCC") oversees how management monitors compliance with the Trust's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Trust. The ARCC is assisted in its oversight role by Internal Audit. Internal Audit, which is outsourced to a public accounting firm, undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the ARCC.

##### **Credit risk**

Credit risk is the potential financial loss resulting from the failure of a customer or a counterparty to settle its financial and contractual obligations to the Group, as and when they fall due.

The Manager has established credit limits for tenants and monitors amounts receivable on an on-going basis. Credit evaluations are performed by the Manager before lease agreements are entered into with the lessees. In addition, the Group requires the lessees to provide tenancy security deposits or corporate guarantees, or to assign rental proceeds from sub-lessees to CIT.

The Manager establishes an allowance for impairment that represents its estimate of losses in respect of trade and other receivables. The main component of this allowance is estimated losses that relate to specific tenants or counterparties.

Cash and fixed deposits are placed with financial institutions which are regulated.

At the reporting date, except as disclosed in Note 7, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying value of each financial asset on the Statement of Financial Position.



## NOTES TO THE FINANCIAL STATEMENTS

### 25. Financial instruments (Cont'd)

#### Interest rate risk

The Group's exposure to changes in interest rates relate primarily to its interest-bearing financial liabilities. Interest rate risk is managed by the Manager on an ongoing basis with the primary objective of limiting the extent to which net interest expense could be affected by adverse movements in interest rates. The Group adopts a policy of ensuring that the majority of its exposures to changes in interest rates on borrowings is on a fixed-rate basis. This is achieved by entering into interest rate swaps and fixed rate borrowings.

#### (a) Effective interest rates and repricing analysis

In respect of interest-earning financial assets and interest-bearing financial liabilities, the following table indicates the effective interest rates as at 31 December 2015 and 31 December 2014 and the periods at which they reprice.

Group	Effective interest rate %	Floating interest \$'000	Fixed interest rate maturing within 1 to 5 years \$'000	Fixed interest rate maturing more than 5 years \$'000	Total \$'000
<b>2015</b>					
<b>Financial liabilities</b>					
Interest-bearing borrowings					
- S\$ variable rate	2.58	100,000	-	-	100,000
- S\$ fixed rate	3.60	-	100,000	-	100,000
- S\$ variable rate	2.82	13,500	-	-	13,500
Medium Term Notes					
- S\$ fixed rate notes	4.10	-	30,000	-	30,000
- S\$ fixed rate notes	3.50	-	155,000	-	155,000
- S\$ fixed rate notes	3.95	-	130,000	-	130,000
		113,500	415,000	-	528,500
<b>Financial assets</b>					
Derivative financial instruments	0.88	-	604	-	604
<b>2014</b>					
<b>Financial liabilities</b>					
Interest-bearing borrowings					
- S\$ variable rate	2.67	200,000	-	-	200,000
- S\$ variable rate	2.00	100,000	-	-	100,000
Medium Term Notes					
- S\$ fixed rate notes	4.75	-	50,000	-	50,000
- S\$ fixed rate notes	4.10	-	-	30,000	30,000
- S\$ fixed rate notes	3.50	-	100,000	-	100,000
		300,000	150,000	30,000	480,000
<b>Financial assets</b>					
Derivative financial instruments	0.73	-	287	-	287

## NOTES TO THE FINANCIAL STATEMENTS

### 25. Financial instruments (Cont'd)

#### Interest rate risk (Cont'd)

##### (a) Effective interest rates and repricing analysis (Cont'd)

Trust	Effective interest rate %	Floating interest \$'000	Fixed interest rate maturing within 1 to 5 years \$'000	Fixed interest rate maturing more than 5 years \$'000	Total \$'000
<b>2015</b>					
<b>Financial liabilities</b>					
Interest-bearing borrowings					
– S\$ variable rate	2.58	100,000	–	–	100,000
– S\$ fixed rate	3.60	–	100,000	–	100,000
– S\$ variable rate	2.82	13,500	–	–	13,500
Loans from a subsidiary					
– S\$ fixed rate loan	4.10	–	30,000	–	30,000
– S\$ fixed rate loan	3.50	–	155,000	–	155,000
– S\$ fixed rate loan	3.95	–	130,000	–	130,000
		113,500	415,000	–	528,500
<b>Financial assets</b>					
Derivative financial instruments	0.88	–	604	–	604
<b>2014</b>					
<b>Financial liabilities</b>					
Interest-bearing borrowings					
– S\$ variable rate	2.67	200,000	–	–	200,000
– S\$ variable rate	2.00	100,000	–	–	100,000
Loans from a subsidiary					
– S\$ fixed rate loan	4.75	–	50,000	–	50,000
– S\$ fixed rate loan	4.10	–	–	30,000	30,000
– S\$ fixed rate loan	3.50	–	100,000	–	100,000
		300,000	150,000	30,000	480,000
<b>Financial assets</b>					
Derivative financial instruments	0.73	–	287	–	287

##### (b) Sensitivity analysis

In managing the interest rate risk, the Group aims to reduce the impact of short term fluctuations on its earnings.

#### Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

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## NOTES TO THE FINANCIAL STATEMENTS

### 25. Financial instruments (Cont'd)

#### Sensitivity analysis for variable rate instruments

As at 31 December 2015 and 2014, a change of 100 basis points in interest rates would have increased/(decreased) Unitholders' funds and total return by the amounts shown below:

Group	Total Return		Unitholders' Funds	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
	\$'000	\$'000	\$'000	\$'000
<b>31 December 2015</b>				
Variable rate instruments				
– Interest expense	(1,135)	1,619	(1,135)	1,619
Interest rate swaps				
– Interest expense	1,000	(1,427)	1,000	(1,427)
– Change in fair value of financial derivatives	1,136	(845)	1,136	(845)
	<u>1,001</u>	<u>(653)</u>	<u>1,001</u>	<u>(653)</u>
<b>31 December 2014</b>				
Variable rate instruments				
– Interest expense	(3,000)	2,213	(3,000)	2,213
Interest rate swaps				
– Interest expense	2,500	(1,845)	2,500	(1,845)
– Change in fair value of financial derivatives	3,455	(2,591)	3,455	(2,591)
	<u>2,955</u>	<u>(2,223)</u>	<u>2,955</u>	<u>(2,223)</u>

The Group does not designate interest rate swaps as hedging instruments under a cash flow hedge accounting model. Therefore a change in interest rates at the reporting date would not affect Unitholders' funds.

#### Currency risk

At present, all transactions involving the Group are denominated in Singapore dollars and the Group faces no currency risk. If this were to change in the future, the Manager would consider currency hedging to the extent appropriate.

#### Liquidity risk

The Manager monitors the liquidity risk of the Group and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations. Typically, the Group ensures that it has sufficient cash on demand and committed revolving credit facilities to meet expected operational expenses for a reasonable period, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot be reasonably predicted, such as natural disasters.

The Manager monitors and observes the CIS Code issued by the MAS concerning limits on total borrowings.

## NOTES TO THE FINANCIAL STATEMENTS

### 25. Financial instruments (Cont'd)

#### **Determination of fair values**

The following summarises the significant methods and assumptions used in estimating the fair values.

#### **(a) Financial derivatives**

The fair values of derivative financial instruments such as interest rate swaps (Level 2 fair values) are based on valuation statements from banks. 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. Fair values reflect the credit risk of the instrument and include adjustments to take into account the credit risk of the Group entity and counterparty when appropriate.

#### **(b) Floating Interest-Bearing Borrowings**

Fair value is calculated based on discounted expected future principal and interest cash flows. The carrying amounts of interest-bearing borrowings which are repriced quarterly approximate the corresponding fair values (see Note 9).

#### **(c) Fixed rate notes**

Fair value is calculated based on discounted expected future principal and interest cash flows.

#### **(d) Other financial assets and liabilities**

The carrying amounts of 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) approximate their fair values because of the short period to maturity. All other financial assets and liabilities are discounted to determine their fair values.

#### **Fair value hierarchy**

The table below analyses recurring financial assets and liabilities carried at fair value. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities that the Group can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: unobservable inputs for the asset or liability.

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

The Group recognises any transfers between levels of the fair value hierarchy as of the end of the reporting period during which the transfer has occurred. There were no such transfers during the current and previous year.

The table below analyses fair value measurements for financial assets and financial liabilities, by the levels in the fair value hierarchy based on the inputs to valuation techniques.

## NOTES TO THE FINANCIAL STATEMENTS

### 25. Financial instruments (Cont'd)

#### Financial assets and liabilities carried at fair value

Group and Trust	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>31 December 2015</b>				
Interest rate swaps	–	604	–	604
<b>31 December 2014</b>				
Interest rate swaps	–	287	–	287

#### Financial assets and liabilities not carried at fair value but for which fair values are disclosed\*

Group	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>31 December 2015</b>				
Fixed rate loan	–	–	100,009	100,009
Fixed rate notes	–	–	315,024	315,024
	–	–	415,033	415,033
<b>31 December 2014</b>				
Fixed rate notes	–	–	179,466	179,466
<b>Trust</b>				
<b>31 December 2015</b>				
Fixed rate loan	–	–	100,009	100,009
Loans from a subsidiary	–	–	315,024	315,024
	–	–	415,033	415,033
<b>31 December 2014</b>				
Loans from a subsidiary	–	–	179,466	179,466

\* Excludes financial assets and financial liabilities whose carrying amounts measured on the amortised cost basis approximate their fair values due to their short-term nature and where the effect of discounting is immaterial.

## NOTES TO THE FINANCIAL STATEMENTS

### 26. Classification and fair value of financial instruments

The fair values of financial assets and liabilities, together with the carrying amounts shown in the Statement of Financial Position, are as follows:

Group	Note	Loans and receivables \$'000	Fair value through profit or loss \$'000	Other financial liabilities \$'000	Total carrying amount \$'000	Fair value \$'000
<b>31 December 2015</b>						
Trade and other receivables*	7	4,262	–	–	4,262	4,262
Cash and cash equivalents		2,656	–	–	2,656	2,656
Derivative financial instruments	10	–	604	–	604	604
Loans and borrowings	9	–	–	(525,254)	(525,254)	(527,641)
Trade and other payables <sup>^</sup>	8	–	–	(32,634)	(32,634)	(32,634)
		6,918	604	(557,888)	(550,366)	(552,753)
<b>31 December 2014</b>						
Trade and other receivables*	7	6,201	–	–	6,201	6,201
Cash and cash equivalents		6,100	–	–	6,100	6,100
Derivative financial instruments	10	–	287	–	287	287
Loans and borrowings	9	–	–	(475,448)	(475,448)	(484,659)
Trade and other payables <sup>^</sup>	8	–	–	(37,806)	(37,806)	(37,806)
		12,301	287	(513,254)	(500,666)	(509,877)
<b>Trust</b>						
<b>31 December 2015</b>						
Trade and other receivables*	7	4,529	–	–	4,529	4,529
Cash and cash equivalents		2,231	–	–	2,231	2,231
Derivative financial instruments	10	–	604	–	604	604
Loans and borrowings	9	–	–	(525,254)	(525,254)	(527,641)
Trade and other payables <sup>^</sup>	8	–	–	(32,435)	(32,435)	(32,435)
		6,760	604	(557,689)	(550,325)	(552,712)
<b>31 December 2014</b>						
Trade and other receivables*	7	6,201	–	–	6,201	6,201
Cash and cash equivalents		6,086	–	–	6,086	6,086
Derivative financial instruments	10	–	287	–	287	287
Loans and borrowings	9	–	–	(475,448)	(475,448)	(484,659)
Trade and other payables <sup>^</sup>	8	–	–	(37,796)	(37,796)	(37,796)
		12,287	287	(513,244)	(500,670)	(509,881)

\* Excludes prepayments and option fees paid.

<sup>^</sup> Excludes rent received in advance.

## NOTES TO THE FINANCIAL STATEMENTS

### 27. Segment reporting

Segment information is presented based on the information reviewed by CIT's Chief Operating Decision Makers (CODMs) for performance assessment and resource allocation.

As each investment property is mainly used for industrial (including warehousing) purposes, these investment properties are similar in terms of economic characteristics, nature of services and type of customers. The CODMs are of the view that the Group has only one reportable segment – Leasing of investment properties. This forms the basis of identifying the operating segments of CIT under FRS 108 *Operating Segments*. The Group has one tenant who contributed more than 6.9% (2014: 7.3%) of its total revenue during the financial year. The revenue contributed by this tenant was approximately \$7.5 million (2014: \$7.2 million).

Accordingly, no operating segment information has been prepared as the Group has only one reportable segment. No geographical segment information has been prepared as all of the Group's investment properties are located in Singapore.

### 28. Financial ratios

	2015 %	2014 %
Expenses to weighted average net assets <sup>(1)</sup>		
– Expense ratio excluding performance-related fee	1.08	0.92
– Expense ratio including performance-related fee <sup>(2)</sup>	1.08	1.12
Portfolio turnover rate <sup>(3)</sup>	3.92	0.90

<sup>(1)</sup> The annualised ratios are computed in accordance with the guidelines of Investment Management Association of Singapore. The expenses used in the computation relate to expenses of CIT, excluding property related expenses, borrowing costs and income tax expense.

<sup>(2)</sup> The expense ratio including performance-related fee would have been 1.56 (2014: 1.43) if adjusted for actual performance fee paid and payable of \$4.2 million (2014: \$4.4 million) for the financial year. The payment of performance fees are subject to an annual fee cap.

<sup>(3)</sup> The annualised ratio is computed based on the lesser of purchases or sales of underlying investment properties of CIT expressed as a percentage of daily average net asset value.

**AUDITED FINANCIAL STATEMENTS OF ESR-REIT FOR  
THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**

*The information in this Appendix III has been extracted and reproduced from the audited financial statements of ESR-REIT for the financial year ended 31 December 2016 and has not been specifically prepared for inclusion in this Information Memorandum. Investors should read the consolidated financial data in conjunction with the related notes.*



# INDEPENDENT AUDITORS' REPORT

UNITHOLDERS

CAMBRIDGE INDUSTRIAL TRUST

Constituted in the Republic of Singapore pursuant to the trust deed dated 31 March 2006 (as amended)

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### **Opinion**

We have audited the financial statements of Cambridge Industrial Trust (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 December 2016, 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 notes to the financial statements, including a summary of significant accounting policies as set out on pages 104 to 164.

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 the portfolio holdings of the Group and the financial position and the portfolio holdings of the Trust as at 31 December 2016 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 ended on that date 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.

### **Basis for opinion**

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

### **Key audit matters**

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

Valuation of investment properties (Refer to Portfolio Statement, Notes 4 and 20 to the financial statements)

*Risk:*

As at 31 December 2016, the Group owns a portfolio of 49 properties (collectively "investment properties"). These investment properties are stated at their fair values, which amounted to \$1.35 billion (2015: \$1.42 billion).

These investment properties are stated at their fair values based on independent external valuations and represent the single largest asset category on the statement of financial position.

The valuation of investment properties requires significant judgement in the determination of the appropriate valuation methodology and in deciding on the assumptions and estimates that are to be applied in the valuation. The valuation of the investment properties is highly sensitive to the key assumptions applied and a small change in the key assumptions can have a significant impact on the valuations.

# INDEPENDENT AUDITORS' REPORT

UNITHOLDERS

CAMBRIDGE INDUSTRIAL TRUST

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*How the matter was addressed in our audit:*

We evaluated the independence, objectivity and competency of the valuers and read their terms of engagement to ascertain whether there are matters that might have affected the scope of their work and their objectivity.

We considered the valuation methodologies used against those applied by other valuers for similar property types. We tested the integrity of inputs of the projected cash flows used in the valuation. We assessed the reasonableness of key assumptions used in the valuations, including market rental growth, terminal yield, capitalisation and discount rates, by comparing them against historical rates and available industry data, taking into consideration comparability and market factors. Where the rates were outside the expected range, we undertook further procedures and, when necessary, held further discussions with the valuers to understand the effects of additional factors taken into account in the valuations.

*Our findings*

The valuers are members of professional bodies for valuers and have considered their own independence in carrying out their work. The valuation methodologies used are in line with generally accepted market practices and the key assumptions used are within the range of market data.

Contingent tax exposure (Refer to Note 17 to the financial statements)

*Risk:*

In a prior year, the Trust had disposed of an investment property for a gain of \$29.2 million. The gain, from a tax perspective was \$66.8 million, measured against the initial acquisition cost of the property sold. The Manager of the Trust is of the view that the gain of \$66.8 million is capital in nature and should not be subject to income tax.

The treatment of the abovementioned gain on disposal as a capital gain not subject to tax is subject to agreement by the Inland Revenue Authority of Singapore ("IRAS"). The tax affairs of the Trust for the relevant year of assessment have not been finalised by IRAS.

*How the matter was addressed in our audit:*

We have reviewed the information and facts presented by the Manager and held discussions with the Manager and their tax advisers to understand the basis for their assessment and views that the gain on the disposal is capital and should not be subject to income tax. We assessed the information presented and the reasonableness of the stance taken by the Manager.

*Our findings*

We assessed the information and facts considered by the Manager to support the judgement taken that the gain on disposal is capital in nature. We found the Manager's judgement to be reasonable and the potential tax exposure is described in Note 17 to the financial statements.

# INDEPENDENT AUDITORS' REPORT

UNITHOLDERS

CAMBRIDGE INDUSTRIAL TRUST

Constituted in the Republic of Singapore pursuant to the trust deed dated 31 March 2006 (as amended)

## **Other Information**

Cambridge Industrial Trust Management Limited, the Manager of the Trust (the Manager) is responsible for the other information. The other information comprises the Corporate Information, Letter to Unitholders, Financial Highlights, Year in Brief, Manager's Report, Structure of Cambridge Industrial Trust, Risk Management, Property Locations, Property Portfolio, Singapore Industrial Property Market Overview, Board of Directors, The Management Team, Sustainable Business, Corporate Governance, Additional Information and Statistics of Unitholders (the Reports).

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 Statement of Recommended Accounting Practice 7 *Reporting Framework for Unit Trusts* issued by the Institute of Singapore Chartered Accountants, and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material 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 Manager's responsibilities include overseeing the Group's financial reporting process.

## **Auditors' responsibilities for the audit of the financial statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

# INDEPENDENT AUDITORS' REPORT

UNITHOLDERS

CAMBRIDGE INDUSTRIAL TRUST

Constituted in the Republic of Singapore pursuant to the trust deed dated 31 March 2006 (as amended)

- 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 control that we identify during our audit.

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

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

The engagement partner on the audit resulting in this independent auditors' report is Lee Jee Cheng Philip.



**KPMG LLP**

*Public Accountants and  
Chartered Accountants*

**Singapore**

17 March 2017

# STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

	Note	Group		Trust	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
<b>Assets</b>					
<b>Non-current assets</b>					
Investment properties	4	1,332,000	1,377,400	1,292,000	1,339,100
Investment in subsidiaries	5	–	–	25,206	25,206
		<u>1,332,000</u>	<u>1,377,400</u>	<u>1,317,206</u>	<u>1,364,306</u>
<b>Current assets</b>					
Investment properties held for divestment	4	22,000	40,600	22,000	40,600
Trade and other receivables	6	9,278	9,652	9,867	9,564
Derivative financial instruments	9	–	604	–	604
Cash and cash equivalents		3,699	2,656	2,517	2,231
		<u>34,977</u>	<u>53,512</u>	<u>34,384</u>	<u>52,999</u>
<b>Total assets</b>		<u>1,366,977</u>	<u>1,430,912</u>	<u>1,351,590</u>	<u>1,417,305</u>
<b>Liabilities</b>					
<b>Current liabilities</b>					
Trade and other payables	7	21,464	24,004	21,384	23,806
		<u>21,464</u>	<u>24,004</u>	<u>21,384</u>	<u>23,806</u>
<b>Non-current liabilities</b>					
Trade and other payables	7	8,894	8,743	8,664	8,742
Interest-bearing borrowings	8	509,590	525,254	509,590	525,254
		<u>518,484</u>	<u>533,997</u>	<u>518,254</u>	<u>533,996</u>
<b>Total liabilities</b>		<u>539,948</u>	<u>558,001</u>	<u>539,638</u>	<u>557,802</u>
<b>Net assets</b>		<b><u>827,029</u></b>	<b><u>872,911</u></b>	<b><u>811,952</u></b>	<b><u>859,503</u></b>
Represented by:					
<b>Unitholders' funds</b>		<b><u>827,029</u></b>	<b><u>872,911</u></b>	<b><u>811,952</u></b>	<b><u>859,503</u></b>
Units in issue ('000)	10	1,304,434	1,297,775	1,304,434	1,297,775
Net asset value per unit (cents)		63.4	67.3	62.2	66.2

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

# STATEMENT OF TOTAL RETURN

YEAR ENDED 31 DECEMBER 2016

	Note	Group		Trust	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
<b>Gross revenue</b>	11	<b>112,087</b>	<b>112,244</b>	<b>109,427</b>	<b>110,248</b>
Property expenses	12	(29,814)	(26,088)	(29,716)	(25,997)
<b>Net property income</b>		<b>82,273</b>	<b>86,156</b>	<b>79,711</b>	<b>84,251</b>
Management fees	13	(7,060)	(7,115)	(7,060)	(7,115)
Trust expenses	14	(1,870)	(2,326)	(1,833)	(2,335)
Interest income		47	149	47	149
Borrowing costs	15	(21,147)	(22,220)	(21,142)	(21,782)
<b>Net income</b>		<b>52,243</b>	<b>54,644</b>	<b>49,723</b>	<b>53,168</b>
Share of profits in joint venture	21	–	123	–	–
Distribution income from subsidiary/ joint venture	21	–	–	1,731	1,180
<b>Net income after distributable income from subsidiary/ joint venture</b>		<b>52,243</b>	<b>54,767</b>	<b>51,454</b>	<b>54,348</b>
Gain on disposal of investment properties	16	1,231	–	1,231	–
Change in fair value of financial derivatives		(493)	395	(493)	395
Change in fair value of investment properties	4	(45,894)	(2,645)	(46,774)	(2,381)
<b>Total return before income tax</b>		<b>7,087</b>	<b>52,517</b>	<b>5,418</b>	<b>52,362</b>
Income tax expense*	17	–	–	–	–
<b>Total return after income tax for the year</b>		<b>7,087</b>	<b>52,517</b>	<b>5,418</b>	<b>52,362</b>
<b>Earnings per unit (cents)</b>					
Basic and diluted	18	0.544	4.090	0.416	4.078
<b>Distribution per unit (cents)</b>	18	4.173	4.793	4.173	4.793

\* Less than \$1,000

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

# DISTRIBUTION STATEMENT

YEAR ENDED 31 DECEMBER 2016

	Group		Trust	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Total return after income tax, before distribution for the year	7,087	52,517	5,418	52,362
Add: Distribution adjustments (Note A)	47,389	7,203	49,058	7,358
<b>Net income available for distribution to Unitholders</b>	<b>54,476</b>	<b>59,720</b>	<b>54,476</b>	<b>59,720</b>
Distribution from capital (Note B)	–	2,093	–	2,093
<b>Total amount available for distribution</b>	<b>54,476</b>	<b>61,813</b>	<b>54,476</b>	<b>61,813</b>
Less: Distributions (Note C)	(41,442)	(47,014)	(41,442)	(47,014)
<b>Net amount available for distribution to Unitholders as at 31 December</b>	<b>13,034</b>	<b>14,799</b>	<b>13,034</b>	<b>14,799</b>

## NOTE A – DISTRIBUTION ADJUSTMENTS

	Group		Trust	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
<b>Non-tax deductible items and other adjustments:</b>				
Management fees payable in units	–	2,665	–	2,665
Acquisition fees paid in units	–	60	–	60
Trustee's fees	384	385	384	385
Transaction costs relating to debt facilities	2,488	3,984	2,483	3,899
Change in fair value of investment properties	45,894	2,645	46,774	2,381
Change in fair value of financial derivatives	493	(395)	493	(395)
Legal and professional fees	343	580	327	555
Adjustment for straight line rent and lease incentives	(1,729)	(2,830)	(909)	(2,266)
Share of profits in joint venture	–	(123)	–	–
Distribution income from joint venture	–	156	–	–
Allowance for doubtful debts	–	175	–	175
Miscellaneous expenses/(income)	747	(99)	737	(101)
	48,620	7,203	50,289	7,358
<b>Income not subject to tax:</b>				
Gain on disposal of investment properties	(1,231)	–	(1,231)	–
<b>Net effect of distribution adjustments</b>	<b>47,389</b>	<b>7,203</b>	<b>49,058</b>	<b>7,358</b>

## NOTE B – DISTRIBUTION FROM CAPITAL AND CAPITAL GAINS

Distribution from capital of \$2.1 million was paid in the previous financial year to offset the transitional impact on net income from the conversion of master leases to multi-tenanted buildings which are associated with initially higher costs and vacancies.

## NOTE C – DISTRIBUTIONS

	Group and Trust	
	2016 \$'000	2015 \$'000
Distributions to Unitholders during the financial year comprise:		
Distribution of 0.987 cents per unit for the period from 1/7/2016 to 30/9/2016	12,875	–
Distribution of 1.078 cents per unit for the period from 1/4/2016 to 30/6/2016	14,062	–
Distribution of 1.112 cents per unit for the period from 1/1/2016 to 31/3/2016	14,505	–
Distribution of 1.204 cents per unit for the period from 1/7/2015 to 30/9/2015	–	15,553
Distribution of 1.225 cents per unit for the period from 1/4/2015 to 30/6/2015	–	15,784
Distribution of 1.225 cents per unit for the period from 1/1/2015 to 31/3/2015	–	15,677
	41,442	47,014
Distribution of 1.139 cents per unit for the period from 1/10/2015 to 31/12/2015	14,782	–
Distribution of 1.252 cents per unit for the period from 1/10/2014 to 31/12/2014	–	15,920
Total Distributions to Unitholders during the financial year <sup>(1)</sup>	56,224	62,934

### Note:

<sup>(1)</sup> Distributions were partly paid by CIT issuing an aggregate of 6.7 million units amounting to \$3.3 million (2015: 22.2 million units amounting to \$14.6 million), pursuant to the distribution reinvestment plan for period from 1 October 2015 to 31 December 2015.

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

# STATEMENT OF MOVEMENTS IN UNITHOLDERS' FUNDS

YEAR ENDED 31 DECEMBER 2016

	Note	Group		Trust	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
<b>Unitholders' funds at beginning of year</b>		<b>872,911</b>	<b>866,333</b>	<b>859,503</b>	<b>853,080</b>
<b>Operations</b>					
Total return for the year after tax		<b>7,087</b>	<b>52,517</b>	<b>5,418</b>	<b>52,362</b>
<b>Unitholders' transactions</b>					
Issue of new units:					
– Management fees paid in units		–	2,665	–	2,665
– Distribution Reinvestment Plan		3,288	14,565	3,288	14,565
Acquisition fees paid in units		–	60	–	60
Equity issue costs	19	(33)	(295)	(33)	(295)
Distributions to Unitholders		(56,224)	(62,934)	(56,224)	(62,934)
Net decrease in Unitholders' funds resulting from Unitholders' transactions		<b>(52,969)</b>	<b>(45,939)</b>	<b>(52,969)</b>	<b>(45,939)</b>
<b>Unitholders' funds at end of year</b>		<b>827,029</b>	<b>872,911</b>	<b>811,952</b>	<b>859,503</b>

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



# INVESTMENT PROPERTIES PORTFOLIO STATEMENT

AS AT 31 DECEMBER 2016

Properties held by the Trust	Tenure of land	Term of lease (years)	Remaining term of lease (years)	Location
<b>Logistics Properties<sup>(1)</sup></b>				
24 JURONG PORT ROAD	Leasehold	30+12	20 <sup>(6)</sup>	24 Jurong Port Road Singapore 619097
1 THIRD LOK YANG ROAD AND 4 FOURTH LOK YANG ROAD	Leasehold	30	15 <sup>(7)</sup>	1 Third Lok Yang Road Singapore 627996 and 4 Fourth Lok Yang Road Singapore 629701
3 PIONEER SECTOR 3	Leasehold	30+30	34 <sup>(8)</sup>	3 Pioneer Sector 3 Singapore 628342
<b>Warehousing Properties<sup>(2)</sup></b>				
31 TUAS AVENUE 11	Leasehold	30+30	37 <sup>(9)</sup>	31 Tuas Avenue 11 Singapore 639105
25 CHANGI SOUTH AVENUE 2	Leasehold	30+30	38 <sup>(10)</sup>	25 Changi South Ave 2 Singapore 486594
+ 23 TUAS AVENUE 10	Leasehold	30+29	40 <sup>(11)</sup>	23 Tuas Avenue 10 Singapore 639149
160 KALLANG WAY	Leasehold	60	16 <sup>(12)</sup>	160 Kallang Way Singapore 349246
120 PIONEER ROAD	Leasehold	30+28	38 <sup>(13)</sup>	120 Pioneer Road Singapore 639597
9 BUKIT BATOK STREET 22	Leasehold	30+30	36 <sup>(14)</sup>	9 Bukit Batok Street 22 Singapore 659585
79 TUAS SOUTH STREET 5	Leasehold	30+30	43 <sup>(15)</sup>	79 Tuas South Street 5 Singapore 637604
4/6 CLEMENTI LOOP	Leasehold	30+30	37 <sup>(16)</sup>	4/6 Clementi Loop Singapore 129810 and 129814
3C TOH GUAN ROAD EAST	Leasehold	30+30	34 <sup>(17)</sup>	3C Toh Guan Road East Singapore 608832
30 TOH GUAN ROAD	Leasehold	30+30	39 <sup>(18)</sup>	30 Toh Guan Road Singapore 608840

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

Existing use	Occupancy rate at		At Independent Valuation		Percentage of Unitholders' Funds	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015	31/12/2016	31/12/2015
	%	%	\$'000	\$'000	%	%
Logistics	95	95	89,100	89,100	10.77	10.21
Logistics	100	100	12,100	12,800	1.46	1.47
Logistics	100	97	106,800	112,000	12.91	12.83
			<b>208,000</b>	<b>213,900</b>	<b>25.14</b>	<b>24.51</b>
Warehousing	100	100	11,900	12,000	1.44	1.37
Warehousing	100	100	12,700	13,700	1.54	1.57
Warehousing	–	100	–	15,700	–	1.80
Warehousing	100	100	28,200	29,500	3.41	3.38
Warehousing	53	100	37,000	34,200	4.47	3.92
Warehousing	92	78	23,600	23,900	2.85	2.74
Warehousing	–	–	11,300	11,700	1.37	1.34
Warehousing	76	100	51,300	63,100	6.20	7.23
Warehousing	77	90	32,000	33,000	3.87	3.78
Warehousing	99	99	59,700	60,000	7.22	6.87
			<b>267,700</b>	<b>296,800</b>	<b>32.37</b>	<b>34.00</b>

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

# INVESTMENT PROPERTIES PORTFOLIO STATEMENT

AS AT 31 DECEMBER 2016

	Properties held by the Trust	Tenure of land	Term of lease (years)	Remaining term of lease (years)	Location
	<b>Light Industrial Properties<sup>(3)</sup></b>				
+	2 UBI VIEW	Leasehold	60	42 <sup>(19)</sup>	2 Ubi View Singapore 408556
	128 JOO SENG ROAD	Leasehold	30+30	35 <sup>(20)</sup>	128 Joo Seng Road Singapore 368356
	1/2 CHANGI NORTH STREET 2	Leasehold	30+30/30+30	44/49 <sup>(21)</sup>	1/2 Changi North Street 2 Singapore 498808/498775
	16 TAI SENG STREET	Leasehold	30+30	51 <sup>(22)</sup>	16 Tai Seng Street Singapore 534138
	70 SELETAR AEROSPACE VIEW	Leasehold	30	25 <sup>(23)</sup>	70 Seletar Aerospace View Singapore 797564
*	55 UBI AVENUE 3	Leasehold	30+30	40 <sup>(24)</sup>	55 Ubi Avenue 3 Singapore 408864
	130 JOO SENG ROAD	Leasehold	30+30	35 <sup>(25)</sup>	130 Joo Seng Road Singapore 368357
	2 JALAN KILANG BARAT	Leasehold	99	45 <sup>(26)</sup>	2 Jalan Kilang Barat Singapore 159346
	54 SERANGOON NORTH AVENUE 4	Leasehold	30+30	40 <sup>(27)</sup>	54 Serangoon North Avenue 4 Singapore 555854
	136 JOO SENG ROAD	Leasehold	30+30	34 <sup>(28)</sup>	136 Joo Seng Road Singapore 368360
	21/23 UBI ROAD 1	Leasehold	30+30	40 <sup>(29)</sup>	21/23 Ubi Road 1 Singapore 408724/408725
	11 SERANGOON NORTH AVENUE 5	Leasehold	30+30	40 <sup>(30)</sup>	11 Serangoon North Avenue 5 Singapore 554809
	87 DEFU LANE 10	Leasehold	30+30	34 <sup>(31)</sup>	87 Defu Lane 10 Singapore 539219
	11 CHANG CHARN ROAD	Leasehold	99	40 <sup>(32)</sup>	11 Chang Charn Road Singapore 159640
	12 ANG MO KIO STREET 65	Leasehold	30+30	33 <sup>(33)</sup>	12 Ang Mo Kio Street 65 Singapore 569060

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

Existing use	Occupancy rate at		At Independent Valuation		Percentage of Unitholders' Funds	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015	31/12/2016	31/12/2015
	%	%	\$'000	\$'000	%	%
Light industrial	–	100	–	9,900	–	1.13
Light industrial	86	100	12,000	12,500	1.45	1.43
Light Industrial	100	100	23,500	23,200	2.84	2.66
Light Industrial	100	100	73,200	73,000	8.85	8.36
Light Industrial	100	100	9,200	8,800	1.11	1.01
Light Industrial	62	56	22,000	22,100	2.66	2.53
Light Industrial	100	100	16,100	15,000	1.95	1.72
Light Industrial	94	91	28,000	29,000	3.39	3.32
Light Industrial	92	64	21,000	22,200	2.54	2.54
Light Industrial	100	100	13,400	13,700	1.62	1.57
Light Industrial	100	100	36,000	36,600	4.35	4.19
Light Industrial	94	94	19,700	19,900	2.38	2.28
Light Industrial	100	100	17,400	18,500	2.10	2.12
Light Industrial	100	96	31,500	32,000	3.81	3.67
Light Industrial	100	85	38,900	40,600	4.71	4.65
			<b>361,900</b>	<b>377,000</b>	<b>43.76</b>	<b>43.18</b>

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

# INVESTMENT PROPERTIES PORTFOLIO STATEMENT

AS AT 31 DECEMBER 2016

Properties held by the Trust	Tenure of land	Term of lease (years)	Remaining term of lease (years)	Location
<b>General Industrial Properties<sup>(4)</sup></b>				
9 TUAS VIEW CRESCENT	Leasehold	30+30	42 <sup>(34)</sup>	9 Tuas View Crescent Singapore 637612
28 SENOKO DRIVE	Leasehold	30+30	23 <sup>(35)</sup>	28 Senoko Drive Singapore 758214
31 CHANGI SOUTH AVENUE 2	Leasehold	30+30	38 <sup>(36)</sup>	31 Changi South Avenue 2 Singapore 486478
21B SENOKO LOOP	Leasehold	30+30	36 <sup>(37)</sup>	21B Senoko Loop Singapore 758171
23 WOODLANDS TERRACE	Leasehold	30+30	40 <sup>(38)</sup>	23 Woodlands Terrace Singapore 738472
22 CHIN BEE DRIVE	Leasehold	30	19 <sup>(39)</sup>	22 Chin Bee Drive Singapore 619870
31 KIAN TECK WAY	Leasehold	30+19	26 <sup>(40)</sup>	31 Kian Teck Way Singapore 628751
45 CHANGI SOUTH AVENUE 2	Leasehold	30+30	39 <sup>(41)</sup>	45 Changi South Avenue 2 Singapore 486133
2 TUAS SOUTH AVENUE 2	Leasehold	60	42 <sup>(42)</sup>	2 Tuas South Ave 2 Singapore 637601
511/513 YISHUN INDUSTRIAL PARK A	Leasehold	29+30/30+30	37/37 <sup>(43)</sup>	511/513 Yishun Industrial Park A Singapore 768768/768736

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

Existing use	Occupancy rate at		At Independent Valuation		Percentage of Unitholders' Funds	
	31/12/2016 %	31/12/2015 %	31/12/2016 \$'000	31/12/2015 \$'000	31/12/2016 %	31/12/2015 %
General Industrial	100	100	9,500	11,400	1.15	1.31
General Industrial	100	100	13,800	14,000	1.67	1.60
General Industrial	100	100	11,200	11,200	1.35	1.28
General Industrial	100	100	31,500	31,500	3.81	3.61
General Industrial	76	76	17,200	17,500	2.08	2.00
General Industrial	100	100	15,100	15,500	1.83	1.78
General Industrial	100	100	5,700	5,700	0.69	0.65
General Industrial	92	100	13,200	14,000	1.60	1.60
General Industrial	100	100	36,000	36,000	4.35	4.12
General Industrial	56	25	26,000	33,200	3.14	3.80
			<b>179,200</b>	<b>190,000</b>	<b>21.67</b>	<b>21.75</b>

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

# INVESTMENT PROPERTIES PORTFOLIO STATEMENT

AS AT 31 DECEMBER 2016

Properties held by the Trust	Tenure of land	Term of lease (years)	Remaining term of lease (years)	Location
<b>Balance brought forward</b>				
<b>General Industrial Properties (cont'd)</b>				
60 TUAS SOUTH STREET 1	Leasehold	30	18 <sup>(44)</sup>	60 Tuas South Street 1 Singapore 639925
5/7 GUL STREET 1	Leasehold	29.5	21 <sup>(45)</sup>	5/7 Gul Street 1 Singapore 629318/629320
28 WOODLANDS LOOP	Leasehold	30+30	39 <sup>(46)</sup>	28 Woodlands Loop Singapore 738308
25 PIONEER CRESCENT	Leasehold	30+28	50 <sup>(47)</sup>	25 Pioneer Crescent Singapore 628554
43 TUAS VIEW CIRCUIT	Leasehold	30	21 <sup>(48)</sup>	43 Tuas View Circuit Singapore 637360
30 MARSILING INDUSTRIAL ESTATE ROAD 8	Leasehold	30+30	33 <sup>(49)</sup>	30 Marsiling Industrial Estate Road 8 Singapore 739193
11 WOODLANDS WALK	Leasehold	30+30	39 <sup>(50)</sup>	11 Woodlands Walk Singapore 738265
15 JURONG PORT ROAD	Leasehold	28	18 <sup>(51)</sup>	15 Jurong Port Road Singapore 619119
86/88 INTERNATIONAL ROAD	Leasehold	30+30	38 <sup>(52)</sup>	86/88 International Road Singapore 629176/629177
160A GUL CIRCLE	Leasehold	27	24 <sup>(54)</sup>	160A Gul Circle Singapore 629618

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

Existing use	Occupancy rate at		At Independent Valuation		Percentage of Unitholders' Funds	
	31/12/2016 %	31/12/2015 %	31/12/2016 \$'000	31/12/2015 \$'000	31/12/2016 %	31/12/2015 %
			<b>179,200</b>	<b>190,000</b>	<b>21.67</b>	<b>21.75</b>
General Industrial	–	–	5,200	6,200	0.63	0.71
General Industrial	100	100	14,500	14,700	1.75	1.68
General Industrial	100	100	18,300	18,300	2.21	2.10
General Industrial	100	100	16,400	16,200	1.98	1.86
General Industrial	100	100	16,500	16,500	2.00	1.89
General Industrial	85	82	38,000	39,000	4.60	4.47
General Industrial	100	100	17,400	17,300	2.10	1.98
General Industrial	100	100	39,500	42,000	4.78	4.81
General Industrial	90	90	41,100	40,700	4.97	4.66
General Industrial	100	100	19,500	19,400	2.36	2.22
			<b>405,600</b>	<b>420,300</b>	<b>49.05</b>	<b>48.13</b>

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



# INVESTMENT PROPERTIES PORTFOLIO STATEMENT

AS AT 31 DECEMBER 2016

Properties held by the Trust	Tenure of land	Term of lease (years)	Remaining term of lease (years)	Location
<b>Car Showroom and Workshop Properties<sup>(5)</sup></b>				
30 Teban Gardens Crescent	Leasehold	10+22	22 <sup>(55)</sup>	30 Teban Gardens Crescent Singapore 608927
<b>Business Park Properties<sup>(5a)</sup></b>				
16 International Business Park	Leasehold	30+30	39 <sup>(56)</sup>	16 International Business Park Singapore 609929
<b>Total properties held by the Trust</b>				
<b>Property held by a subsidiary</b>				
<b>General Industrial Properties<sup>(4)</sup></b>				
3 Tuas South Avenue 4	Leasehold	30+30	42 <sup>(53)</sup>	3 Tuas South Avenue 4 Singapore 637610
<b>Property held by a subsidiary</b>				
<b>Total properties held by the Group</b>				
<b>Trust</b>				
Investment properties, at valuation				
Other assets and liabilities (net)				
Net assets				
<b>Group</b>				
Investment properties, at valuation				
Other assets and liabilities (net)				
Net assets				

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

Existing use	Occupancy rate at		At Independent Valuation		Percentage of Unitholders' Funds	
	31/12/2016 %	31/12/2015 %	31/12/2016 \$'000	31/12/2015 \$'000	31/12/2016 %	31/12/2015 %
Car Showroom and Workshop	100	100	39,800	40,700	4.81	4.66
			<b>39,800</b>	<b>40,700</b>	<b>4.81</b>	<b>4.66</b>
Business Park	100	100	31,000	31,000	3.75	3.55
			<b>31,000</b>	<b>31,000</b>	<b>3.75</b>	<b>3.55</b>
			<b>1,314,000</b>	<b>1,379,700</b>	<b>158.88</b>	<b>158.03</b>
General Industrial	100	100	40,000	38,300	4.84	4.39
			<b>40,000</b>	<b>38,300</b>	<b>4.84</b>	<b>4.39</b>
			<b>1,354,000</b>	<b>1,418,000</b>	<b>163.72</b>	<b>162.42</b>
			1,314,000	1,379,700	161.83	160.52
			(502,048)	(520,197)	(61.83)	(60.52)
			<b>811,952</b>	<b>859,503</b>	<b>100.00</b>	<b>100.00</b>
			1,354,000	1,418,000	163.72	162.42
			(526,971)	(545,089)	(63.72)	(62.42)
			<b>827,029</b>	<b>872,911</b>	<b>100.00</b>	<b>100.00</b>

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

# INVESTMENT PROPERTIES PORTFOLIO STATEMENT

## AS AT 31 DECEMBER 2016

	<b>At Independent Valuation</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
As disclosed in the Statement of Financial Position:		
<b>Trust</b>		
Investment properties – non current	1,292,000	1,339,100
Investment properties held for divestment – current (denoted as (*) in the Portfolio Statement)	22,000	40,600
<b>Total investment properties</b>	<b>1,314,000</b>	<b>1,379,700</b>
<b>Group</b>		
Investment properties – non current	1,332,000	1,377,400
Investment properties held for divestment – current (denoted as (*) in the Portfolio Statement)	22,000	40,600
<b>Total investment properties</b>	<b>1,354,000</b>	<b>1,418,000</b>

### Notes

- (1) These properties are single or multi-storey distribution and logistics facilities catering for tenants that are third party logistics and supply chain management providers or trading companies.
- (2) These properties are single or multi-storey warehouse facilities with low content of office space that are used by both multi-national corporations and local small and medium enterprises predominantly as storage space for raw material, semi-finished or finished goods; coupled with light industrial activities such as assembly and packing. This also includes self-storage business.
- (3) These properties are single or multi-storey of manufacturing/production space with low content of office space used by both multi-national corporations and local small and medium enterprises for light industrial activities such as light manufacturing, assembly, non-pollutive industrial and businesses that engage in high technology, R&D or type 1 e-business kind of activities.
- (4) These properties are single or multi-storey of manufacturing/factory facilities with low content of office space catering to both multi-national corporations and small and medium enterprises for industrial purposes which includes but not limited to manufacturing, altering, repairing, finishing, precision engineering
- (5) This property is a multi-storey industrial building used for car showroom and service workshops.
- (5a) This property is a multi-storey suburban office building in specially designated "Business Park Zone" of which serves as regional headquarters for multi-national companies catering to knowledge-based activities.
- (6) CIT holds the remainder of a 30+12 year lease commencing from 1 March 1995.
- (7) CIT holds the remainder of a 30 year lease commencing from 16 December 2001.
- (8) CIT holds the remainder of a 30+30 year lease commencing from 16 December 1990.
- (9) CIT holds the remainder of a 30+30 year lease commencing from 1 April 1994.
- (10) CIT holds the remainder of a 30+30 year lease commencing from 16 October 1994.
- (11) CIT holds the remainder of a 30+29 year lease commencing from 1 November 1997.
- (12) CIT holds the remainder of a 60 year lease commencing from 16 February 1973.
- (13) CIT holds the remainder of a 30+28 year lease commencing from 16 February 1997.
- (14) CIT holds the remainder of a 30+30 year lease commencing from 1 February 1993.
- (15) CIT holds the remainder of a 30+30 year lease commencing from 1 February 2000.
- (16) CIT holds the remainder of a 30+30 year lease commencing from 1 October 1993.
- (17) CIT holds the remainder of a 30+30 year lease commencing from 16 February 1991.
- (18) CIT holds the remainder of a 30+30 year lease commencing from 16 August 1995.
- (19) CIT holds the remainder of a 60 year lease commencing from 4 January 1999.
- (20) CIT holds the remainder of a 30+30 year lease commencing from 1 May 1992.
- (21) CIT holds the remainder of a 30+30 year lease commencing from 1 March 2001 for 1 Changi North Street 2 and 30+30 year lease commencing from 23 November 2005 for 2 Changi North Street 2.
- (22) CIT holds the remainder of a 30+30 year lease commencing from 4 July 2007.
- (23) CIT holds the remainder of a 30 year lease commencing from 16 October 2011.
- (24) CIT holds the remainder of a 30+30 year lease commencing from 1 July 1996.
- (25) CIT holds the remainder of a 30+30 year lease commencing from 1 December 1991.
- (26) CIT holds the remainder of a 99 year lease commencing from 1 July 1963.
- (27) CIT holds the remainder of a 30+30 year lease commencing from 16 June 1996.
- (28) CIT holds the remainder of a 30+30 year lease commencing from 1 October 1990.
- (29) CIT holds the remainder of a 30+30 year lease commencing from 1 February 1997.
- (30) CIT holds the remainder of a 30+30 year lease commencing from 16 April 1997.
- (31) CIT holds the remainder of a 30+30 year lease commencing from 1 November 1990.
- (32) CIT holds the remainder of a 99 year lease commencing from 1 January 1958.

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

# INVESTMENT PROPERTIES PORTFOLIO STATEMENT

## AS AT 31 DECEMBER 2016

- <sup>(33)</sup> CIT holds the remainder of a 30+30 year lease commencing from 16 October 1990.
- <sup>(34)</sup> CIT holds the remainder of a 30+30 year lease commencing from 16 July 1998.
- <sup>(35)</sup> CIT holds the remainder of a 30+30 year lease commencing from 16 December 1979.
- <sup>(36)</sup> CIT holds the remainder of a 30+30 year lease commencing from 1 March 1995.
- <sup>(37)</sup> CIT holds the remainder of a 30+30 year lease commencing from 1 February 1993.
- <sup>(38)</sup> CIT holds the remainder of a 30+30 year lease commencing from 16 November 1996.
- <sup>(39)</sup> CIT holds the remainder of a 30 year lease commencing from 16 September 2005.
- <sup>(40)</sup> CIT holds the remainder of a 30+19 year lease commencing from 1 September 1993.
- <sup>(41)</sup> CIT holds the remainder of a 30+30 year lease commencing from 1 September 1995.
- <sup>(42)</sup> CIT holds the remainder of a 60 year lease commencing from 4 January 1999.
- <sup>(43)</sup> CIT holds the remainder of a 29+30 year lease commencing from 1 June 1995 for 511 Yishun and 30+30 lease commencing from 1 December 1993 for 513 Yishun.
- <sup>(44)</sup> CIT holds the remainder of a 30 year lease commencing from 16 March 2005.
- <sup>(45)</sup> CIT holds the remainder of a 29.5 year lease commencing from 1 April 2008.
- <sup>(46)</sup> CIT holds the remainder of a 30+30 year lease commencing from 16 October 1995.
- <sup>(47)</sup> CIT holds the remainder of a 30+28 year lease commencing from 1 February 2009.
- <sup>(48)</sup> CIT holds the remainder of a 30 year lease commencing from 1 February 2008.
- <sup>(49)</sup> CIT holds the remainder of a 30+30 year lease commencing from 1 December 1989.
- <sup>(50)</sup> CIT holds the remainder of a 30+30 year lease commencing from 16 October 1995.
- <sup>(51)</sup> CIT holds the remainder of a 28 year lease commencing from 25 March 2007.
- <sup>(52)</sup> CIT holds the remainder of a 30+30 year lease commencing from 16 December 1994.
- <sup>(53)</sup> The subsidiary holds the remainder of a 30+30 year lease commencing from 1 May 1999.
- <sup>(54)</sup> CIT holds the remainder of a 27 year lease commencing from 30 September 2013.
- <sup>(55)</sup> CIT holds the remainder of a 10+22 year lease commencing from 1 June 2007.
- <sup>(56)</sup> CIT holds the remainder of a 30+30 year lease commencing from 1 August 1996.

+ Properties disposed of during the financial year.

Investment properties comprise a diverse portfolio of industrial properties that are leased to external tenants. All of the leases are structured under single-tenancy or multiple-tenancy and the tenancies range from two to twenty eight years for single tenancy and three months to ten years for multiple-tenancy.

In determining the fair value, the valuers have used valuation methods which involve certain estimates. The Manager has exercised its judgment and is satisfied that the valuation methods and estimates are reflective of the current market conditions.

The independent professional valuers have considered valuation techniques including direct comparison method, capitalisation approach and/or discounted cash flow analysis in arriving at the open market value as at the reporting date. The key assumptions used to determine the fair value of investment properties include market-corroborated capitalisation rate, terminal yield, discount rate and average growth rate.

As at the reporting date, investment properties with a carrying value of \$1.35 billion are fully unencumbered. As at 31 December 2015, investment properties with a carrying value of \$246.4 million were mortgaged as security for loan facilities granted to the Group (see Note 4 and Note 8).

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2016

	Group	
	2016	2015
	\$'000	\$'000
<b>Cash flows from operating activities</b>		
Total return after income tax for the year	7,087	52,517
<b>Adjustments for:</b>		
Borrowing costs	21,147	22,220
Change in fair value of financial derivatives	493	(395)
Change in fair value of investment properties	45,894	2,645
Gain on disposal of investment properties	(1,231)	–
Share of profits in joint venture	–	(123)
Interest income	(47)	(149)
Management fees paid/payable in units (Note A(i))	–	2,665
Acquisition fees paid in units (Note A (ii))	–	60
Allowance for doubtful debts	–	175
<b>Operating income before working capital changes</b>	<b>73,343</b>	<b>79,615</b>
Changes in working capital:		
Trade and other receivables	(2,524)	(1,630)
Trade and other payables	(2,220)	1,126
<b>Cash generated from operations</b>	<b>68,599</b>	<b>79,111</b>
Income tax paid	(54)	(59)
<b>Net cash generated from operating activities</b>	<b>68,545</b>	<b>79,052</b>
<b>Cash flows from investing activities</b>		
Interest received	47	149
Capital expenditure on investment properties	(5,595)	(20,964)
Net cash outflow on purchase of investment properties (including acquisition related costs) (Note B)	–	(19,479)
Proceeds from disposal of investment properties	27,000	–
Payment for divestment costs	(169)	–
Acquisition of subsidiary (Note 21)	–	(10,582)
Distribution income from subsidiary/joint venture	1,204	930
<b>Net cash generated/(used in) investing activities</b>	<b>22,487</b>	<b>(49,946)</b>
<b>Cash flows from financing activities</b>		
Borrowing costs paid	(20,908)	(20,664)
Distributions paid to Unitholders (Note A(iii))	(52,936)	(48,369)
Equity issue costs paid	(145)	(278)
Proceeds from borrowings	111,000	338,000
Repayment of borrowings	(127,000)	(301,239)
<b>Net cash used in financing activities</b>	<b>(89,989)</b>	<b>(32,550)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>1,043</b>	<b>(3,444)</b>
<b>Cash and cash equivalents at 1 January</b>	<b>2,656</b>	<b>6,100</b>
<b>Cash and cash equivalents at 31 December</b>	<b>3,699</b>	<b>2,656</b>

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

## YEAR ENDED 31 DECEMBER 2016

### NOTES:

#### (A) Significant Non-cash Transactions

##### (i) Management fees paid/payable in units

There were no management fees paid in units in the financial year. In the previous financial year, the management fees were partly paid by CIT issuing an aggregate of 6.5 million units amounting to \$2.7 million.

##### (ii) Acquisition fees paid in units

In the previous financial year, a total of 85,922 units (equivalent to \$60,000) were issued as payment of the acquisition fee to the Manager in connection with the acquisition of the remaining 40% partnership interest in Cambridge SPV1 LLP from Oxley Projects Pte. Ltd., an interested party to the Trust in March 2015. The Property Fund Appendix of the Code on Collective Investment Schemes requires that the acquisition fee for an interested party transaction to be paid in units.

Please see Note 21 for more details.

##### (iii) Distributions paid to Unitholders

Distributions for the year ended 31 December 2016 were partly paid by CIT issuing an aggregate of 6.7 million units (2015: 22.2 million units), amounting to \$3.3 million (2015: \$14.6 million), pursuant to the distribution reinvestment plan.

	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
Distributions paid to Unitholders	56,224	62,934
Distributions paid in units pursuant to distribution reinvestment plan	(3,288)	(14,565)
Net Distributions paid to Unitholders in cash	<u>52,936</u>	<u>48,369</u>

#### (B) Net Cash Outflow on Purchase of Investment Properties (including acquisition related costs)

Net cash outflow on purchase of investment properties (including acquisition related costs) is set out below:

	<b>Group</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
Investment properties	–	19,133
Acquisition related costs	–	337
Capital expenditure incurred	–	9
Investment properties acquired (including acquisition related costs and capital expenditure incurred)	<u>–</u>	<u>19,479</u>
Net cash outflow	<u>–</u>	<u>19,479</u>

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

# NOTES TO THE FINANCIAL STATEMENTS

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Manager and the Trustee on 17 March 2017.

## 1. GENERAL

Cambridge Industrial Trust ("CIT" or the "Trust") is a Singapore-domiciled unit trust constituted pursuant to the trust deed dated 31 March 2006 (as amended) entered into between Cambridge Industrial Trust Management Limited (the "Manager") and RBC Investor Services Trust Singapore Limited (the "Trustee"), and is governed by the laws of the Republic of Singapore ("Trust Deed"). On 31 March 2006, CIT was declared as an authorised unit trust scheme under the Trustees Act, Chapter 337. The Trustee is under a duty to take into custody and hold the assets of the Trust and its subsidiaries (the "Group") in trust for the holders ("Unitholders") of units in the Trust (the "Units").

On 25 July 2006, CIT was admitted to the Official List of the Singapore Exchange Securities Trading Limited ("SGX-ST"). On 3 April 2006, CIT was included under the Central Provident Fund ("CPF") Investment Scheme.

The financial statements of the Group as at and for the year ended 31 December 2016 comprise the Trust and its subsidiaries (together referred to as the "Group").

The principal activity of CIT is to invest in a diverse portfolio of properties with the primary objective of achieving an attractive level of return from rental income and long-term capital growth. The principal activity of the subsidiaries are set out in Note 5 to the financial statements.

CIT has entered into several service agreements in relation to the management of CIT and its property operations. The fee structures for these services are as follows:

### (A) Trustee's fees

Pursuant to the Trust Deed, the Trustee's fees shall not exceed 0.1% per annum of the value of all the gross assets of CIT ("Deposited Property"), excluding out-of-pocket expenses and GST. The actual fee payable will be determined between the Manager and the Trustee from time to time. The Trustee's fee is presently charged on a scaled basis of up to 0.03% per annum of the value of the Deposited Property.

### (B) Management fees

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

- (i) A base fee ("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 Meeting of Unitholders.

# NOTES TO THE FINANCIAL STATEMENTS

## 1. GENERAL (CONT'D)

### (B) Management fees (Cont'd)

- (ii) The performance fee calculation methodology was revised and approved at the Extraordinary General Meeting on 19 May 2015, from a total return based formula to a DPU growth model. The Manager has voluntarily waived any performance fee entitlement for the financial years ended 31 December 2015 and 2016 under the new structure ("Performance Fee Waiver").

The performance fee under the DPU growth model ("Performance Fee") is computed at 25% of the growth in DPU for such financial year multiplied by the weighted average number of units in issue for such financial year.

The DPU growth is measured by the excess of DPU for such financial year to the highest DPU achieved by the Trust in the previous years for which a performance fee was payable ("Highest DPU Threshold"). Whenever a performance fee is earned, the Highest DPU Threshold will be adjusted to the highest DPU achieved. In order to be eligible for a performance fee in future, the Trust would have to outperform the adjusted Highest DPU Threshold.

For the purpose of calculation of the performance fee payable under the revised performance fee structure, the Highest DPU Threshold is initially set at 6.000 cents, or if the DPU achieved during the Performance Fee Waiver period is higher, then such higher DPU.

The Performance Fee, whether payable in any combination of cash and Units or solely in cash or Units will be payable in arrears within 30 days after the last day of each financial year. If a trigger event occurs resulting in the Manager being removed, the Manager is entitled to payment of any Performance Fee in cash to which it might otherwise have been entitled for that financial year in cash, which shall be calculated, as if the end of the financial year was the date of occurrence of the trigger event, in accordance with the Trust Deed. If a trigger event occurs at a time when any accrued Performance Fee has not been paid, resulting in the Manager being removed, the Manager is entitled to payment of such accrued Performance Fee in cash.

Management fees (Base Fee and Performance Fee, including any accrued Performance Fee which have been carried forward from previous financial years but excluding any acquisition fee or disposal fee) to be paid to the Manager in respect of a financial year, whether in cash or in Units or a combination of cash and Units, are capped at an amount equivalent to 0.8% per annum of the value of Deposited Property as at the end of the financial year (referred to as the "annual fee cap").

The total amount of performance fee accruing to the Manager under the previous performance fee structure was approximately \$1.3 million as at 31 December 2016. This amount was fully paid in January 2017.

Please refer to Note 10 for the Manager's base fees payable in units.



# NOTES TO THE FINANCIAL STATEMENTS

## 1. GENERAL (CONT'D)

### (C) Acquisition and disposal fees

The Manager is also entitled to receive the following fees:

- (i) An acquisition fee of 1.0% of each of the following as is applicable, subject to there being no double-counting:
  - (a) the purchase price, excluding GST, of any real estate acquired, whether directly by CIT or indirectly through a special purpose vehicle;
  - (b) the value of any underlying real estate (pro-rata, if applicable, to the proportion of CIT's interest in such real estate) where CIT invests in any class of real estate related assets, including any class of equity, equity-linked securities and/or securities issued in real estate securitisation, of any entity directly or indirectly owning or acquiring such real estate, provided that:
    - CIT shall hold or invest in at least 50% of the equity of such entity; or
    - if CIT holds or invests in 30% or more but less than 50% of the equity of such entity, CIT shall have management control of the underlying real estate and/or such entity;
  - (c) the value of any shareholder's loan extended by CIT to the entity referred to in paragraph (b) above, provided that the provision in paragraph (b) is complied with; and
  - (d) the value of any investment by CIT in any loan extended to, or in debt securities of, any property corporation or other special purpose vehicle owning or acquiring real estate, (where such investment does not fall within the ambit of paragraph (b)) made with the prior consent of the Unitholders passed by ordinary resolution at a meeting of Unitholders duly convened and held in accordance with the provisions of the Trust Deed.
- (ii) A disposal fee of 0.5% of each of the following as is applicable, subject to there being no double-counting:
  - (a) the sale price, excluding GST, of any investment of the type referred to in paragraph (C)(i)(a) above for the acquisition fee;
  - (b) in relation to an investment of the type referred to in paragraph (C)(i)(b) above for the acquisition fee, the value of any underlying real estate (pro-rata, if applicable, to the proportion of CIT's interest in such real estate);
  - (c) the proceeds of sale, repayment or (as the case may be) redemption of an investment in a loan referred to in paragraph (C)(i)(c) above for the acquisition fee; and
  - (d) the value of an investment referred to in paragraph (C)(i)(d) above for the acquisition fee.

The Manager can opt to receive acquisition and disposal fees in the form of cash or Units or a combination as it may determine.

# NOTES TO THE FINANCIAL STATEMENTS

## 1. GENERAL (CONT'D)

### (D) Property Manager's fees

Cambridge Industrial Property Management Pte. Ltd. (the "Property Manager"), as property manager of all CIT's properties including the property held through Cambridge SPV1 LLP, is entitled to receive the following fees:

- (i) A property management fee of 2.0% per annum of the gross revenue of the relevant property;
- (ii) A lease management fee of 1.0% per annum of the gross revenue of the relevant property;
- (iii) A marketing services commission equivalent to:
  - (a) one month's gross rent, inclusive of service charge, for securing a tenancy of three years or less;
  - (b) two month's gross rent, inclusive of service charge, for securing a tenancy of more than three years;
  - (c) half month's gross rent, inclusive of service charge, for securing a renewal of tenancy of three years or less; and
  - (d) one month's gross rent, inclusive of service charge, for securing a renewal of tenancy of more than three years.
- (iv) A project management fee in relation to development or redevelopment (if not prohibited by the Property Funds Appendix of the Code on Collective Investment Schemes ("CIS Code") or if otherwise permitted by the MAS), the refurbishment, retrofitting and renovation works on a property, as follows:
  - (a) where the construction costs are \$2.0 million or less, a fee of 3.0% of the construction costs;
  - (b) where the construction costs exceed \$2.0 million but do not exceed \$20.0 million, a fee of 2.0% of the construction costs;
  - (c) where the construction costs exceed \$20.0 million but do not exceed \$50.0 million, a fee of 1.5% of the construction costs; and
  - (d) where the construction costs exceed \$50.0 million, a fee to be mutually agreed by the Manager, the Property Manager and the Trustee.
- (v) A property tax services fee in respect of property tax objections submitted to the tax authority on any proposed annual value of a property if, as a result of such objections, the proposed annual value is reduced resulting in property tax savings for the relevant property:
  - (a) where the proposed annual value is \$1.0 million or less, a fee of 7.5% of the property tax savings;
  - (b) where the proposed annual value is more than \$1.0 million but does not exceed \$5.0 million, a fee of 5.5% of the property tax savings; and
  - (c) where the proposed annual value is more than \$5.0 million, a fee of 5.0% of the property tax savings.

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

# NOTES TO THE FINANCIAL STATEMENTS

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

The financial statements are prepared in accordance with the recommendations of Statement of Recommended Accounting Practice ("RAP") 7 *Reporting Framework for Unit Trusts* issued by the Institute of Singapore Chartered Accountants and the applicable requirements of the CIS Code issued by the MAS and the provisions of the Trust Deed. RAP 7 requires that accounting policies adopted should generally comply with the recognition and measurement principles of 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, financial derivatives and certain financial liabilities, which are stated at fair value.

### 2.3 Functional and presentation currency

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

### 2.4 Use of estimates and judgments

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

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

In particular, information about critical judgements and, 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 6 – Assessment of collectibility of trade and other receivables
- Note 17 – Assessment of income tax provision
- Note 20 – Valuation of investment properties

# NOTES TO THE FINANCIAL STATEMENTS

## 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***

The 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 the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of the subsidiaries have been aligned with the policies adopted by the Group.

#### ***Transactions eliminated on consolidation***

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

#### ***Accounting for investments in subsidiaries in the Trust's financial statements***

Investments in subsidiaries are stated in the Trust's statement of financial position at cost less accumulated impairment losses.

### 3.2 Investment properties

Investment properties are accounted for as non-current assets, except if they meet the conditions to be classified as held for divestment (see Note 3.3 below). These properties are initially stated at cost on acquisition, and at valuation thereafter. The cost of a purchased property comprises its purchase price and any directly attributable expenditure. Transaction costs are included in the initial measurements. Valuations are determined in accordance with the Trust Deed, which requires the investment properties to be valued by independent registered valuers in the following manner:

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

Subsequent expenditure relating to investment properties that have 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 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.3 Investment properties held for divestment

Investment properties that are expected to be recovered primarily through divestment rather than through continuing use, are classified as held for divestment and accounted for as current assets. These investment properties are measured at fair value and 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.

Upon disposal, 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.

### 3.4 Financial instruments

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

The Group initially recognises loans and receivables on the date that they are originated. All other financial assets are recognised initially on the trade date at which 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, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred assets. 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.

Non-derivative financial assets comprise 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.

Cash and cash equivalents consist of cash balances and bank deposits.

# NOTES TO THE FINANCIAL STATEMENTS

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.4 Financial instruments (Cont'd)

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

Financial liabilities are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or when they expire.

Non-derivative financial liabilities comprise loans and borrowings and trade and other payables.

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.

#### ***Unitholders' funds***

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

#### ***Impairment of financial assets***

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Objective evidence that financial assets (including equity securities) 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, or indications that a debtor or issuer will enter bankruptcy, the disappearance of an active market for a security.

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 original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in the Statement of Total Return.

Impairment losses in respect of financial assets measured at amortised cost are reversed to the Statement of Total Return, if the subsequent increase in fair value can be related objectively to an event occurring after the impairment loss was recognised.

# NOTES TO THE FINANCIAL STATEMENTS

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.5 Impairment – non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment properties, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

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 groups of assets (the "cash-generating unit", or "CGU").

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. 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 Revenue recognition

- (i) Rental income from operating leases

Rental income from investment properties is recognised in the Statement of Total Return on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income over the term of the lease.

- (ii) Interest income

Interest income is accrued using the effective interest method.

### 3.7 Expenses

- (i) Property expenses

Property expenses are recognised on an accrual basis. Included in property expenses are the Property Manager's fee which is based on the applicable rate stipulated in Note 1.

- (ii) Management fees

Management fees are recognised on an accrual basis based on the applicable rates stipulated in Note 1.

# NOTES TO THE FINANCIAL STATEMENTS

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.7 Expenses (Cont'd)

(iii) Trust expenses

Trust expenses are recognised on an accrual basis. Included in trust expenses are the trustee's fees which are based on the applicable rate stipulated in Note 1.

(iv) Borrowing costs

Borrowing costs comprise interest expense on borrowings, amortisation of related transaction costs which are recognised in the Statement of Total Return using the effective interest method over the period of borrowings.

### 3.8 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in the Statement of Total Return except to the extent that it relates to items directly related to Unitholders' funds, in which case it is recognised 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.

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 or loss;
- temporary differences related to investment in subsidiaries and joint venture to the extent that the Group is able to control the timing of the reversal of the temporary difference 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 tax 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 the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at 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 entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or the tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the unused tax losses and credits 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.



# NOTES TO THE FINANCIAL STATEMENTS

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.8 Tax (Cont'd)

In determining the amount of current 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 laws and prior experience. This assessment 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 CIT and its Unitholders. Subject to meeting the terms and conditions of the tax ruling issued by IRAS, the Trustee will not be assessed to tax on the taxable income of CIT on certain types of income. Instead, the Trustee and the Manager will deduct income tax at the prevailing corporate tax rate (currently 17.0%) from the distributions made to Unitholders that are made out of the taxable income of CIT, except:

- (i) where the beneficial owners are individuals or Qualifying Unitholders, the Trustee and the Manager will make the distributions to such Unitholders without deducting any income tax; or
- (ii) where the beneficial owners are foreign non-individual Unitholders, the Trustee and the Manager will deduct Singapore income tax at the reduced tax rate of 10.0% for distributions made before 31 March 2020.

A "Qualifying Unitholder" is a Unitholder who is:

- A Singapore-incorporated company which is a tax resident in Singapore;
- A body of persons other than a company or a partnership, registered or constituted in Singapore (e.g. a town council, a statutory board, a registered charity, a registered cooperative society, a registered trade union, a management corporation, a club and a trade industry association);
- A Singapore branch of a foreign company; or
- An international organisation that is exempt from tax.

A "foreign non-individual Unitholder" is one which is not a resident of Singapore for income tax purposes and;

- who does not have a permanent establishment in Singapore; or
- who carries on any operation in Singapore through a permanent establishment in Singapore, where the funds used to acquire the Units are not obtained from that operation in Singapore.

The above tax transparency ruling does not apply to gains from sale of real estate properties. If considered to be trading gains, tax on such gains or profits will be assessed, in accordance to section 10(1)(a) of the Income Tax Act, Chapter 134 and collected from the Trustee. Where the gains are capital gains, they will not be assessed to tax and the Trustee and the Manager may distribute the capital gains without tax being deducted at source.

# NOTES TO THE FINANCIAL STATEMENTS

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.9 Distribution policy

The Group's distribution policy is to distribute at least 90% of its annual distributable income to Unitholders, comprising income from letting of its properties after deduction of allowable expenses. The actual level of distribution will be determined at the Manager's discretion. Distributions are made on a quarterly basis at the discretion of the Manager.

### 3.10 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 for the period after tax by the weighted average number of units outstanding during the year. Diluted EPU is determined by adjusting the total return for the period after tax and the weighted average number of units outstanding and for the effects of all dilutive potential units.

### 3.11 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues 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 CIT's Chief Operating Decision Makers ("CODM"s) which comprise mainly the Chief Executive Officer, and Chief Operating Officer and Chief Financial Officer of the Manager, to make decisions about resources to be allocated to the segments and assess their performance and for which discrete financial information is available.

### 3.12 New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations have been issued as of the date of the statement of financial position, but are not effective for the 12 months ended 31 December 2016. Early application of the new standards and interpretations is permitted but have not been applied in preparing the financial statements.

For these new standards, amendments to standards and interpretations that are expected to have an effect on the financial statements of the Group in future financial periods, the Group is currently assessing the transition options and their potential impact on its financial statements. The Group does not plan to adopt these standards earlier than effective date.

#### **Applicable to 2017 financial statements**

##### **Revision to RAP 7**

RAP 7 was revised in June 2016 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*. RAP 7 (Revised June 2016) is applicable to unit trusts with annual periods beginning on or after 1 July 2016. Certain additional disclosures would be required by the Revised RAP 7.

# NOTES TO THE FINANCIAL STATEMENTS

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### Applicable to 2018 financial statements

#### New standards

##### Summary of the requirements

##### Potential impact on the financial statements

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#### **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 the 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 January 2018, with early adoption permitted. FRS 115 offers a range of transition options including full retrospective adoption where an entity can choose to apply the standard to its historical transactions and retrospectively adjust each comparative period presented in its 2018 financial statements. When applying the full retrospective method, an entity may also elect to use a series of practical expedients to ease transition.

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The Group is currently performing its initial assessment of the impact on the Group's financial statements.

Overall, the Group does not expect a significant change to the basis of revenue recognition.

**Transition** – The Group plans to adopt the standard when it becomes effective in 2018 without restating comparative information.

# NOTES TO THE FINANCIAL STATEMENTS

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### Applicable to 2018 financial statements (Cont'd)

#### New standards

##### Summary of the requirements

##### Potential impact on the financial statements

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#### 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 the 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.

FRS 109 is effective for annual periods beginning on or after 1 January 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 January 2018.

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The Group is currently performing its initial assessment of the impact on the Group's financial statements.

Overall, the Group does not expect a significant change to the measurement basis arising from adopting the new classification and measurement model under FRS 109.

Loans and receivables that are currently accounted for at amortised cost will continue to be accounted for using amortised cost model under FRS 109.

**Impairment** – The Group plans to apply the simplified approach and record lifetime expected impairment losses on all trade receivables and any contract assets arising from the application of FRS 109. On adoption of FRS 109, the Group does not expect an increase in the impairment loss allowance.

**Transition** – The Group plans to adopt the standard when it becomes effective in 2018 without restating comparative information.

# NOTES TO THE FINANCIAL STATEMENTS

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### Applicable to 2019 financial statements

#### New standards

##### Summary of the requirements

##### Potential impact on the financial statements

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#### 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 asset is of low value.

FRS 116 substantially carries forward the lessor accounting requirements in FRS 17 Leases. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for these two types of leases using the FRS 17 operating lease and finance lease accounting models respectively. However, FRS 116 requires more extensive disclosures to be provided by a lessor.

When effective, FRS 116 replaces existing lease accounting guidance, including FRS 17, INT FRS 104 *Determining whether an Arrangement contains a Lease*; INT FRS 15 *Operating Leases—Incentives*; and INT FRS 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

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

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The Group is currently assessing the impact on the financial statements based on its existing lease arrangements. Based on the preliminary assessment, the total assets, total liabilities and total return are expected to increase from the implementation of FRS 116.

The Group plans to adopt the standard when it becomes effective in 2019. The Group will perform a detailed analysis of the standard, including the transition options and practical expedients in 2017.

# NOTES TO THE FINANCIAL STATEMENTS

## 4. INVESTMENT PROPERTIES

	Note	Group		Trust	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
At 1 January		1,418,000	1,346,880	1,379,700	1,346,880
Acquisition of investment properties		–	19,133	–	19,133
Acquisition of subsidiary	21	–	38,000	–	–
Acquisition related costs		–	338	–	338
Capital expenditure incurred		5,799	14,139	5,799	14,139
Disposal of investment properties		(25,600)	–	(25,600)	–
		1,398,199	1,418,490	1,359,899	1,380,490
Change in fair value during the year*		(44,199)	(490)	(45,899)	(790)
At 31 December		1,354,000	1,418,000	1,314,000	1,379,700
Investment properties (non-current)		1,332,000	1,377,400	1,292,000	1,339,100
Investment properties held for divestment (current)		22,000	40,600	22,000	40,600
		1,354,000	1,418,000	1,314,000	1,379,700

The disclosure on determination of fair value in relation to investment properties is included in Note 20.

\* The fair value loss of \$44.2 million (2015: \$0.5 million), together with an adjustment of \$1.7 million (2015: \$2.1 million) to recognise rental income on a straight line basis in accordance with FRS 17 Leases, aggregate to \$45.9 million (2015: \$2.6 million) as disclosed in the Statement of Total Return.

### **Investment Properties held for Divestment**

An investment property at a carrying value of \$22.0 million as at 31 December 2016 (2015: \$40.6 million), has been reclassified as investment properties held for divestment. This reclassification is required by FRS 105 *Non-current Assets held for Sale and Discontinued Operations* as the divestment is planned within the next 12 months from the reporting date.

### **Security**

As at the reporting date, all the investment properties are fully unencumbered (2015: security value \$246.4 million) (see Note 8).

# NOTES TO THE FINANCIAL STATEMENTS

## 5. INVESTMENT IN SUBSIDIARIES

	<b>Trust</b>	
	<b>2016</b>	
	<b>2015</b>	
	<b>\$'000</b>	
	<b>\$'000</b>	
Unquoted equity investment, at cost	25,206	25,206

Details of the subsidiaries are as follows:

<b>Name of subsidiary</b>	<b>Principal activities</b>	<b>Country of incorporation</b>	<b>Effective equity interest held by the Group</b>	
			<b>2016</b>	<b>2015</b>
			<b>%</b>	<b>%</b>
Cambridge-MTN Pte. Ltd.	Provision of financial and treasury services	Singapore	100	100
Cambridge SPV1 LLP	Investment, management, leasing and redevelopment of properties	Singapore	100	100
Cambridge SPV2 Pte. Ltd.	Investment holding	Singapore	100	100

All the subsidiaries are audited by KPMG LLP in Singapore.

## 6. TRADE AND OTHER RECEIVABLES

	<b>Group</b>		<b>Trust</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Trade receivables (gross)	2,595	2,633	2,595	2,521
Impairment losses	(1,163)	(1,372)	(1,163)	(1,372)
Trade receivables (net)	1,432	1,261	1,432	1,149
Deposits	1,415	1,200	1,415	1,200
Other receivables	1,351	1,801	2,266	2,180
Loans and receivables	4,198	4,262	5,113	4,529
Prepayments	5,080	5,390	4,754	5,035
Total trade and other receivables	9,278	9,652	9,867	9,564

The Group's primary exposure to credit risk arises through its trade and other receivables. The Group has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

Concentration of credit risk relating to trade receivables is limited due to the Group's large number and diverse range of tenants. The maximum exposure to credit risk for trade and other receivables is represented by the carrying amount at the reporting date.

# NOTES TO THE FINANCIAL STATEMENTS

## 6. TRADE AND OTHER RECEIVABLES (CONT'D)

### *Impairment losses*

The ageing of trade receivables at the reporting date is as follows:

	<b>Gross receivables</b>	<b>Impairment losses</b>	<b>Gross receivables</b>	<b>Impairment losses</b>
	<b>2016</b>	<b>2016</b>	<b>2015</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Group</b>				
Past due 0 – 30 days	715	–	890	–
Past due 31 – 120 days	705	–	375	16
More than 120 days past due	1,175	1,163	1,368	1,356
	<u>2,595</u>	<u>1,163</u>	<u>2,633</u>	<u>1,372</u>
<b>Trust</b>				
Past due 0 – 30 days	715	–	778	–
Past due 31 – 120 days	705	–	375	16
More than 120 days past due	1,175	1,163	1,368	1,356
	<u>2,595</u>	<u>1,163</u>	<u>2,521</u>	<u>1,372</u>

The movements in impairment loss in respect of trade receivables are as follows:

	<b>Group and Trust</b>	<b>Group and Trust</b>
	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
At 1 January	1,372	1,197
Impairment loss made	–	175
Impairment loss utilised	(209)	–
At 31 December	<u>1,163</u>	<u>1,372</u>

Trade receivables are individually assessed for impairment at the end of the financial year. The impairment loss relates to a debtor that has defaulted in payments and is in liquidation.

The Manager believes that no additional allowance is necessary in respect of the remaining trade receivables as these receivables are mainly due from tenants that have good payment records and sufficient securities in the form of bankers' guarantees, insurance bonds or cash security deposits as collaterals.

### **Source of estimation uncertainty**

The Manager maintains an allowance for impairment at a level considered adequate to provide for potential uncollectible receivables. The level of this allowance is evaluated on the basis of factors that affect the collectability of debtors, their payment behaviour and known market factors. The Manager continually reviews the age and status of receivables and identifies accounts for which impairment allowances are required.

The Group and the Trust's exposure to credit risk related to trade and other receivables is disclosed in Note 24.



# NOTES TO THE FINANCIAL STATEMENTS

## 7. TRADE AND OTHER PAYABLES

	Group		Trust	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
<b>Current liabilities</b>				
Trade payables and accrued operating expenses	9,959	8,663	9,880	8,464
Amounts due to related parties (trade):				
– the Manager	1,865	6,008	1,865	6,008
– the Property Manager	432	18	431	18
– the Trustee	95	97	95	97
Amount due to a subsidiary (non-trade)	–	–	1,640	1,640
Interest and loan commitment fee payable	2,251	2,438	611	799
Security deposits	3,765	3,290	3,765	3,290
Rent received in advance	615	113	615	113
Retention sums	2,200	3,268	2,200	3,268
Other payables	282	109	282	109
	<u>21,464</u>	<u>24,004</u>	<u>21,384</u>	<u>23,806</u>
<b>Non-current liabilities</b>				
Security deposits	8,894	7,383	8,664	7,382
Amounts due to the Manager*	–	1,360	–	1,360
	<u>8,894</u>	<u>8,743</u>	<u>8,664</u>	<u>8,742</u>
Total trade and other payables	<u>30,358</u>	<u>32,747</u>	<u>30,048</u>	<u>32,548</u>

\* The amounts due to the Manager related to performance fees payable in excess of the annual fee cap which will be carried forward for payment in future half year periods. Further details are disclosed in Note 1B(ii).

The amounts due to related parties are unsecured. Transactions with related parties are priced on terms agreed between the parties.

The non-trade amount due to a subsidiary is unsecured and interest-free, and is repayable on demand.

Retention sums relate to certain investment properties acquired in the prior years.

The Group and the Trust's exposure to liquidity risk related to trade and other payables are disclosed in Note 8.

# NOTES TO THE FINANCIAL STATEMENTS

## 8. INTEREST-BEARING BORROWINGS

	Group		Trust	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
<b>Non-current liabilities</b>				
Secured loans	–	100,000	–	100,000
Unsecured loans	147,500	113,500	147,500	113,500
Fixed rate notes (unsecured)	365,000	315,000	50,000	–
Loan from subsidiary (unsecured)	–	–	315,000	315,000
Unamortised loan transaction costs	(2,910)	(3,246)	(2,910)	(3,246)
Total interest-bearing borrowings	509,590	525,254	509,590	525,254

The weighted average all-in cost of debt as at 31 December 2016 was 3.7% per annum (2015: 3.7% per annum).

### Terms and debt repayment schedule

Terms and conditions of outstanding loans and borrowings are as follows:

	Nominal interest rate %	Year of maturity	2016		2015	
			Face value \$'000	Gross carrying amount \$'000	Face value \$'000	Gross carrying amount \$'000
<b>Group</b>						
<b>Secured</b>						
Term loan facility						
– S\$ floating rate loan	SOR* + margin	2017	–	–	100,000	100,000
<b>Unsecured</b>						
Term loan facilities						
– S\$ fixed rate loan	3.60%	2019	100,000	100,000	100,000	100,000
– S\$ floating rate loan	SOR* + margin	2021	25,000	25,000	–	–
Revolving credit facilities						
– S\$ floating rate loan	SOR* + margin	2019	–	–	13,500	13,500
– S\$ floating rate loan	SOR* + margin	2021	22,500	22,500	–	–
Medium Term Notes						
– S\$ fixed rate notes	4.10%	2020	30,000	30,000	30,000	30,000
– S\$ fixed rate notes	3.50%	2018	155,000	155,000	155,000	155,000
– S\$ fixed rate notes	3.95%	2020	130,000	130,000	130,000	130,000
– S\$ fixed rate notes	3.95%	2023	50,000	50,000	–	–
			512,500	512,500	528,500	528,500

# NOTES TO THE FINANCIAL STATEMENTS

## 8. INTEREST-BEARING BORROWINGS (CONT'D)

	Nominal interest rate %	Year of maturity	←----- 2016-----→		←-----2015-----→	
			Face value \$'000	Gross carrying amount \$'000	Face value \$'000	Gross carrying amount \$'000
<b>Trust</b>						
<b>Secured</b>						
Term loan facility						
– S\$ floating rate loan	SOR* + margin	2017	–	–	100,000	100,000
<b>Unsecured</b>						
Term loan facilities						
– S\$ fixed rate loan	3.60%	2019	100,000	100,000	100,000	100,000
– S\$ floating rate loan	SOR* + margin	2021	25,000	25,000	–	–
Revolving credit facilities						
– S\$ floating rate loan	SOR* + margin	2019	–	–	13,500	13,500
– S\$ floating rate loan	SOR* + margin	2021	22,500	22,500	–	–
Medium Term Note						
– S\$ fixed rate notes	3.95%	2023	50,000	50,000	–	–
Loans from a subsidiary						
– S\$ fixed rate loan	4.10%	2020	30,000	30,000	30,000	30,000
– S\$ fixed rate loan	3.50%	2018	155,000	155,000	155,000	155,000
– S\$ fixed rate loan	3.95%	2020	130,000	130,000	130,000	130,000
			<u>512,500</u>	<u>512,500</u>	<u>528,500</u>	<u>528,500</u>

\* Swap Offer Rate.

The nominal interest rate for the S\$ floating rate loans is determined by a margin plus SOR per annum.

The following are the expected contractual undiscounted cash inflows/(outflows) of interest-bearing borrowings including interest payments and other borrowing costs, and trade and other payables:

	Gross carrying amount \$'000	Contractual cash flows \$'000	←----- Cash flow -----→		
			Within 1 year \$'000	Between 2 to 5 years \$'000	More than 5 years \$'000
<b>Group</b>					
<b>2016</b>					
<b>Non-derivative financial liabilities</b>					
Term loan facilities					
– S\$ fixed rate loan	100,000	(108,098)	(3,383)	(104,715)	–
– S\$ floating rate loan	25,000	(28,117)	(673)	(27,444)	–
Revolving credit facility					
– S\$ floating rate loan	22,500	(25,305)	(606)	(24,699)	–
Medium Term Notes					
– S\$ fixed rate notes	30,000	(34,091)	(1,014)	(33,077)	–
– S\$ fixed rate notes	155,000	(165,003)	(4,578)	(160,425)	–
– S\$ fixed rate notes	130,000	(147,388)	(4,558)	(142,830)	–
– S\$ fixed rate notes	50,000	(62,548)	(1,688)	(7,905)	(52,955)
Trade and other payables*	29,743	(29,743)	(20,849)	(8,894)	–
	<u>542,243</u>	<u>(600,293)</u>	<u>(37,349)</u>	<u>(509,989)</u>	<u>(52,955)</u>

# NOTES TO THE FINANCIAL STATEMENTS

## 8. INTEREST-BEARING BORROWINGS (CONT'D)

	Gross carrying amount \$'000	Contractual cash flows \$'000	Cash flow		
			Within 1 year \$'000	Between 2 to 5 years \$'000	More than 5 years \$'000
<b>Group</b>					
<b>2015</b>					
<b>Non-derivative financial liabilities</b>					
Term loan facilities					
– S\$ floating rate loan	100,000	(104,235)	(2,635)	(101,600)	–
– S\$ fixed rate loan	100,000	(112,202)	(3,393)	(108,809)	–
Revolving credit facility					
– S\$ floating rate loan	13,500	(14,999)	(421)	(14,578)	–
Medium Term Notes					
– S\$ fixed rate notes	30,000	(35,324)	(1,018)	(34,306)	–
– S\$ fixed rate notes	155,000	(170,443)	(4,593)	(165,850)	–
– S\$ fixed rate notes	130,000	(152,537)	(4,572)	(147,965)	–
Trade and other payables*	32,634	(32,634)	(23,891)	(8,743)	–
	561,134	(622,374)	(40,523)	(581,851)	–
<b>Derivative financial asset</b>					
Interest rate swaps	(604)	430	430	–	–
	560,530	(621,944)	(40,093)	(581,851)	–
<b>Trust</b>					
<b>2016</b>					
<b>Non-derivative financial liabilities</b>					
Term loan facilities					
– S\$ fixed rate loan	100,000	(108,098)	(3,383)	(104,715)	–
– S\$ floating rate loan	25,000	(28,117)	(673)	(27,444)	–
Revolving credit facility					
– S\$ floating rate loan	22,500	(25,305)	(606)	(24,699)	–
Medium Term Note					
– S\$ fixed rate note	50,000	(62,548)	(1,688)	(7,905)	(52,955)
Loans from a subsidiary					
– S\$ fixed rate loan	30,000	(34,091)	(1,014)	(33,077)	–
– S\$ fixed rate loan	155,000	(165,003)	(4,578)	(160,425)	–
– S\$ fixed rate loan	130,000	(147,388)	(4,558)	(142,830)	–
Trade and other payables*	29,434	(29,434)	(20,770)	(8,664)	–
	541,934	(599,984)	(37,270)	(509,759)	(52,955)
<b>2015</b>					
<b>Non-derivative financial liabilities</b>					
Term loan facilities					
– S\$ floating rate loan	100,000	(104,235)	(2,635)	(101,600)	–
– S\$ fixed rate loan	100,000	(112,202)	(3,393)	(108,809)	–
Revolving credit facility					
– S\$ floating rate loan	13,500	(14,999)	(421)	(14,578)	–
Loans from a subsidiary					
– S\$ fixed rate loan	30,000	(35,324)	(1,018)	(34,306)	–
– S\$ fixed rate loan	155,000	(170,443)	(4,593)	(165,850)	–
– S\$ fixed rate loan	130,000	(152,537)	(4,572)	(147,965)	–
Trade and other payables*	32,435	(32,435)	(23,693)	(8,742)	–
	560,935	(622,175)	(40,325)	(581,850)	–
<b>Derivative financial asset</b>					
Interest rate swaps	(604)	430	430	–	–
	560,331	(621,745)	(39,895)	(581,850)	–

\* Trade and other payables exclude rent received in advance.

# NOTES TO THE FINANCIAL STATEMENTS

## 8. INTEREST-BEARING BORROWINGS (CONT'D)

As at the reporting date, the Group has in place unsecured borrowings comprising:

### (A) Term loans and revolving credit facilities

- (i) 4-year loan facility maturing in June 2019 ("TLF1") consisting of:
  - Facility A: \$100 million term loan facility at a fixed rate of 3.6% per annum for 3.5 years from the date of loan drawn down; and
  - Facility B: \$50 million revolving credit facility at an interest rate of margin plus swap offer rate.
- (ii) 4.75-year loan facility maturing in June 2021 ("TLF2") consisting of:
  - Facility A: \$25 million term loan facility at an interest rate of margin plus swap offer rate for 4.75 years from the date of loan drawn down; and
  - Facility B: \$75 million revolving credit facility at an interest rate of margin plus swap offer rate.

As at 31 December 2016, the total amount outstanding under the term loan and revolving credit facilities were \$125.0 million and \$22.5 million respectively.

### (B) Unsecured Medium Term Notes

On 2 February 2012, Cambridge Industrial Trust, through its wholly owned subsidiary, Cambridge-MTN Pte. Ltd. (the "Issuer"), established a \$500 million multi-currency medium term note programme (the "MTN Programme"). The MTN Programme was modified and renamed as \$750 million multi-currency debt issuance programme (the "Debt Issuance Programme") in March 2016 to allow the issue of medium term notes (the "Notes") and/or perpetual securities (the "Perps") by either the Trust and/or the Issuer.

Under the Debt Issuance Programme, the Trust and/or the Issuer may, subject to compliance with all relevant laws, regulations, and directives, from time to time issue the Notes/Perps denominated in Singapore dollars and/or any other currencies.

The payment of all amounts payable in respect of the Notes/Perps are unconditionally and irrevocably guaranteed by RBC Investor Services Trust Singapore Limited (in its capacity as trustee of CIT) (the "Guarantor").

The Notes/Perps may be issued in series having one or more issue dates and the same maturity date, and on identical terms.

# NOTES TO THE FINANCIAL STATEMENTS

## 8. INTEREST-BEARING BORROWINGS (CONT'D)

### (B) Unsecured Medium Term Notes (Cont'd)

The Group issued the following Notes under its Debt Issuance Programme:

- \$30 million 6-year Fixed Rate Notes issued in April 2014, bearing a fixed interest rate of 4.10% per annum payable semi-annually in arrears which will mature in April 2020.
- \$155 million 4-year Fixed Rate Notes comprising Tranche 1 \$100 million issued in November 2014 and Tranche 2 \$55 million issued in January 2015, bearing a fixed interest rate of 3.50% per annum payable semi-annually in arrears which will mature in November 2018.
- \$130 million 5-year Fixed Rate Notes issued in May 2015, bearing a fixed interest rate of 3.95% per annum payable semi-annually in arrears which will mature in May 2020.
- \$50 million 7-year Fixed Rate Notes issued in May 2016, bearing a fixed interest rate of 3.95% per annum payable semi-annually in arrears which will mature in May 2023.

The Issuer has on-lent the net proceeds from the issuance of the Notes to the Trust, which in turn, had used such proceeds to finance property acquisitions and/or repayment of existing loans.

## 9. DERIVATIVE FINANCIAL INSTRUMENTS

	<b>Group and Trust</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current asset</b>		
Interest rate swaps	–	604
<b>Total derivative assets</b>	–	604
Derivative financial instruments as a percentage of net assets	–	0.07%

### **Interest rate swaps**

The Group manages its exposure to interest rate movements on its floating rate loans and borrowings by entering into interest rate swaps. The Group unwound its interest rate swaps during the financial year.

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

The Group's derivative transactions that are not transacted on an exchange are entered into under International Swaps and Derivatives Association (ISDA) Master Netting Agreements. In general, under such agreements the amounts owed by each counterparty that are due on a single day in respect of all transactions outstanding in the same currency are aggregated into a single net amount being payable by one party to the other. In certain circumstances, for example if a credit event such as a default occurs, all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is due or 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 the right of set-off of recognised amounts is enforceable only following an event of default, insolvency or bankruptcy of the Group and of the counterparties. In addition, the Group and its counterparties do not intend to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

# NOTES TO THE FINANCIAL STATEMENTS

## 10. UNITS IN ISSUE

	<b>Trust</b>	
	<b>2016</b>	<b>2015</b>
	<b>Number</b>	<b>Number</b>
	<b>of units</b>	<b>of units</b>
	<b>'000</b>	<b>'000</b>
Units in issue:		
At 1 January	1,297,775	1,269,030
Units created:		
– Distribution Reinvestment Plan	6,659	22,184
– Management fees paid in units (base fees)	–	6,475
– Acquisition fees paid in units	–	86
Total issued and issuable units at 31 December	1,304,434	1,297,775

### Distribution Reinvestment Plan

During the financial year, the Trust issued a total of 6.6 million units (2015: 22.2 million units) in lieu of distribution payments pursuant to a Distribution Reinvestment Plan (“DRP”), whereby the Unitholders have the option to receive their distribution payment in units instead of cash or a combination of units and cash as follows:

<b>Date of Issue</b>	<b>Number of units issued</b>	<b>Issue price per unit (\$)</b>	<b>Period relating to</b>
<b>2016</b>			
29 February 2016	6,659,229	0.4937	1 October 2015 to 31 December 2015
<b>2015</b>			
27 February 2015	6,960,810	0.6669	1 October 2014 to 31 December 2014
10 June 2015	7,392,728	0.6886	1 January 2015 to 31 March 2015
8 September 2015	1,823,992	0.6499	1 April 2015 to 30 June 2015
8 December 2015	6,007,201	0.6072	1 July 2015 to 30 September 2015

Units issued in lieu of distribution payment pursuant to DRP rank pari passu in all respects with the units in issue which include the entitlement to all future distributions.

# NOTES TO THE FINANCIAL STATEMENTS

## 10. UNITS IN ISSUE (CONT'D)

### Management fees paid in units

There were no management fees paid in units during the financial year.

In the previous financial year, the Trust issued a total of 6.5 million units to the Manager as partial payment for management fees as follows:

<b>Date of Issue</b>	<b>Number of units issued</b>	<b>Issue price per unit (\$)</b>	<b>Period relating to</b>
<b>2015</b>			
16 January 2015	2,513,309	0.6813	1 October 2014 to 31 December 2014
24 April 2015	1,214,643	0.7173	1 January 2015 to 31 March 2015
28 July 2015	1,317,344	0.6856	1 April 2015 to 30 June 2015
27 October 2015	1,429,730	0.6230	1 July 2015 to 30 September 2015

Units issued as partial settlement rank pari passu in all respects with the units in issue which include the entitlement to all future distributions.

### Unitholders' rights

Each unit in the Trust represents an undivided interest in the Trust. The rights and interests of Unitholders are contained in the Trust Deed and include the right to:

- receive income and other distributions attributable to the units held;
- participate in the termination of the Trust by receiving a share of all net cash proceeds derived from the realisation of the assets of the Trust less any liabilities, in accordance with their proportionate interests in the Trust. However, a Unitholder has no equitable or proprietary interest in the underlying assets of the Trust and is not entitled to the transfer to it of any assets (or part thereof) or any estate or interest in any asset (or part thereof) of the Trust;
- attend all Unitholders' meetings. The Trustee or the Manager may (and the Manager shall at the request in writing of not less than 50 Unitholders or one-tenth in number of Unitholders, whichever is lesser) at any time convene a meeting of Unitholders in accordance with the provisions of the Trust Deed; and
- one vote per unit.

The limitations on a Unitholder's rights include the following:

- a Unitholder's right is limited to the right to require due administration of the Trust in accordance with the provisions of the Trust Deed; and
- a Unitholder has no right to request the Manager to redeem his units while the units are listed on the SGX-ST.

A Unitholder's liability is limited to the amount paid or payable for any unit in the Trust. The provisions of the Trust Deed provide that no Unitholder will be personally liable to indemnify the Trustee or any creditor of the Trustee in the event that the liabilities of the Trust exceed its assets.



# NOTES TO THE FINANCIAL STATEMENTS

## 11. GROSS REVENUE

	Group		Trust	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Property rental income	111,839	111,541	109,179	109,545
Other income	248	703	248	703
	<u>112,087</u>	<u>112,244</u>	<u>109,427</u>	<u>110,248</u>

## 12. PROPERTY EXPENSES

	Group		Trust	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Land rental	8,618	7,362	8,618	7,362
Property tax	6,984	6,217	6,984	6,217
Repair and maintenance expenses	7,228	5,136	7,227	5,136
Property and lease management fees	5,163	4,791	5,093	4,736
Other property operating expenses	1,821	2,582	1,794	2,546
	<u>29,814</u>	<u>26,088</u>	<u>29,716</u>	<u>25,997</u>

## 13. MANAGEMENT FEES AND PERFORMANCE FEES

	Group and Trust	
	2016 \$'000	2015 \$'000
Management fees paid and payable		
– in cash	7,060	4,450
– in units	–	2,665
	<u>7,060</u>	<u>7,115</u>

There is no performance fee payable for the financial year as the Trust has not outperformed the initial Highest DPU Threshold of 6.000 cents for the financial year ended 31 December 2016. In any case, the Manager opted to waive the performance fee entitlement for the financial years ended 31 December 2015 and 2016. Please see Note 1B(ii) for more details on the revised performance fee structure.

The total amount of performance fee accruing to the Manager under the previous performance fee structure of approximately \$1.3 million as at 31 December 2016 was fully paid in January 2017.

Please see Note 10 for the Manager's base fees paid in units.

# NOTES TO THE FINANCIAL STATEMENTS

## 14. TRUST EXPENSES

	Group		Trust	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Trustee's fees	384	385	384	385
Valuation fees	125	125	123	121
Professional fees	633	965	567	914
Other expenses	728	851	759	915
	<u>1,870</u>	<u>2,326</u>	<u>1,833</u>	<u>2,335</u>

Included in the professional fees are audit fees paid/payable to the auditors of the Group amounting to \$179,000 (2015: \$180,000) and non-audit fees paid/payable to the auditors of the Group amounting to \$78,000 (2015: \$118,000).

The trust expenses decreased due to costs in connection with the acquisition of the remaining 40% interest in Cambridge SPV1 LLP ("CSPV1") in March 2015 (see Note 21 for more details), legal and professional fees relating to general corporate works and the revision of the performance fee structure being included in the previous year.

## 15. BORROWING COSTS

	Group		Trust	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Borrowing costs paid and payable:				
– bank loans	6,329	8,743	6,329	8,391
– financial derivatives	(173)	(88)	(173)	(88)
– fixed rate notes	13,105	10,145	1,282	–
– loans from a subsidiary	–	–	11,823	10,145
Amortisation of transaction costs relating to debt facilities	1,886	3,420	1,881	3,334
	<u>21,147</u>	<u>22,220</u>	<u>21,142</u>	<u>21,782</u>

## 16. GAIN ON DISPOSAL OF INVESTMENT PROPERTIES

The gain on disposal of investment properties represents the excess of proceeds from disposal over the carrying value of properties disposed of during the financial year.

# NOTES TO THE FINANCIAL STATEMENTS

## 17. INCOME TAX EXPENSE

	Group		Trust	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
<b>Reconciliation of effective tax rate</b>				
Total return for the year before income tax	7,087	52,517	5,418	52,362
Income tax using Singapore tax rate of 17% (2015: 17%)	1,205	8,928	921	8,902
Income not subject to tax	(209)	–	(209)	–
Non-tax deductible items	8,265	1,225	8,549	1,251
Tax transparency	(9,261)	(10,153)	(9,261)	(10,153)
Income tax expense	–	–	–	–

In a prior year, the Group recorded a gain from the disposal of the Trust's interest in the 63 Hillview property. The Manager is of the view that the gain is capital in nature and should not be subject to income tax. No provision has been made for the contingent tax. If the gain is taxable, income tax payable on the gain, based on management's estimate, would be approximately \$11.4 million.

## 18. EARNINGS AND DISTRIBUTION PER UNIT

### (a) Basic earnings per unit

The calculation of basic earnings per unit is based on the weighted average number of units in issue and the total return after tax for the financial year.

	Group		Trust	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Total return before income tax	7,087	52,517	5,418	52,362
Less: income tax expense*	–	–	–	–
Total return after income tax	7,087	52,517	5,418	52,362

\* Less than \$1,000

	Group and Trust Number of Units	
	2016 '000	2015 '000
Weighted average number of units:		
– Units issued at beginning of year	1,297,775	1,269,030
Effect of issue of new units:		
– Distribution Reinvestment Plan	5,586	10,995
– Management fees paid in units	–	4,064
– Acquisition fees paid in units	–	66
	1,303,361	1,284,155

	Group		Trust	
	2016	2015	2016	2015
Basic earnings per unit (cents)	0.544	4.090	0.416	4.078

# NOTES TO THE FINANCIAL STATEMENTS

## 18. EARNINGS AND DISTRIBUTION PER UNIT (CONT'D)

### (b) Diluted earnings per unit

Diluted earnings per unit is the same as the basic earnings per unit as there were no dilutive instruments in issue during the current and previous financial year.

### (c) Distribution per unit

The calculation of distribution per unit is based on the total amount available for distribution for the financial year and the applicable number of units which is either the number of units in issue at the end of each period or the applicable number of units in issue during the financial year.

	<b>Group and Trust</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
Total amount available for distribution	54,476	61,813
	<b>Number of Units</b>	
	<b>2016</b>	<b>2015</b>
	<b>'000</b>	<b>'000</b>
Applicable number of units for the calculation of DPU	1,305,440	1,289,652
Distribution per unit (cents)	4.173	4.793

## 19. EQUITY ISSUE COSTS

The equity issue costs of \$33,000 (2015: \$295,000) incurred in relation to the distribution reinvestment plan are deducted directly against Unitholders' funds.

# NOTES TO THE FINANCIAL STATEMENTS

## 20. DETERMINATION OF FAIR VALUES OF INVESTMENT PROPERTIES

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.

### ***Investment properties***

Investment properties are stated at fair value based on valuations as at 31 December 2016 performed by independent professional valuers, having appropriate recognised professional qualifications and experience in the location and category of property being valued. Independent valuations are obtained annually for all investment properties. Any change in the fair value is recorded in the Statement of Total Return.

In determining the fair value, the valuers have used valuation methods which involve certain estimates. The Manager has exercised its judgment and is satisfied that the valuation methods and estimates are reflective of the current market conditions.

The independent professional valuers have considered valuation techniques including direct comparison method, capitalisation approach and/or discounted cash flow analysis in arriving at the open market value as at the reporting date. The key assumptions used to determine the fair value of investment properties include market-corroborated capitalisation rate, terminal yield, discount rate and market rental growth rates.

The direct comparison method involves the analysis of comparable sales of similar properties and adjusting the sale prices to that reflective of the investment properties. The capitalisation approach capitalises an income stream into a present value using revenue multipliers or single-year capitalisation rates. The discounted cash flow method involves the estimation and projection of an income stream over a period and discounting the income stream with an expected rate of return.

### ***Valuation processes applied by the Group***

The Group has an established control framework with respect to the measurement of fair values. This framework includes a real estate team that reports directly to the Chief Executive Officer of the Manager, and has an overall responsibility for all significant fair value measurements, including Level 3 fair values.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information is used to measure fair value, then the valuation team assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of FRS, including the level in the fair value hierarchy the resulting fair value estimate should be classified.

Significant valuation issues are reported to the Manager's Board.

# NOTES TO THE FINANCIAL STATEMENTS

## 20. DETERMINATION OF FAIR VALUES OF INVESTMENT PROPERTIES (CONT'D)

### *Fair value hierarchy*

The table below analyses recurring non-financial assets carried at fair value. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities that the Group can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: unobservable inputs for the asset or liability.

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

The Group recognises any transfers between levels of the fair value hierarchy as of the end of the reporting period during which the transfer has occurred. There were no such transfers during the current and previous financial year.

The table below analyses non-financial assets carried at fair value.

	<b>Level 3 \$'000</b>
<b>Group</b>	
<b>31 December 2016</b>	
Investment properties (including investment properties held for divestment)	1,354,000
<b>31 December 2015</b>	
Investment properties (including investment properties held for divestment)	1,418,000
<b>Trust</b>	
<b>31 December 2016</b>	
Investment properties (including investment properties held for divestment)	1,314,000
<b>31 December 2015</b>	
Investment properties (including investment properties held for divestment)	1,379,700

# NOTES TO THE FINANCIAL STATEMENTS

## 20. DETERMINATION OF FAIR VALUES OF INVESTMENT PROPERTIES (CONT'D)

### Level 3 fair values

The reconciliation of investment properties for the financial year for Level 3 fair value measurements is shown in Note 4.

The following table shows the key unobservable inputs used in the valuation model:

Type	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
<i>Investment properties</i>		
Discounted cash flow approach and capitalisation approach	<ul style="list-style-type: none"> <li>• Market rental growth of 3.0% (2015: 3.0% to 4.0%) per annum</li> <li>• Risk-adjusted discount rates of 8.0% (2015: 8.0% to 8.25%)</li> <li>• Capitalisation rates from 5.75% to 7.0% (2015: 5.75% to 7.5%)</li> <li>• Terminal yield rates from 6.0% to 7.5% (2015: 6.0% to 8.0%)</li> </ul>	<p>The estimated fair value would increase/(decrease) if:</p> <ul style="list-style-type: none"> <li>• expected market rental growth were higher/(lower);</li> <li>• the risk-adjusted discount rate were lower/(higher);</li> <li>• the capitalisation rates were lower/(higher); or</li> <li>• the terminal yield rates were lower/(higher).</li> </ul>

Key unobservable inputs correspond to:

- Market rental growth, capitalisation and terminal yield rates derived from specialised publications from the industrial market and recent sales in the industrial sector.
- Discount rates, based on the risk-free rate for 10-year bonds issued by the Singapore government, adjusted for a risk premium to reflect the increased risk of investing in the asset class.

## 21. ACQUISITION OF SUBSIDIARY

In March 2015, the Trust incorporated a wholly owned subsidiary, Cambridge SPV2 Pte. Ltd. ("CSPV2") with a capital of \$1. The Trust, together with CSPV2, increased its equity interest in CSPV1 from 60% to 100% by acquiring the remaining 40% partnership interest in CSPV1 from Oxley Projects Pte. Ltd., an interested party to the Trust ("Cambridge LLP Acquisition"). CSPV1, previously a joint venture, became a wholly owned entity of the Trust and its accounts have been consolidated since completion of the Cambridge LLP Acquisition in March 2015.

## 22. COMMITMENTS

### (a) Lease commitments

CIT's investment properties are leased. Non-cancellable operating lease rentals are receivable as follows:

	Group		Trust	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Receivable:				
– Within 1 year	103,844	102,378	101,854	100,538
– After 1 year but within 5 years	186,784	209,916	176,749	200,427
– After 5 years	165,879	166,887	120,627	119,098
	456,507	479,181	399,230	420,063

# NOTES TO THE FINANCIAL STATEMENTS

## 22. COMMITMENTS (CONT'D)

### (b) Operating lease commitments

CIT is required to pay annual land rent to Jurong Town Corporation ("JTC"), Housing & Development Board ("HDB") and Ascendas Land (Singapore) Pte Ltd ("Ascendas") for 33 properties (2015: 30 properties).

The annual land rent is based on market rent for the relevant year and any increase in annual land rent from year to year shall not exceed 5.5% of the annual land rent for the respective properties for the immediate preceding year. The land rent paid based on prevailing rental rates during the financial year was \$8.6 million for 33 properties (2015: \$7.4 million for 30 properties).

As at 31 December 2016 and 31 December 2015, CIT had the following operating lease commitments based on the underlying land leases which range from 27 to 99 years.

	<b>Gross amount \$'000</b>	<b>Borne by tenants \$'000</b>	<b>Net amount \$'000</b>	<b>Within 1 year \$'000</b>	<b>Within 1 to 5 years \$'000</b>	<b>More than 5 years \$'000</b>
<b>Group</b>						
<b>2016</b>						
<b>Land rents</b>						
- JTC	323,159	(95,858)	227,301	6,297	25,187	195,817
- HDB	90,115	-	90,115	2,467	9,865	77,783
- Ascendas	20,504	-	20,504	607	2,427	17,470
	<u>433,778</u>	<u>(95,858)</u>	<u>337,920</u>	<u>9,371</u>	<u>37,479</u>	<u>291,070</u>
<b>2015</b>						
<b>Land rents</b>						
- JTC	357,295	(147,579)	209,716	5,995	22,172	181,549
- HDB	90,323	-	90,323	2,411	9,644	78,268
- Ascendas	21,111	-	21,111	607	2,427	18,077
	<u>468,729</u>	<u>(147,579)</u>	<u>321,150</u>	<u>9,013</u>	<u>34,243</u>	<u>277,894</u>
<b>Trust</b>						
<b>2016</b>						
<b>Land rents</b>						
- JTC	295,251	(87,596)	207,655	6,297	25,187	176,171
- HDB	90,115	-	90,115	2,467	9,865	77,783
- Ascendas	20,504	-	20,504	607	2,427	17,470
	<u>405,870</u>	<u>(87,596)</u>	<u>318,274</u>	<u>9,371</u>	<u>37,479</u>	<u>271,424</u>
<b>2015</b>						
<b>Land rents</b>						
- JTC	324,175	(137,774)	186,401	5,995	22,172	158,234
- HDB	90,323	-	90,323	2,411	9,644	78,268
- Ascendas	21,111	-	21,111	607	2,427	18,077
	<u>435,609</u>	<u>(137,774)</u>	<u>297,835</u>	<u>9,013</u>	<u>34,243</u>	<u>254,579</u>

### (c) Capital commitments

As at the reporting date, the Group had \$5.6 million (2015: \$2.0 million) of capital expenditure commitments relating to asset enhancement initiatives and capital expenditure for investment properties that had been authorised and contracted for but not provided in the consolidated financial statements. These capital projects are targeted to be completed in 2017.



# NOTES TO THE FINANCIAL STATEMENTS

## 23. RELATED PARTIES

For the purposes of these financial statements, parties are considered to be related to the Group if the Manager or the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Manager and the party are subject to common significant influence. Related parties may be individuals or other entities.

Other than as disclosed elsewhere in the financial statements, there were the following significant related party transactions carried out in the normal course of business on terms agreed between the parties:

	<b>Group and Trust</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Cambridge Industrial Trust Management Limited (the Manager)</b>		
Management fees paid and payable		
– in cash	7,060	4,450
– in units	–	2,665
Acquisition fee paid		
– in cash	–	162
– in units	–	60
Disposal fee paid	135	–
<b>Cambridge Industrial Property Management Pte. Ltd. (Subsidiary of immediate holding company of the Manager)</b>		
Property manager's fees paid and payable	3,294	3,282
Lease marketing services commission paid and payable	1,708	1,803
Project management fees paid and payable	84	137
<b>RBC Investor Services Trust Singapore Limited (the Trustee)</b>		
Trustee fees paid and payable	384	385
<b>National Australia Bank Limited (Related company of the Manager) (Note 1)</b>		
Loan disbursed	–	13,125
Loan repaid	100,000	88,125
Loan transaction costs paid and payable	–	20
Commitment fee paid and payable	–	74
Interest paid and payable	1,565	3,753
Hedging costs paid/payable on partial unwinding of interest rate swaps	65	175
<b>Oxley Projects Pte. Ltd. (Related company of the Manager) (Note 2)</b>		
Acquisition of remaining 40% partnership interest in CSPV1	–	10,967

Note 1: National Australia Bank Limited ("NAB"), was the ultimate holding company of nabInvest Capital Partners Pty Limited ("nabInvest Capital") in Australia, and was related to the Manager by virtue of nabInvest Capital's indirect equity interest of 56% in the Manager.

Note 2: Oxley Projects Pte. Ltd. ("Oxley"), which was a subsidiary of the Oxley Global Limited, was related to the Manager by virtue of Oxley Global's indirect equity interest of 24% in the Manager.

Please refer to Note 27 for details on the change of shareholders in the Manager, whereby NAB and Oxley ceased to be related parties on 18 January 2017.

# NOTES TO THE FINANCIAL STATEMENTS

## 24. FINANCIAL INSTRUMENTS

### *Financial risk management*

#### *Capital management*

As part of its finance policy, the Board of the Manager (the "Board") proactively reviews the Trust's capital and debt management regularly so as to optimise the Trust's funding structure. The Board also monitors the Group's exposure to various risk elements and externally imposed requirements by closely adhering to clearly established management policies and procedures.

The Group is subject to the aggregate leverage limit as defined in the Property Fund Appendix of the CIS code. With effect from 1 January 2016, 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. Prior to 1 January 2016, the Aggregate Leverage of a property fund may go up to a maximum of 60.0% if a credit rating of the property fund from Fitch Inc., Moody's or Standard and Poor's was obtained and disclosed to the public. The property fund was required to maintain and disclose a credit rating so long as its aggregate leverage exceeded 35.0% of the fund's deposited property.

Notwithstanding the change to a single tier Aggregate Leverage limit, the Trust continues to maintain an issuer rating of "Baa3" with Moody's Investors Service. As at the reporting date, the Aggregate Leverage of the Group is 37.5%. (2015: 36.9%). The Group and the Trust are in compliance with the Aggregate Leverage limit of 45.0% during the financial year.

#### *Overview*

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 Audit, Risk Management and Compliance Committee ("ARCC") oversees how management monitors compliance with the Trust's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Trust. The ARCC is assisted in its oversight role by Internal Audit. Internal Audit, which is outsourced to a public accounting firm, undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the ARCC.

#### *Credit risk*

Credit risk is the potential financial loss resulting from the failure of a customer or a counterparty to settle its financial and contractual obligations to the Group, as and when they fall due.

The Manager has established credit limits for tenants and monitors amounts receivable on an on-going basis. Credit evaluations are performed by the Manager before lease agreements are entered into with the lessees. In addition, the Group requires the lessees to provide tenancy security deposits or corporate guarantees, or to assign rental proceeds from sub-lessees to CIT.

The Manager establishes an allowance for impairment that represents its estimate of losses in respect of trade and other receivables. The main component of this allowance is estimated losses that relate to specific tenants or counterparties.

Cash and fixed deposits are placed with financial institutions which are regulated.

At the reporting date, except as disclosed in Note 6, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying value of each financial asset on the Statement of Financial Position.

# NOTES TO THE FINANCIAL STATEMENTS

## 24. FINANCIAL INSTRUMENTS (CONT'D)

### Interest rate risk

The Group's exposure to changes in interest rates relate primarily to its interest-bearing financial liabilities. Interest rate risk is managed by the Manager on an ongoing basis with the primary objective of limiting the extent to which net interest expense could be affected by adverse movements in interest rates. The Group adopts a policy of ensuring that the majority of its exposures to changes in interest rates on borrowings is on a fixed-rate basis. This is achieved by entering into interest rate swaps and fixed rate borrowings.

### (a) Effective interest rates and repricing analysis

In respect of interest-earning financial assets and interest-bearing financial liabilities, the following table indicates the effective interest rates as at 31 December 2016 and 31 December 2015 and the periods at which they reprice.

	Effective interest rate %	Floating interest \$'000	Fixed interest rate maturing within 1 to 5 years \$'000	Fixed interest rate maturing more than 5 years \$'000	Total \$'000
<b>Group</b>					
<b>2016</b>					
<b>Financial liabilities</b>					
Interest-bearing borrowings					
– S\$ fixed rate	3.60	–	100,000	–	100,000
– S\$ floating rate	2.49	47,500	–	–	47,500
Medium Term Notes					
– S\$ fixed rate notes	4.10	–	30,000	–	30,000
– S\$ fixed rate notes	3.50	–	155,000	–	155,000
– S\$ fixed rate notes	3.95	–	130,000	–	130,000
– S\$ fixed rate notes	3.95	–	–	50,000	50,000
		47,500	415,000	50,000	512,500
<b>2015</b>					
<b>Financial liabilities</b>					
Interest-bearing borrowings					
– S\$ floating rate	2.58	100,000	–	–	100,000
– S\$ fixed rate	3.60	–	100,000	–	100,000
– S\$ floating rate	2.82	13,500	–	–	13,500
Medium Term Notes					
– S\$ fixed rate notes	4.10	–	30,000	–	30,000
– S\$ fixed rate notes	3.50	–	155,000	–	155,000
– S\$ fixed rate notes	3.95	–	130,000	–	130,000
		113,500	415,000	–	528,500
<b>Financial assets</b>					
Derivative financial instruments					
	0.88	–	604	–	604

# NOTES TO THE FINANCIAL STATEMENTS

## 24. FINANCIAL INSTRUMENTS (CONT'D)

### Interest rate risk (Cont'd)

#### (a) Effective interest rates and repricing analysis (Cont'd)

	Effective interest rate %	Floating interest \$'000	Fixed interest rate maturing within 1 to 5 years \$'000	Fixed interest rate maturing more than 5 years \$'000	Total \$'000
<b>Trust</b>					
<b>2016</b>					
<b>Financial liabilities</b>					
Interest-bearing borrowings					
– S\$ fixed rate	3.60	–	100,000	–	100,000
– S\$ floating rate	2.49	47,500	–	–	47,500
Medium Term Note					
– S\$ fixed rate note	3.95	–	–	50,000	50,000
Loans from a subsidiary					
– S\$ fixed rate loan	4.10	–	30,000	–	30,000
– S\$ fixed rate loan	3.50	–	155,000	–	155,000
– S\$ fixed rate loan	3.95	–	130,000	–	130,000
		47,500	415,000	50,000	512,500
<b>2015</b>					
<b>Financial liabilities</b>					
Interest-bearing borrowings					
– S\$ floating rate	2.58	100,000	–	–	100,000
– S\$ fixed rate	3.60	–	100,000	–	100,000
– S\$ floating rate	2.82	13,500	–	–	13,500
Loans from a subsidiary					
– S\$ fixed rate loan	4.10	–	30,000	–	30,000
– S\$ fixed rate loan	3.50	–	155,000	–	155,000
– S\$ fixed rate loan	3.95	–	130,000	–	130,000
		113,500	415,000	–	528,500
<b>Financial assets</b>					
Derivative financial instruments	0.88	–	604	–	604

#### (b) Sensitivity analysis

In managing the interest rate risk, the Group aims to reduce the impact of short term fluctuations on its earnings.

#### Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

## 24. FINANCIAL INSTRUMENTS (CONT'D)

### *Sensitivity analysis for variable rate instruments*

As at 31 December 2016 and 2015, a change of 100 basis points in interest rates would have increased/(decreased) Unitholders' funds and total return by the amounts shown below:

	Total Return		Unitholders' Funds	
	100 bp increase \$'000	100 bp decrease \$'000	100 bp increase \$'000	100 bp decrease \$'000
<b>Group</b>				
<b>31 December 2016</b>				
Variable rate instruments				
– Interest expense	(475)	481	(475)	481
	<u>(475)</u>	<u>481</u>	<u>(475)</u>	<u>481</u>
<b>31 December 2015</b>				
Variable rate instruments				
– Interest expense	(1,135)	1,619	(1,135)	1,619
Interest rate swaps				
– Interest expense	1,000	(1,427)	1,000	(1,427)
– Change in fair value of financial derivatives	1,136	(845)	1,136	(845)
	<u>1,001</u>	<u>(653)</u>	<u>1,001</u>	<u>(653)</u>

The Group does not designate interest rate swaps as hedging instruments under a cash flow hedge accounting model. Therefore a change in interest rates at the reporting date would not affect Unitholders' funds.

### **Currency risk**

At present, all transactions involving the Group are denominated in Singapore dollars and the Group faces no currency risk. If this were to change in the future, the Manager would consider currency hedging to the extent appropriate.

### **Liquidity risk**

The Manager monitors the liquidity risk of the Group and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations. Typically, the Group ensures that it has sufficient cash on demand and committed revolving credit facilities to meet expected operational expenses for a reasonable period, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot be reasonably predicted, such as natural disasters.

The Manager monitors and observes the CIS Code issued by the MAS concerning limits on total borrowings.

# NOTES TO THE FINANCIAL STATEMENTS

## 24. FINANCIAL INSTRUMENTS (CONT'D)

### **Determination of fair values**

The following summarises the significant methods and assumptions used in estimating the fair values.

#### **(a) Financial derivatives**

The fair values of derivative financial instruments such as interest rate swaps (Level 2 fair values) are based on valuation statements from banks. 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. Fair values reflect the credit risk of the instrument and include adjustments to take into account the credit risk of the Group entity and counterparty when appropriate.

#### **(b) Floating interest-bearing borrowings**

Fair value is calculated based on discounted expected future principal and interest cash flows. The carrying amounts of interest-bearing borrowings which are repriced quarterly approximate the corresponding fair values (see Note 8).

#### **(c) Fixed rate notes**

Fair value is calculated based on discounted expected future principal and interest cash flows.

#### **(d) Other financial assets and liabilities**

The carrying amounts of 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) approximate their fair values because of the short period to maturity. All other financial assets and liabilities are discounted to determine their fair values.

### **Fair value hierarchy**

The table below analyses recurring financial assets and liabilities carried at fair value. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities that the Group can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: unobservable inputs for the asset or liability.

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

The Group recognises any transfers between levels of the fair value hierarchy as of the end of the reporting period during which the transfer has occurred. There were no such transfers during the current and previous year.

The table below analyses fair value measurements for financial assets and financial liabilities, by the levels in the fair value hierarchy based on the inputs to valuation techniques.

# NOTES TO THE FINANCIAL STATEMENTS

## 24. FINANCIAL INSTRUMENTS (CONT'D)

As at the reporting date, there were no financial assets and liabilities carried at fair value.

### *Financial assets and liabilities not carried at fair value but for which fair values are disclosed\**

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Group</b>				
<b>31 December 2016</b>				
Fixed rate loan	–	–	100,000	100,000
Fixed rate notes	–	–	364,991	364,991
	–	–	464,991	464,991
<b>31 December 2015</b>				
Fixed rate loan	–	–	100,009	100,009
Fixed rate notes	–	–	315,024	315,024
	–	–	415,033	415,033
<b>Trust</b>				
<b>31 December 2016</b>				
Fixed rate loan	–	–	100,000	100,000
Fixed rate note	–	–	49,998	49,998
Loans from a subsidiary	–	–	314,993	314,993
	–	–	464,991	464,991
<b>31 December 2015</b>				
Fixed rate loan	–	–	100,009	100,009
Loans from a subsidiary	–	–	315,024	315,024
	–	–	415,033	415,033

\* Excludes financial assets and financial liabilities whose carrying amounts measured on the amortised cost basis which approximate their fair values due to their short-term nature and where the effect of discounting is immaterial.

# NOTES TO THE FINANCIAL STATEMENTS

## 24. FINANCIAL INSTRUMENTS (CONT'D)

### *Classification and fair value of financial instruments*

The fair values of financial assets and liabilities, together with the carrying amounts shown in the Statement of Financial Position, are as follows:

	<b>Note</b>	<b>Loans and receivables \$'000</b>	<b>Fair value through profit or loss \$'000</b>	<b>Other financial liabilities \$'000</b>	<b>Total carrying amount \$'000</b>	<b>Fair value \$'000</b>
<b>Group</b>						
<b>31 December 2016</b>						
Trade and other receivables*	6	4,198	–	–	4,198	4,198
Cash and cash equivalents		3,699	–	–	3,699	3,699
Loans and borrowings	8	–	–	(509,590)	(509,590)	(511,545)
Trade and other payables^	7	–	–	(29,743)	(29,743)	(29,743)
		<u>7,897</u>	<u>–</u>	<u>(539,333)</u>	<u>(531,436)</u>	<u>(533,391)</u>
<b>31 December 2015</b>						
Trade and other receivables*	6	4,262	–	–	4,262	4,262
Cash and cash equivalents		2,656	–	–	2,656	2,656
Derivative financial instruments	9	–	604	–	604	604
Loans and borrowings	8	–	–	(525,254)	(525,254)	(527,641)
Trade and other payables^	7	–	–	(32,634)	(32,634)	(32,634)
		<u>6,918</u>	<u>604</u>	<u>(557,888)</u>	<u>(550,366)</u>	<u>(552,753)</u>
<b>Trust</b>						
<b>31 December 2016</b>						
Trade and other receivables*	6	5,113	–	–	5,113	5,113
Cash and cash equivalents		2,517	–	–	2,517	2,517
Loans and borrowings	8	–	–	(509,590)	(509,590)	(511,545)
Trade and other payables^	7	–	–	(29,433)	(29,433)	(29,433)
		<u>7,630</u>	<u>–</u>	<u>(539,023)</u>	<u>(531,393)</u>	<u>(533,348)</u>
<b>Trust</b>						
<b>31 December 2015</b>						
Trade and other receivables*	6	4,529	–	–	4,529	4,529
Cash and cash equivalents		2,231	–	–	2,231	2,231
Derivative financial instruments	9	–	604	–	604	604
Loans and borrowings	8	–	–	(525,254)	(525,254)	(527,641)
Trade and other payables^	7	–	–	(32,435)	(32,435)	(32,435)
		<u>6,760</u>	<u>604</u>	<u>(557,689)</u>	<u>(550,325)</u>	<u>(552,712)</u>

\* Excludes prepayments and option fees paid.

^ Excludes rent received in advance.



# NOTES TO THE FINANCIAL STATEMENTS

## 25. SEGMENT REPORTING

Segment information is presented based on the information reviewed by CIT's Chief Operating Decision Makers ("CODMs") for performance assessment and resource allocation.

As each investment property is mainly used for industrial (including warehousing) purposes, these investment properties are similar in terms of economic characteristics, nature of services and type of customers. The CODMs are of the view that the Group has only one reportable segment – Leasing of investment properties. This forms the basis of identifying the operating segments of CIT under FRS 108 *Operating Segments*. Accordingly, no geographical segment information has been prepared as all of the Group's investment properties are located in Singapore.

## 26. FINANCIAL RATIOS

	2016 %	2015 %
Expenses to weighted average net assets <sup>(1)</sup>		
– Expense ratio excluding performance-related fee	1.03	1.08
– Expense ratio including performance-related fee <sup>(2)</sup>	1.03	1.08
Portfolio turnover rate <sup>(3)</sup>	3.10	3.92

<sup>(1)</sup> The annualised ratios are computed in accordance with the guidelines of Investment Management Association of Singapore. The expenses used in the computation relate to expenses of CIT, excluding property related expenses, borrowing costs and income tax expense.

<sup>(2)</sup> The expense ratio including performance-related fee would have been 1.48 (2015: 1.56) if adjusted for actual performance fee paid and payable of \$3.9 million (2015: \$4.2 million) for the financial year. The payment of performance fees are subject to an annual fee cap.

<sup>(3)</sup> The annualised ratio is computed based on the lesser of purchases or sales of underlying investment properties of CIT expressed as a percentage of daily average net asset value.

## 27. SUBSEQUENT EVENTS

On 18 January 2017, e-Shang Redwood Limited ("ESR"), through its subsidiary, e-Shang Infinity Cayman Limited (incorporated in Cayman Islands), acquired an aggregate indirect 80% stake in the Manager, from NAB and Oxley.

Subsequent to the acquisition, the shareholders for the Manager are ESR and Mitsui & Co., Ltd., which hold 80% and 20% stake in the Manager, respectively. Accordingly, NAB and Oxley ceased to be related to the Manager following the completion of the acquisition.

**UNAUDITED FINANCIAL STATEMENTS OF ESR-REIT FOR  
THE NINE MONTHS ENDED 30 SEPTEMBER 2017**

*The information in this Appendix IV has been extracted and reproduced from the unaudited financial statements announcement of ESR-REIT for the nine months ended 30 September 2017 and has not been specifically prepared for inclusion in this Information Memorandum. Investors should read the consolidated financial data in conjunction with the related notes.*



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## FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE QUARTER ENDED 30 SEPTEMBER 2017

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The Directors of ESR Funds Management (S) Limited (“ESR-FM”) (formerly known as Cambridge Industrial Trust Management Limited), as manager (“Manager”) of ESR-REIT (formerly known as Cambridge Industrial Trust) are pleased to announce the unaudited results of ESR-REIT and its subsidiaries (the “Group”) for the third quarter ended 30 September 2017.

ESR-REIT is a Singapore-based real estate investment trust constituted by the Trust Deed entered into on 31 March 2006 between ESR-FM as the Manager of ESR-REIT and RBC Investor Services Singapore Limited as the Trustee of ESR-REIT, as amended and restated. ESR-REIT was listed on the Singapore Exchange Securities Trading Limited (“SGX-ST”) on 25 July 2006.

Following the change in the controlling shareholders of the manager of Cambridge Industrial Trust, Cambridge Industrial Trust Management Limited, to e-Shang Infinity Cayman Limited, a subsidiary of e-Shang Redwood Limited, in January 2017, the names of Cambridge Industrial Trust and its manager were renamed as ESR-REIT and ESR-FM respectively on 23 June 2017.

On 21 September 2017, the industrial property at 3 Tuas South Avenue 4 was transferred from Cambridge SPV1 LLP (“Cambridge LLP”) to ESR-REIT to streamline the manner in which the property is held. Cambridge LLP will be struck off subsequent to the property transfer to simplify the group structure.

ESR-REIT’s distribution policy is to distribute at least 90% of its annual distributable income, comprising income from letting of its properties after deduction of allowable expenses. The actual level of distribution will be determined at the Manager’s discretion.

As at 30 September 2017, the Group has a diversified portfolio of 48 properties located across Singapore with a diversified tenant base of over 200 tenants across the following sectors: logistics/warehouse, hi-specs industrial, light industrial, general industrial and business park. The portfolio has a carrying value of approximately S\$1.34 billion and a total gross floor area of approximately 8.2 million square feet.

The Group’s results include the consolidation of its wholly-owned subsidiaries, ESR-MTN Pte. Ltd. (“ESR-MTN”), Cambridge LLP and Cambridge SPV2 Pte. Ltd. (“Cambridge SPV2”). The commentaries below are based on Group results unless otherwise stated.

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Summary of Group's Results

	3Q2017	3Q2016	Inc/ (Dec)	YTD	YTD	Inc/ (Dec)
	S\$'000	S\$'000	%	3Q2017 S\$'000	3Q2016 S\$'000	%
Gross revenue	27,111	27,644	(1.9)	82,523	84,304	(2.1)
Net property income	19,606	19,916	(1.6)	58,519	62,574	(6.5)
Amount available for distribution	12,623	12,887	(2.0)	38,194	41,472	(7.9)
Distribution per unit ("DPU") (cents)	0.964	0.987	(2.3)	2.924	3.177	(8.0)

Distribution and Book Closure Date Details

Distribution period	1 July 2017 to 30 September 2017
Distribution rate	0.964 cents per unit
Books closure date	26 October 2017
Payment date	24 November 2017

The Manager has determined that the distribution reinvestment plan ("DRP") **will apply** to the distribution for the period from 1 July 2017 to 30 September 2017. The pricing of the DRP units issued will be based on the market price less a discount of 2%, to be announced by the Manager on 27 October 2017.

**1(a) Statements of Total Return together with comparative statements for the corresponding period of the immediate preceding financial year**

**Statements of Total Return**

Note	Group			Trust		
	3Q2017 S\$'000	3Q2016 S\$'000	Inc/ (Dec) %	3Q2017 S\$'000	3Q2016 S\$'000	Inc/ (Dec) %
<b>Gross revenue</b>	<b>27,111</b>	<b>27,644</b>	<b>(1.9)</b>	<b>26,490</b>	<b>26,973</b>	<b>(1.8)</b>
Property manager's fees	(1,249)	(1,271)	(1.7)	(1,229)	(1,253)	(1.9)
Property tax	(1,760)	(1,787)	(1.5)	(1,760)	(1,787)	(1.5)
Land rental	(2,220)	(2,228)	(0.4)	(2,220)	(2,228)	(0.4)
Other property expenses	(2,276)	(2,442)	(6.8)	(2,275)	(2,428)	(6.3)
<b>Property expenses</b>	<b>(7,505)</b>	<b>(7,728)</b>	<b>(2.9)</b>	<b>(7,484)</b>	<b>(7,696)</b>	<b>(2.8)</b>
<b>Net property income</b>	<b>19,606</b>	<b>19,916</b>	<b>(1.6)</b>	<b>19,006</b>	<b>19,277</b>	<b>(1.4)</b>
Management fees	(1,716)	(1,776)	(3.4)	(1,716)	(1,776)	(3.4)
Trust expenses	(593)	(471)	25.9	(586)	(466)	25.8
Interest income	11	10	10.0	11	10	10.0
Borrowing costs	(5,094)	(5,467)	(6.8)	(5,094)	(5,461)	(6.7)
<b>Non-property expenses</b>	<b>(7,392)</b>	<b>(7,704)</b>	<b>(4.0)</b>	<b>(7,385)</b>	<b>(7,693)</b>	<b>(4.0)</b>
<b>Net income before distributable income from subsidiary</b>	<b>12,214</b>	<b>12,212</b>	<b>0.0</b>	<b>11,621</b>	<b>11,584</b>	<b>0.3</b>
Distributable income from subsidiary	-	-	-	430	434	(0.9)
<b>Net income after distributable income from subsidiary</b>	<b>12,214</b>	<b>12,212</b>	<b>0.0</b>	<b>12,051</b>	<b>12,018</b>	<b>0.3</b>
(Loss)/Gain on disposal of investment properties	(66)	698	(109.5)	(66)	698	(109.5)
<b>Total return for the period before income tax and distribution</b>	<b>12,148</b>	<b>12,910</b>	<b>(5.9)</b>	<b>11,985</b>	<b>12,716</b>	<b>(5.7)</b>
Less: Income tax expense*	-	-	-	-	-	-
<b>Total return for the period after income tax before distribution</b>	<b>12,148</b>	<b>12,910</b>	<b>(5.9)</b>	<b>11,985</b>	<b>12,716</b>	<b>(5.7)</b>

\*Amounts less than S\$1,000

**Distribution Statements**

Note	Group			Trust		
	3Q2017 S\$'000	3Q2016 S\$'000	Inc/ (Dec) %	3Q2017 S\$'000	3Q2016 S\$'000	Inc/ (Dec) %
Total return for the period after income tax before distribution	12,148	12,910	(5.9)	11,985	12,716	(5.7)
Net effect of non-tax deductible/(taxable) items	475	(23)	n.m	638	171	273.1
Net income available for distribution for the period	12,623	12,887	(2.0)	12,623	12,887	(2.0)
Distribution per unit (cents):						
For the period	0.964	0.987	(2.3)	0.964	0.987	(2.3)
Annualised	3.856	3.948	(2.3)	3.856	3.948	(2.3)

**Notes:**

- (a) ESR-REIT registered gross revenue of S\$27.1 million and net property income of S\$19.6 million for 3Q2017, representing 1.9% and 1.6% decrease respectively on the corresponding quarter last year.

The lower net property income in 3Q2017 was mainly driven by the following:

- loss of revenue during the transition phase of the properties moving from single-tenanted to multi-tenanted;
- increase in property operating expenses (property tax, land rental, maintenance costs and other property expenses) as a result of the above conversions;
- higher maintenance costs; and
- property divestments.

- (b) The Manager has elected to receive its management fee wholly in cash for 3Q2017. Management fee decreased in 3Q2017 due to lower assets under management.

- (c) Trust expenses comprised statutory expenses, professional fees, compliance costs, listing fees and other non-property related expenses. Trust expenses for 3Q2017 were higher mainly due to legal and professional fees in connection with projects which did not materialise.

- (d) Borrowing costs, which comprised loan interest expense and amortised loan transaction costs of establishing debt facilities, were lower in 3Q2017 due to lower borrowings and lower transaction costs.

Please refer to 1(b)(ii) for more details on borrowings.

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(e) 3Q2017 refers to the costs of disposing of the property at 55 Ubi Avenue 3 in 3Q2017 after taking into account the gain on sale.

(f) Non-tax deductible/(taxable) items (distribution adjustments)

	Group		Trust	
	3Q2017 S\$'000	3Q2016 S\$'000	3Q2017 S\$'000	3Q2016 S\$'000
<u>Non-tax deductible/(taxable) items and other adjustments:</u>				
Trustee's fees	94	97	94	97
Transaction costs relating to debt facilities	394	713	394	708
Professional fees	165	166	165	154
Straight line rent and lease incentives	(404)	(470)	(240)	(258)
Miscellaneous expenses	160	169	159	168
	409	675	572	869
<u>Income not subject to tax:</u>				
Loss/(Gain) on disposal of investment properties	66	(698)	66	(698)
<b>Net effect of non-tax deductible/(taxable) items</b>	<b>475</b>	<b>(23)</b>	<b>638</b>	<b>171</b>

(g) The total distributable amount of S\$12.6 million, based on 1,308.3 million units which were entitled to the distribution for the quarter, translates to a DPU of 0.964 cents for 3Q2017 which is 2.3% below 3Q2016 DPU.

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**Statements of Total Return (YTD 3Q2017 vs YTD 3Q2016)**

Note	Group			Trust		
	YTD		Inc/ (Dec) %	YTD		Inc/ (Dec) %
	3Q2017 S\$'000	3Q2016 S\$'000		3Q2017 S\$'000	3Q2016 S\$'000	
<b>Gross revenue</b>	<b>82,523</b>	<b>84,304</b>	<b>(2.1)</b>	<b>80,580</b>	<b>82,316</b>	<b>(2.1)</b>
Property manager's fees	(4,276)	(3,863)	10.7	(4,220)	(3,810)	10.8
Property tax	(5,077)	(5,092)	(0.3)	(5,077)	(5,092)	(0.3)
Land rental	(6,620)	(6,367)	4.0	(6,620)	(6,367)	4.0
Other property expenses	(8,031)	(6,408)	25.3	(8,026)	(6,386)	25.7
<b>Property expenses</b>	<b>(24,004)</b>	<b>(21,730)</b>	<b>10.5</b>	<b>(23,943)</b>	<b>(21,655)</b>	<b>10.6</b>
<b>Net property income</b>	<b>58,519</b>	<b>62,574</b>	<b>(6.5)</b>	<b>56,637</b>	<b>60,661</b>	<b>(6.6)</b>
Management fees	(5,077)	(5,311)	(4.4)	(5,077)	(5,311)	(4.4)
Trust expenses	(1,410)	(1,415)	(0.4)	(1,389)	(1,385)	0.3
Interest income	34	29	17.2	34	29	17.2
Borrowing costs	(15,172)	(16,006)	(5.2)	(15,172)	(16,001)	(5.2)
<b>Non-property expenses</b>	<b>(21,625)</b>	<b>(22,703)</b>	<b>(4.7)</b>	<b>(21,604)</b>	<b>(22,668)</b>	<b>(4.7)</b>
<b>Net income before distributable income from subsidiary</b>	<b>36,894</b>	<b>39,871</b>	<b>(7.5)</b>	<b>35,033</b>	<b>37,993</b>	<b>(7.8)</b>
Distributable income from subsidiary	-	-	-	1,353	1,297	4.3
<b>Net income after distributable income from subsidiary</b>	<b>36,894</b>	<b>39,871</b>	<b>(7.5)</b>	<b>36,386</b>	<b>39,290</b>	<b>(7.4)</b>
(Loss)/Gain on disposal of investment properties	(66)	698	(109.5)	(66)	698	(109.5)
Change in fair value of financial derivatives	-	(493)	(100.0)	-	(493)	(100.0)
Change in fair value of investment properties	(386)	(838)	(53.9)	(40)	(442)	(91.0)
<b>Total return for the period before income tax and distribution</b>	<b>36,442</b>	<b>39,238</b>	<b>(7.1)</b>	<b>36,280</b>	<b>39,053</b>	<b>(7.1)</b>
Less: Income tax expense*	-	-	-	-	-	-
<b>Total return for the period after income tax before distribution</b>	<b>36,442</b>	<b>39,238</b>	<b>(7.1)</b>	<b>36,280</b>	<b>39,053</b>	<b>(7.1)</b>

\*Amounts less than S\$1,000



**Distribution Statements**

Note	Group			Trust		
	3Q2017 S\$'000	3Q2016 S\$'000	(Dec) %	3Q2017 S\$'000	3Q2016 S\$'000	(Dec) %
<b>Total return for the period after income tax before distribution</b>	<b>36,442</b>	<b>39,238</b>	<b>(7.1)</b>	<b>36,280</b>	<b>39,053</b>	<b>(7.1)</b>
Net effect of non-tax deductible items	(h) 1,752	2,234	(21.6)	1,914	2,419	(20.9)
<b>Net income available for distribution for the period</b>	<b>38,194</b>	<b>41,472</b>	<b>(7.9)</b>	<b>38,194</b>	<b>41,472</b>	<b>(7.9)</b>
<b>Distribution per unit (cents):</b>						
<b>For the period</b>	(i) 2.924	3.177	(8.0)	2.924	3.177	(8.0)
<b>Annualised</b>	3.899	4.236	(8.0)	3.899	4.236	(8.0)

**Notes:**

- (a) ESR-REIT registered gross revenue of S\$82.5 million and net property income of S\$58.5 million for YTD3Q2017, representing 2.1% and 6.5% decrease respectively on the corresponding YTD3Q2016.

The lower net property income in YTD3Q2017 was mainly driven by the following:

- loss of revenue during the transition phase of the properties moving from single-tenanted to multi-tenanted;
- increase in property operating expenses (property tax, land rental, maintenance costs and other property expenses) as a result of the above conversions;
- higher maintenance costs;
- property divestments; and
- one-off accrual of costs related to the fire at 30 Toh Guan Road.

- (b) The Manager has elected to receive its management fee wholly in cash for YTD3Q2017. Management fee decreased due to lower assets under management.

- (c) Trust expenses comprised statutory expenses, professional fees, compliance costs, listing fees and other non-property related expenses. Trust expenses for YTD3Q2017 were lower mainly due to lower statutory and consultancy fees than YTD3Q2016.

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- (d) Borrowing costs, which comprised loan interest expense and amortised loan transaction costs of establishing debt facilities, were lower in YTD3Q2017 due to lower borrowings and lower transaction costs.

Please refer to 1(b)(ii) for more details on borrowings.

- (e) 3Q2017 refers to the costs of disposing the property at 55 Ubi Avenue 3 in 3Q2017 after taking into account the gain on sale.
- (f) Relates to the change in fair value of interest rate swaps which were unwound in 2Q2016.
- (g) Relates to the adjustment for straight line rent. It is non-tax deductible and has no impact on the net income available for distribution.
- (h) Non-tax deductible items (distribution adjustments)

	Group		Trust	
	YTD			
	3Q2017 S\$'000	3Q2016 S\$'000	3Q2017 S\$'000	3Q2016 S\$'000
<u>Non-tax deductible/(taxable) items and other adjustments:</u>				
Trustee's fees	278	289	278	288
Transaction costs relating to debt facilities	1,178	1,865	1,178	1,860
Change in fair value of investment properties	386	838	40	442
Change in fair value of financial derivatives	-	493	-	493
Professional fees	208	234	208	222
Straight line rent and lease incentives	(837)	(1,308)	(327)	(700)
Miscellaneous expenses	473	521	471	512
	1,686	2,932	1,848	3,117
<u>Income not subject to tax:</u>				
Loss/(Gain) on disposal of investment properties	66	(698)	66	(698)
<b>Net effect of non-tax deductible items</b>	<b>1,752</b>	<b>2,234</b>	<b>1,914</b>	<b>2,419</b>

- (i) The total distributable amount of S\$38.2 million, based on 1,308.3 million units which were entitled to the distribution for YTD3Q2017, translates to a DPU of 2.924 cents for YTD3Q2017 which is 8.0% below the DPU in YTD3Q2016.

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1(b)(i) Statements of Financial Position, together with comparatives as at the end of the immediately preceding financial year

Note	Group		Trust	
	30-09-17 S\$'000	31-12-16 S\$'000	30-09-17 S\$'000	31-12-16 S\$'000
<b>Assets</b>				
<b>Non-current assets</b>				
Investment properties	(a) 1,302,491	1,332,000	1,302,491	1,292,000
Investments in subsidiaries	(b) -	-	25,206	25,206
	1,302,491	1,332,000	1,327,697	1,317,206
<b>Current assets</b>				
Investment properties held for divestment	(a) 34,603	22,000	34,603	22,000
Trade and other receivables	(c) 9,175	9,278	9,654	9,867
Cash and cash equivalents	2,751	3,699	2,003	2,517
	46,529	34,977	46,260	34,384
<b>Total assets</b>	<b>1,349,020</b>	<b>1,366,977</b>	<b>1,373,957</b>	<b>1,351,590</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Trade and other payables	(d) 22,728	21,464	22,657	21,384
	22,728	21,464	22,657	21,384
<b>Non-current liabilities</b>				
Trade and other payables	(d) 6,433	8,894	6,433	8,664
Amount due to a subsidiary	(e) -	-	40,247	-
Interest-bearing borrowings	(f) 492,806	509,590	492,806	509,590
	499,239	518,484	539,486	518,254
<b>Total liabilities</b>	<b>521,967</b>	<b>539,948</b>	<b>562,143</b>	<b>539,638</b>
<b>Net assets</b>	<b>827,053</b>	<b>827,029</b>	<b>811,814</b>	<b>811,952</b>
<b>Represented by:</b>				
Unitholders' funds	827,053	827,029	811,814	811,952

**Notes:**

- (a) The total carrying values of investment properties and investment properties held for divestment were S\$1,337.1 million as at 30 September 2017. The net decrease was mainly attributable to property divestment net of capital expenditure (“capex”) and asset enhancement initiatives of S\$5.1 million during YTD3Q2017.

As at 30 September 2017, two investment properties were classified as investment properties held for divestment. This classification is required by *FRS 105 – Non-current Assets held for Sale and Discontinued Operations* as the divestments are planned within the next 12 months from the reporting date.

- (b) At the Trust level, the cost of investment in wholly-owned subsidiaries comprises Cambridge LLP, ESR-MTN and Cambridge SPV2, which are eliminated at the consolidated level.
- (c) Trade and other receivables decreased by S\$0.1 million mainly due to lower rent receivables and amortisation of deferred marketing service fees.
- (d) Trade and other payables decreased by S\$1.2 million mainly due to the payment of fees and capex.
- (e) This refers to the amount due to Cambridge LLP in connection with the transfer of a property at 3 Tuas South Avenue 4 in 3Q2017.
- (f) Borrowings are stated net of unamortised transaction costs. The decrease in the interest-bearing borrowings as at 30 September 2017 resulted from the repayment of revolving credit facilities.

**1(b)(ii) Aggregate amount of borrowings**

Note	Group and Trust	
	30-09-17 S\$'000	31-12-16 S\$'000
<b>Unsecured borrowings</b>		
Amount payable after one year	495,000	512,500
Less: Unamortised loan transaction costs	(2,194)	(2,910)
<b>Total unsecured borrowings</b>	<b>492,806</b>	<b>509,590</b>
<b>Total borrowings</b>	<b>492,806</b>	<b>509,590</b>

Details of borrowings and collateral:

(a) Unsecured borrowings

The unsecured borrowings of the Group comprise:

- (i) the following notes issued under its S\$750 million Multicurrency Debt Issuance Programme:
- S\$30 million six-year Singapore Dollar MTN in series 002 (the "Series 002 Notes") issued in April 2014 and maturing in April 2020. The Series 002 Notes have a fixed interest rate of 4.10% per annum payable semi-annually in arrears;
  - S\$155 million four-year Singapore Dollar MTN in series 003 comprising Tranche 1 S\$100 million Notes issued in November 2014 and Tranche 2 S\$55 million Notes issued in January 2015 respectively. These notes tranches, which were issued and consolidated to form a single series (the "Series 003 Notes"), have a fixed interest rate of 3.50% per annum payable semi-annually in arrears and mature in November 2018;
  - S\$130 million five-year Singapore Dollar MTN in series 004 (the "Series 004 Notes") issued in May 2015 and maturing in May 2020. The Series 004 Notes have a fixed interest rate of 3.95% per annum payable semi-annually in arrears; and
  - S\$50 million seven-year Singapore Dollar MTN in series 005 (the "Series 005 Notes") issued in May 2016 and maturing in May 2023. The Series 005 Notes have a fixed interest rate of 3.95% per annum payable semi-annually in arrears.

(ii) 4-year unsecured loan facility maturing in June 2019 (“TLF1”) consisting of:

- Facility A: S\$100 million term loan facility at a fixed interest rate of 3.60% per annum for 3.5 years from the date of loan drawn down; and
- Facility B: S\$50 million revolving credit facility at an interest rate of margin plus swap offer rate.

A total of S\$105.0 million was drawn down on the TLF1 as at 30 September 2017.

(iii) 4.75-year unsecured loan facility maturing in June 2021 (“TLF2”) consisting of:

- Facility A: S\$25 million term loan facility at an interest rate of margin plus swap offer rate, for 4.75 years from the date of loan drawn down; and
- Facility B: S\$75 million revolving credit facility at an interest rate of margin plus swap offer rate.

A total of S\$25.0 million was draw down on TLF2 as at 30 September 2017.

(c) Unencumbered investment properties

As at 30 September 2017, the Group has 48 unencumbered investment properties with a combined carrying value of approximately S\$1.34 billion, representing 100% of the investment properties by value.

1 (c) Statements of Cash Flows

Note	Group			
	3Q2017 S\$'000	3Q2016 S\$'000	YTD 3Q2017 S\$'000	YTD 3Q2016 S\$'000
<b>Cash flows from operating activities</b>				
Total return for the period before income tax and distribution	12,148	12,910	36,442	39,238
<b>Adjustments for:</b>				
Interest income	(11)	(10)	(34)	(29)
Borrowing costs	5,094	5,467	15,172	16,006
Loss/(Gain) on disposal of investment properties	66	(698)	66	(698)
Change in fair value of investment properties	-	-	386	838
Change in fair value of financial derivatives	-	-	-	493
<b>Operating income before working capital changes</b>	<b>17,297</b>	<b>17,669</b>	<b>52,032</b>	<b>55,848</b>
<b>Changes in working capital</b>				
Trade and other receivables	(1,566)	277	(284)	(1,539)
Trade and other payables	57	(187)	(633)	(3,006)
Income tax paid	-	(54)	-	(54)
<b>Net cash generated from operating activities</b>	<b>15,788</b>	<b>17,705</b>	<b>51,115</b>	<b>51,249</b>
<b>Cash flows from investing activities</b>				
Capital expenditure on investment properties	(2,436)	(893)	(9,107)	(4,358)
Proceeds from disposal of investment properties	22,138	16,500	22,138	16,500
Payment for divestment costs	(154)	(102)	(154)	(102)
Interest received	11	10	34	29
<b>Net cash from investing activities</b>	<b>19,559</b>	<b>15,515</b>	<b>12,911</b>	<b>12,069</b>
<b>Cash flows from financing activities</b>				
Equity issue costs paid	(72)	-	(72)	(145)
Proceeds from borrowings	-	61,000	17,000	111,000
Borrowing costs paid	(1,468)	(2,444)	(11,056)	(12,549)
Repayment of borrowings	(24,500)	(72,000)	(34,500)	(113,500)
Distributions paid to Unitholders	(10,257)	(14,062)	(36,346)	(40,060)
<b>Net cash used in financing activities</b>	<b>(36,297)</b>	<b>(27,506)</b>	<b>(64,974)</b>	<b>(55,254)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(950)</b>	<b>5,714</b>	<b>(948)</b>	<b>8,064</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>3,701</b>	<b>5,006</b>	<b>3,699</b>	<b>2,656</b>
<b>Cash and cash equivalents at end of the period</b>	<b>2,751</b>	<b>10,720</b>	<b>2,751</b>	<b>10,720</b>

**Note:**

**(a) Non cash transactions**

The Group issued 3,873,670 units in ESR-REIT amounting to approximately S\$2.2 million (net of withholding tax) in 3Q2017 as part payment of the distribution for 2Q2017, pursuant to the DRP.

**1(d)(i) Statements of Movements in Unitholders' funds (3Q2017 vs 3Q2016)**

	Group		Trust	
	3Q2017 S\$'000	3Q2016 S\$'000	3Q2017 S\$'000	3Q2016 S\$'000
<b>Balance at beginning of period</b>	<b>825,234</b>	<b>873,208</b>	<b>810,158</b>	<b>859,809</b>
<b>Operations</b>				
Total return for the period after income tax before distribution	12,148	12,910	11,985	12,716
<b>Net increase in net assets resulting from operations</b>	<b>12,148</b>	<b>12,910</b>	<b>11,985</b>	<b>12,716</b>
<b>Unitholders' transactions</b>				
Issuance of units pursuant to:				
- Distribution Reinvestment Plan	2,213	-	2,213	-
Equity costs pursuant to:				
- Distribution Reinvestment Plan	(72)	-	(72)	-
Distributions to Unitholders	(12,470)	(14,062)	(12,470)	(14,062)
<b>Net decrease in net assets resulting from Unitholders' transactions</b>	<b>(10,329)</b>	<b>(14,062)</b>	<b>(10,329)</b>	<b>(14,062)</b>
<b>Balance at end of period</b>	<b>827,053</b>	<b>872,056</b>	<b>811,814</b>	<b>858,463</b>



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Statements of Movements in Unitholders' funds (YTD 3Q2017 vs YTD3Q2016)

	Group		Trust	
	YTD			
	3Q2017 S\$'000	3Q2016 S\$'000	3Q2017 S\$'000	3Q2016 S\$'000
<b>Balance at beginning of period</b>	<b>827,029</b>	<b>872,911</b>	<b>811,952</b>	<b>859,503</b>
<b>Operations</b>				
Total return for the period after income tax before distribution	36,442	39,238	36,280	39,053
<b>Net increase in net assets resulting from operations</b>	<b>36,442</b>	<b>39,238</b>	<b>36,280</b>	<b>39,053</b>
<b>Unitholders' transactions</b>				
Issuance of units pursuant to:				
- Distribution Reinvestment Plan	2,213	3,288	2,213	3,288
Equity costs pursuant to:				
- Distribution Reinvestment Plan	(72)	(33)	(72)	(33)
Distributions to Unitholders	(38,559)	(43,348)	(38,559)	(43,348)
<b>Net decrease in net assets resulting from Unitholders' transactions</b>	<b>(36,418)</b>	<b>(40,093)</b>	<b>(36,418)</b>	<b>(40,093)</b>
<b>Balance at end of the period</b>	<b>827,053</b>	<b>872,056</b>	<b>811,814</b>	<b>858,463</b>

1(d)(ii) Details of any changes in the units

	Trust			
	3Q2017 Units	3Q2016 Units	YTD 3Q2017 Units	YTD 3Q2016 Units
<b>Issued units at the beginning of period</b>	<b>1,304,434,416</b>	<b>1,304,434,416</b>	<b>1,304,434,416</b>	<b>1,297,775,187</b>
Issue of new units pursuant to:				
- Distribution Reinvestment Plan	3,873,670	-	3,873,670	6,659,229
<b>Total issued units at the end of the period</b>	<b>1,308,308,086</b>	<b>1,304,434,416</b>	<b>1,308,308,086</b>	<b>1,304,434,416</b>

**1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period, and as at the end of the immediately preceding year.**

The total number of issued units, excluding treasury units, as at the end of the current and the preceding financial periods are disclosed in 1(d)(ii). There were no treasury units acquired since the date of listing of ESR-REIT on 25 July 2006.

**1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable.

**2 Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by our auditors.

**3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).**

Not applicable.

**4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period, which are consistent with those described in the audited financial statements for the financial year ended 31 December 2016.

**5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

Please refer to item 4 above.

**6 Earnings per unit (“EPU”) and distribution per unit (“DPU”) for the period**

	Note	Group			
		3Q2017	3Q2016	YTD 3Q2017	YTD 3Q2016
<b>EPU</b>					
Total return after income tax before distribution for the period (\$'000)		12,148	12,910	36,442	39,238
Weighted average number of units ('000)		1,305,740	1,304,434	1,304,874	1,303,000
Basic and diluted EPU (cents)	(a)	0.930	0.990	2.793	3.011
<b>DPU</b>					
Total amount available for distribution for the period (\$'000)		12,623	12,887	38,194	41,472
Applicable number of units for calculation of DPU ('000)		1,308,308	1,304,434	1,304,874	1,304,434
DPU (cents)	(b)	0.964	0.987	2.924	3.177

**Note:**

- (a) The basic EPU was calculated using total return after income tax before distribution for the period, which included loss on disposal of an investment property and the weighted average number of units in issue during the period.

The basic and diluted EPU were the same as there were no dilutive instruments in issue during the period.

- (b) DPU was calculated using the total amount available for distribution and the number of units entitled to distribution during the period.

**7 Net asset value (“NAV”) per unit based on units issued at the end of the period**

	Note	Group		Trust	
		30-09-17	31-12-16	30-09-17	31-12-16
NAV (cents)	(a)	63.2	63.4	62.0	62.2

**Note:**

- (a) NAV per unit was calculated based on the number of units issued and issuable as at the end of the respective periods. The decrease was due to dilution from units issued in 3Q2017 as part payment of the distribution pursuant to the DRP for 2Q2017.

**8 Review of the performance**

The review of the performance is found in Section 1(a) – Statements of Total Return and Distribution Statement and Section 1(b)(i) – Statement of Financial Position.

**9 Review of the performance against Forecast/Prospect Statement**

The Group has not disclosed any forecast to the market.

**10. Commentary on the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

Based on advance estimates by the Ministry of Trade and Industry (“MTI”), the Singapore economy grew by 4.6% on a year-on-year basis in 3Q2017, higher than the 2.9% growth in the previous quarter. On a quarter-on-quarter seasonally-adjusted annualized basis, the economy expanded by 6.3%, an improvement from the 2.4% growth in the 2Q2017.

Singapore’s Purchasing Managers’ Index (“PMI”) for September 2017 posted a reading of 52.0, a slight increase from the 51.8 reading in the preceding month. This was attributed to faster rate of expansion in factory output, new orders and new exports. The electronics sector gained 0.4 points from August to post a reading of 53.6 – its 14<sup>th</sup> straight month of expansion and highest level since July 2010. Furthermore, the manufacturing sector has grown 11.2% in the first 8 months of the year, the highest since April 2011. The above readings indicate robust performance from a rise in manufacturing employment deriving from expansion of factory activity arising from the growth of the electronic sector.

The overall industrial property market is showing some signs of improvement but remains soft despite the improved manufacturing outlook. Global trade uncertainties, rising operating costs and increased supply coming on-stream continued to weigh down on rents and occupancy rates. The Jurong Town Corporation (“JTC”) 2Q 2017 Industrial Property Statistics showed prices and rental of industrial space continued to moderate in tandem with occupancy rates. The overall price and rental indices for the industrial property market fell by 1.6% and 0.8% respectively compared to the previous quarter. With more supply coming on-stream in the coming quarters, this is likely to put downward pressures on the prices and rentals.

During the quarter, we successfully renewed another master lease at 11 Woodlands Walk bringing down the lease expiry concentration for single-tenanted properties from 1.9% to 0.6% for FY2017. There is only one small single tenanted lease left for 2017 which will expire in 4Q2017. In the next 3 years, less than 25% of ESR-REIT’s income represents expiring leases for single tenanted properties. This compares favourably to 5 years ago in 2012, when the same figure was 44%. This allows the Manager to focus its efforts on the expiring leases in its multi-tenanted properties in 2018 where about 18% of the income represents multi-tenanted lease expiries.

Although an increase in enquiry has been noted recently, the Manager expects the leasing market to remain competitive due to high levels of new supply that are not expected to abate until late 2018. Accordingly ESR-REIT’s portfolio performance will continue to be impacted by the prevailing downward pressure on rents resulting in further negative rental reversions. Nevertheless, the Manager will continue to focus on improving asset quality and maintaining occupancy in the current challenging leasing market.

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Reference from MTI Press Release dated 13 October 2017

## 11 Distributions

### (a) Current financial period

Any distributions declared for the current financial period:

Yes

Name of distribution:

**Forty-seventh** distribution for the period from 1 July 2017 to 30 September 2017

Distribution Type:

Taxable income

Distribution Rate:

0.964 cents per unit

Par value of units:

Not meaningful

Tax Rate:

Taxable income distribution

The distribution is made out of ESR-REIT's taxable income. Unitholders receiving distributions will be subject to Singapore income tax on the distributions received except for individuals where the distribution is exempt from tax (unless they hold their units through partnership or as trading assets).

Books closure date:

26 October 2017

Date payable:

24 November 2017

The Manager has determined that the DRP **will apply** to the distribution for the period from 1 July 2017 to 30 September 2017.

The DRP provides the unitholders with an option to receive fully paid units in ESR-REIT in lieu of the cash amount of distribution (including any final or other distribution) which is declared on the units then held by them after the deduction of any applicable income tax. The Unitholders will receive a copy of the Notice of Election for their distribution election. The pricing of the DRP units issued will be based on the market price less a discount of 2%, to be announced by the Manager on 27 October 2017.

**(b) Corresponding period of the immediately preceding year**

Any distributions declared for the previous corresponding financial period:

Yes

Name of distribution: **Forty-third** distribution for the period from 1 July 2016 to 30 September 2016

Distribution Type: Taxable income

Distribution Rate: 0.987 cents per unit

Par value of units: Not meaningful

Tax Rate: Taxable income distribution

The distribution is made out of ESR-REIT's taxable income. Unitholders receiving distributions will be subject to Singapore income tax on the distributions received except for individuals where the distribution is exempt from tax (unless they hold their units through partnership or as trading assets).

**12 If no distribution has been declared/(recommended), a statement to that effect**

Not applicable.

**13 If the Group has obtained a general mandate from shareholders for IPTs , the aggregate value of each transaction as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

The Group has not obtained any IPT mandate from the Unitholders.

**14 CONFIRMATION BY THE BOARD PURSUANT TO RULE 705(5) OF THE LISTING MANUAL**

The Board of Directors of the Manager has confirmed that, to the best of their knowledge, nothing has come to their attention which may render these interim financial results to be false or misleading in any material respect.

**15 CONFIRMATION PURSUANT TO RULE 720(1) OF THE LISTING MANUAL**

The Manager confirms that it has procured undertakings from all Directors and Executive Officers (in the format set out in Appendix 7.7) pursuant to Rule 720(1) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

This release may contain forward-looking statements that involve assumptions, risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of occupancy or property rental income, changes in operating expenses (including employee wages, benefits and training costs), governmental and public policy changes and the continued availability of financing in amounts and on terms necessary to support future ESR-REIT business. You are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager's current view of future events.

Any discrepancies in the tables included in this announcement between the listed amounts and total thereof are due to rounding.

By Order of the Board  
ESR Funds Management (S) Limited  
(as Manager of ESR-REIT)  
Company Registration No. 200512804G, Capital Markets Services Licence No. 100132-5

Adrian Chui  
Chief Executive Officer  
17 October 2017